❈WIRRAL

Audit and Risk Management Committee

Date:	**Tuesday, 26 March 2024**
Time:	**6.00 p.m.**
Venue:	Committee Room 1 - Birkenhead Town Hall

Contact Officer:	Joe D'Henin
Tel:	0151 691 8139
e-mail:	josephdhenin@wirral.gov.uk
Website:	http://www.wirral.gov.uk

PLEASE NOTE: Public seating is limited therefore members of the public wishing to attend are asked to register their attendance in advance by emailing committeeservices@wirral.gov.uk. Wirral Council is fully committed to equalities and our obligations under The Equality Act 2010 and Public Sector Equality Duty. If you have any adjustments that would help you attend or participate at this meeting, please let us know as soon as possible and we would be happy to facilitate where possible. Please contact committeeservices@wirral.gov.uk

This meeting will be webcast

AGENDA

1. **WELCOME AND INTRODUCTION**

2. **APOLOGIES FOR ABSENCE**

3. **MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST**

   Members are asked to consider whether they have any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state the nature of the interest.

4. **MINUTES (Pages 1 - 4)**

   To approve the accuracy of the minutes of the meeting held on 15 January 2024.

5. **PUBLIC AND MEMBER QUESTIONS**

5.1 **Public Questions**

Notice of question to be given in writing or by email by 12 noon, Thursday 21 March to the Council's Monitoring Officer via this link: Public Question Form and to be dealt with in accordance with Standing Order 10.

For more information on how your personal information will be used, please see this link: Document Data Protection Protocol for Public Speakers at Committees | Wirral Council

Please telephone the Committee Services Officer if you have not received an acknowledgement of your question by the deadline for submission.

5.2 **Statements and petitions**

Notice of representations to be given in writing or by email by 12 noon, Thursday 21 March to the Council's Monitoring Officer (committeeservices@wirral.gov.uk) and to be dealt with in accordance with Standing Order 11.1.

Petitions may be presented to the Committee if provided to Democratic and Member Services no later than 10 working days before the meeting, at the discretion of the Chair. The person presenting the petition will be allowed to address the meeting briefly (not exceeding three minute) to outline the aims of the petition. The Chair will refer the matter to another appropriate body of the Council within whose terms of reference it falls without discussion, unless a relevant item appears elsewhere on the Agenda. If a petition contains more than 5,000 signatures, it will be debated at a subsequent meeting of Council for up to 15 minutes, at the discretion of the Mayor.

Please telephone the Committee Services Officer if you have not received an acknowledgement of your statement/petition by the deadline for submission.

5.3 **Questions by Members**

Questions by Members to dealt with in accordance with Standing Orders 12.3 to 12.8.

6. **INTERNAL AUDIT UPDATE REPORT (Pages 5 - 20)**

7. **CORPORATE RISK MANAGEMENT UPDATE (Pages 21 - 66)**

8. **REGENERATION AND PLACE RISK MANAGEMENT (Pages 67 - 80)**

9. **EXTERNAL ANNUAL AUDIT REPORT 2022/23 (Pages 81 - 144)**

10.   ANNUAL UPDATE OF WHISTLEBLOWING CONCERNS RAISED IN THE MUNICIPAL YEAR 2023/24 (Pages 145 - 150)

11.   ANNUAL UPDATE OF USE OF SURVEILLANCE POWERS UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) (Pages 151 - 156)

12.   WORK PROGRAMME (Pages 157 - 164)

Terms of Reference

The terms of reference for this committee can be found at the end of this agenda.

This page is intentionally left blank

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 15 January 2024

Present:	Councillor	J Johnson (Chair)	
	Councillors	GJ Davies	I Lewis
		P Basnett	S Kelly
		M Skillicorn	N Graham

Independent Persons   J Byrne

34   WELCOME AND INTRODUCTION

The Chair opened the meeting and reminded everyone that the meeting was being webcast and a copy was retained on the Council's website.

35   APOLOGIES FOR ABSENCE

There were no apologies for absence.

36   MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

Members were asked to consider whether they had any disclosable pecuniary interests and/or any other relevant interest in connection with any item(s) on this agenda and, if so, to declare them and state what they were.

Councillor Paula Basnett declared personal interests by virtue of being a Foster Carer, a member of the town deal board and the Chair of Wirral Chamber of Commerce.

37   MINUTES

Resolved – That the minutes of the meeting held on 12 December 2023, be approved.

38   PUBLIC AND MEMBER QUESTIONS

There were no questions, petitions or statements received for this meeting.

39   INTERNAL AUDIT UPDATE

The Chief Internal Auditor presented his report which identified and evaluated the performance of the internal audit service and included details of any issues arising from the actual work and items of note undertaken during the

period 1 October to 31 December 2023. In addition, the Internal Audit Quality Assurance Programme Self-Assessment, Internal Audit Charter and Internal Audit Strategy, as required under the Public Sector Internal Audit Standards (PSIAS) were reported to the committee.

Members discussed challenges relating to implementation of the outstanding Climate Emergency audit recommendations. The Chief Internal Auditor confirmed that outstanding actions were cross-directorate in nature and that senior management were engaged in work to ensure the Council remained on target to achieve its objectives in this area. Members also discussed progress of actions relating to the Council's Matrix System review and Member engagement in relation to future delivery of the Council's waste commission contract.

The Chair, in light of recent national focus on the Post Office scandal proposed that the Committee should remain committed to learn from identified weaknesses and failings from elsewhere in the public sector and review the Committee's own Terms of Reference as appropriate. The Chief Internal Auditor affirmed that the internal audit service routinely sought to incorporate outcomes and lessons learned across developments elsewhere in the public sector.

Resolved – That

1. **The report be noted; and**

2. **The Internal Audit Charter and Strategy be endorsed.**

40   **ARMC ANNUAL REPORT 2022-23**

The Chief Internal Auditor presented the Audit and Risk Management Committee Annual report for 2022-23, which was prepared by the respective Chairs of the Committee in consultation with internal audit and summarised work undertaken by the committee during the period in line with best professional practice.

Resolved – That the Annual Report for 2022-23 be approved and submitted to Council.

41   **ARMC ANNUAL SELF ASSESSMENT 2023**

The Chief Internal Auditor presented his report which provided the Annual Self-Assessment for 2023. In line with best professional practice the Self-Assessment exercise had been completed, which reported an evaluation of the Committee's role and effectiveness as part of the systems of internal audit. A number of key actions had been identified following the exercise to improve and develop the Committee going forward.

Members discussed the action plan within the report, and queried how Committee Members would be assessed against the CIPFA Core Knowledge and Skills Framework. The Chief Internal Auditor confirmed that a survey in line with this framework would be circulated to Members which would inform future training and development. Members also discussed how a system of obtaining feedback from stakeholders on the performance of the Committee could be developed, alongside challenges relating to recruitment of an additional Independent Member on the Committee.

Resolved – That the Self-Assessment checklist of compliance and the action plan be approved.

42   **CORPORATE RISK MANAGEMENT UPDATE**

The Risk, Continuity & Compliance Manager presented the report of the Director of Finance which provided an update on activity related to the Corporate and Directorate Risk Registers and the Council's risk management arrangements. Outcomes of the latest review of the Corporate Risk Register (CRR) by the Senior Leadership Team were reported to Committee. The review had been informed by meetings between the Risk, Continuity & Compliance Manager and Directors to review Directorate Risks. Notable changes to the CRR included the splitting of the Workforce Capacity & Skills to Deliver risk into two separate risks, a drop in the current/residual risk score for Safeguarding, and a new risk developed to reflect preparedness for statutory inspections. It was also reported that in light of the New Council Plan 2023-27, the CRR would undergo realignment against the new themes of the plan, whilst it was noted that a Member risk workshop had taken place for Members of the Council's Policy & Resources Committee.

Members discussed the outcomes of a Chair and Spokespersons risk management session held in January 2024 and referenced discussions at previous committee meetings in which risks associated to the delivery of regeneration projects were highlighted. Following a discussion, it was:

Resolved – That

1. **The report be noted; and**

2. **The Director of Regeneration and Place be requested to attend the next meeting of the Audit and Risk Management Committee in March 2024 to present a risk report to committee Members on all Directorate Risks.**

43   **EXTERNAL AUDIT PROGRESS REPORT**

A representative from Grant Thornton presented the report which provided a progress update on the work undertaken by the external auditor, alongside a sector update which included a summary of emerging national issues and areas for consideration for the Committee.

The Chair reported that the Annual Audit Report had been delayed which did not allow the Committee to respond to matters in a timely manner given some three months has now passed since the date set under legislation for it to be presented to councils. It was noted that the report once received was now unlikely to be presented to Committee until March 2024.

A representative from Grant Thornton confirmed that the Annual Audit Report had undergone senior quality review process and would be shared imminently with Council management for review and comments. Members requested that the Director of Finance circulated the report to Committee Members once the report had been received and reviewed by Council management reviewed prior to the next Committee meeting in March.

Resolved – That the update provided by the Council's external auditors be noted.

❋WIRRAL

AUDIT AND RISK MANAGEMENT COMMITTEE

TUESDAY 26 MARCH 2024

REPORT TITLE:	INTERNAL AUDIT UPDATE
REPORT OF:	CHIEF INTERNAL AUDITOR

REPORT SUMMARY

This report identifies and evaluates the performance of the Internal Audit Service and includes details of any issues arising from the actual work undertaken during the period 1 February to 15 March 2024. There are a number of items of note that are brought to the attention of the Members and these are identified at Appendix 1.

The activity detailed within the report supports the following priority or delivery theme from Wirral Council's Plan 2023-27:

- Working together to create a more efficient, effective and accessible council.

This matter affects all Wards within the Borough. It is not a key decision.

RECOMMENDATION

The Audit and Risk Management Committee is recommended to note the report.

SUPPORTING INFORMATION

1.0   REASON FOR RECOMMENDATION

1.1   To provide the Members with assurance that the Council is taking appropriate measures to ensure that the control environment is effective and to comply with statutory requirements to provide an adequate and effective internal audit service.

1.2   To ensure that risks to the Council are managed effectively.

1.3   To ensure that the Council complies with best practice guidance identified by the Chartered Institute of Public Finance Accountants (CIPFA) and the Chartered Institute of Internal Auditors (CIIA).

2.0   OTHER OPTIONS CONSIDERED

2.1   No other options considered appropriate as the service is required to comply with the very specific requirements of the Public Sector Internal Audit Standards for delivery and reporting frequency.

3.0   BACKGROUND AND AUDIT OUTPUT

3.1   Internal Audit operate an effective reporting mechanism for Members of the Audit and Risk Management Committee that summarises audit work completed and identifies issues raised on timely basis. This report supports these arrangements by focussing on the following:

- A summary of audit work completed and opinions (Appendix 1.A)
- Any items of note arising from audit work conducted,
- Any issues arising that require actions to be taken by Members,
- Performance information relating to the Internal Audit Service,
- Developments being undertaken to improve the effectiveness of the Internal Audit Service.

The information contained within this report is for the period 1 February to 15 March 2024.

4.0   FINANCIAL IMPLICATIONS

4.1   There are none arising from this report.

5.0   LEGAL IMPLICATIONS

5.1   There are none arising from this report.

6.0   RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1   There are none arising from this report.

7.0 RELEVANT RISKS

7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives. This is mitigated by a robust system of follow up, reporting and escalation of audit matters.

7.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner. This is mitigated by comprehensive governance and reporting systems developed and implemented in compliance with relevant professional standards.

8.0 ENGAGEMENT/CONSULTATION

8.1 Members of this Committee are consulted throughout the process of delivering the Internal Audit Plan and the content of this regular routine report.

9.0 EQUALITY IMPLICATIONS

9.1 The content and/or recommendations contained within this report have no direct implications for equality. However, the delivery of an effective internal audit service will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of equality.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of CO_2/greenhouse gases.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 The content and/or recommendations contained within this report have no direct implications for community wealth. However, the delivery of an effective internal audit service will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of economic, social and environmental justice for all residents.

REPORT AUTHOR:

Mark P Niblock
Chief Internal Auditor
telephone: 0151 666 3432
email: markniblock@wirral.gov.uk

APPENDICES
1. Internal Audit Update
1.A Internal Audit Activity Summary

BACKGROUND PAPERS
Internal Audit Plan 2023-24

TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Section B of its Terms of Reference.

(b) Internal Audit and Internal Control

(iv) Consider regular summary reports on the work of internal audit including key findings, issues of concern and actions in hand as a result of internal audit activity.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Routine report presented to all meetings of this Committee.

APPENDIX 1

REPORT TITLE:	INTERNAL AUDIT UPDATE
ACTIVITY SUMMARY – 1 FEBRUARY TO 15 MARCH 2024	

1.   Audit Work Completed

1.1   A summary of the audit work completed during the period is included at Appendix 1.A to this report identifying the audit assignment, the risk opinion provided and the number and categorisation of agreed actions. This is a new report that has been prepared following discussion with the Chair of this Committee, her predecessor and other colleagues and is presented to ensure that Members are provided with more comprehensive and timely data relating to the delivery of the audit service.

2.   Items of Note

2.1   Refuse Collection and Street Cleansing Contract Review and Commissioning

2.2   Internal Audit remain an active member of the Refuse Collection & Street Cleansing Contract Review Board looking ahead to the future delivery of this major service when the existing contract expires in 2027. The timeframe for the completion of the Outline Business Case is June 2024 and the Final Business Case is November 2024 via the appointed consultant, approved through officer delegation.

2.3   Member engagement sessions and stakeholder consultations have been taking place regularly, and Internal Audit are still scheduled to perform targeted work on the existing contract in the final quarter of the 2023-24 and running into the 2024-25 financial year to ascertain assurances and any learning points from the current contract management processes regarding financial, governance, and performance issues. The outcome of this work will be reported to this Committee in due course.

2.4   Regeneration Programme Governance

2.5   At the request of the Chief Executive, the team continue to be involved in completing audit work to review ongoing corporate work and initiatives to strengthen the governance arrangements supporting the Regeneration Programme. A baseline review of all projects was undertaken which informed a Regeneration Workplan that has been used to direct the development work. Areas involved in the review have included:

- A review and refresh of the structure of the programme governance and reporting arrangements in place. This includes the role and purpose of the various programme boards, how these link through the Regeneration Programme Board and other officer groups and the overarching arrangements for Member and Partner involvement including the Wirral Regeneration Partnership Board. These arrangements are currently being finalised. Linked to this, and the agreement of Terms of Reference for the various groups, the reporting arrangements are being reviewed and finalised.

- Arrangements for the prioritisation of projects, linked to the need to deliver key Pathfinder grant funded projects by the March 2026 deadline.

- A resourcing review linked to the what needs to be delivered by March 26, which is to be reported to Policy & Resources in March 24.

- A review of programme and grant administration procedures including the Regeneration Programme Management Office (PMO) arrangements.

- A workshop in February 24 for Members of the Economy, Regeneration and Housing Committee.

2.6 The review has involved significant work and focus in recent months and arrangements are soon to be finalised. The operation of these new arrangements will be subject to further targeted Internal Audit challenge and review as part of planned work in the 2024-25 Audit Plan. More information regarding these arrangements and associated assurances provided are included in the Regeneration and Place Risk Management Report elsewhere on the agenda for this Committee meeting and being delivered by the Director of Regeneration.

2.7 Merseyside Pension Fund

2.8 A significant time resource within this reporting period has been utilised to progress the delivery of the Audit Plan 2023-24 in respect to the Merseyside Pension Fund, (MPF).

2.9 During this current financial year MPF has transferred its General Ledger IT operating system from Oracle 1Business to Oracle Fusion as part of the corporate wide implementation of the new Enterprise Resource Planning (ERP) application. The system went 'live' at MPF on 18th December 2023. An audit review has now been completed to provide assurance on the GL data migration process. No unmitigated risks or process errors were detected in the work undertaken and therefore the audit findings can provide reasonable assurance that the migration of MPF GL data to the new Oracle Fusion system has been effective.

2.10 In addition, the following audits are currently in progress or nearing completion and their outcomes will be reported at the next ARMC meeting:

- Northern LGPS - A collaborative review with the internal auditors for Bradford and Tameside Council to evaluate the governance arrangements for the Northern Pool. The audit objective is to provide management and stakeholders with reasonable assurance that governance arrangements are effective for MPF in respect to their participation within the Northern LGPS Collective Asset Pool.

- Pension Contributions Payable Employer Visits - As part of our strategic audit plan for the Pension Fund we introduced a rolling programme of visits to Scheme Employers. As Wirral Council is one of the Scheduled Bodies of the MPF, an audit of the WBC contributions payable system was included within the Internal

Audit Plan for 2023-24. The objectives of the audit are to ensure that the LGPS Regulations are being appropriately administered and that the contributions being paid over to the Fund are correct.

- Pensions Payroll System – The objective for this review is to determine whether the controls in respect to the risks inherent within the Pensions Payroll system are robust and provide reasonable assurance that the associated financial transactions are valid and accurate.

2.11   ERP System Impact Reviews – Key Financial Modules

2.12   Reviews are currently progressing to evaluate the impact on the control environments of the various ERP modules that went live in April 2023 on the Council's key financial systems. The objective of these audits is to evaluate the impact of each ERP module on the operation of the system in order to provide management with assurance that the key risks following implementation have been identified, investigated and mitigated where appropriate. The audit methodology primarily utilises an internal control questionnaire (ICQ) developed for undertaking this high-level review for each module and the outcomes will be reported at the next ARMC meeting.

2.13   Contract Governance

2.14   An audit is currently being concluded to evaluate the effectiveness of governance arrangements in operation over a sample of key corporate contracts. The objective of the audit was to ensure that the risks associated with the system are appropriately addressed.

2.15   Two contracts within the Highways Division of the Neighbourhoods Directorate were examined in detail and the adequacy and effectiveness of current contract management arrangements assessed, and any associated issues of contracts governance evaluated.

2.16   A report is being prepared for senior management identifying the findings and outcomes from this work including any areas for improvement and identifying any points for action and these findings will be summarised and reported to this Committee in my next Internal Audit Update report,

2.17   Agency Workers Contract

2.18   Following an audit review of the Matrix system earlier this year a number of actions were agreed with senior management to improve systems in operation and address any underlying risks, the findings from the audit were reported to this Committee in October 2023 and a further update on implementation progress provided at the meeting in January 2024.

2.19   Good progress has been made by officers within the Human Resources Service to strengthen arrangements in place and Internal Audit have been advised that the following governance arrangements are now in operation:

- A centrally managed approach for the approval and engagement of temporary workers.
- The types of roles being engaged and the associated spend being reviewed regularly at Departmental Management Teams and by the Council's Senior Leadership Team.
- The spend on temporary workers being reported through the Council's budget monitoring process; and,
- Directorate workforce planning approaches that considers, details and addresses the strategic and operational workforce planning needs of services so that the engagement of temporary workers is only used when it is the most advantageous workforce solution to the Council.

2.20   The service advises that it is using the insight gained from these controls and governance as well as feedback sessions with a selection of recruiting managers to conduct regular quality assurance and contract performance reviews with Matrix to ensure the current managed service contract continues to be fit for purpose and provides value for money.

2.21   In addition, refresher training for HR/OD, Procurement officers and managers has now taken place and drop-in sessions with Matrix key account representatives is taking place on a weekly basis.

2.22   A programme of review work is also currently underway of the current managed service contract to ensure that this type of solution continues to be fit for purpose; provides value for money; and to test the market, ensuring commercial viability. This review involves significant stakeholder engagement regarding the effectiveness of current arrangements compared to alternative solutions and will consider financial, organisational and performance elements.

2.23   Internal Audit will continue to monitor progress and are scheduled to undertake targeted testing during 2024-25 to evaluate the effectiveness of the revised arrangements, the outcome of which will be brought to this Committee.

2.24   Early Voluntary Retirement/Severance

2.25   An audit was completed during the period to review and evaluate processes in operation over the corporate EVS and EVR systems for efficiency and effectiveness. The objective of the audit was to obtain assurances that the latest Council policies and procedures are transparent, effectively communicated and accurately and consistently applied.

2.26   A sample of applications received from January to August 2023 were examined and a report prepared for management that identified findings and included a 'Minor' organisational risk rating as our testing confirmed that policies and procedures were being adhered to e.g., the approval of the Assistant Director HR and OD had been obtained for all successful applications, the relevant forms had been completed and all the calculations were accurate. The following major principles had been applied for the cases tested:

- Savings were achieved with the deletion of the relevant posts,
- The severances were made with the delivery of corporate objectives in mind and,
- The discretionary element of some of the decision making, was to ensure the Council future proofs with the appropriate structures and officers in place.

2.27   An action plan was agreed with management that identified some areas were arrangements could be developed further and improvements made to existing systems that included the introduction of documented templates for evidencing some actions.

2.28   Information Governance

2.29   The Information Asset Owner (IAO) and Information Asset Administrator (IAA) training is now available on the Councils online learning platform and all IAOs and IAAs have been informed of corporate requirements regarding completion. Internal Audit will be monitoring the uptake and reporting any problems accordingly.

2.30   A number of audits have been completed of access controls across a range of key corporate systems, as previously reported to this Committee and a number of recommendations to strengthen controls agreed with management, these will be followed up in due course and progress reported in line with established processes including any escalations as appropriate.

2.31   Internal Audit have recently joined the Payment Card Industry Data Security Standard (PCIDSS) Collaboration Group providing support and challenge to this important initiative. It is pleasing to note that good progress is now being made as the Council works towards corporate compliance with this standard in all areas.

2.32   The role of the Information Governance Board is being reviewed by the SIRO including its role, responsibilities, and work plans with emphasis on enhancing the effectiveness of corporate information management and governance. Internal Audit will continue to contribute to this review through its direct involvement with the group.

2.33   Annual Governance Statement Review

2.34   During the reporting period the team have been working on completing the Annual Governance review that includes targeted work to evaluate the effectiveness of arrangements in accordance with the CIPFA/SOLACE Delivering Good Governance in Public Sector publication. The key elements of this include:

- Completion of Governance Assurance Statements by SLT Directors,
- 121 meetings with all Directors,
- Review of governance issues raised in external/internal assurance reports and audit work completed in-year.

2.35   This work will be summarised for consideration by the Chief Executive, Director of Finance and Director of Law & Corporate Services, the Strategic Leadership team (SLT) and the Leader and will be formally reported through the draft Annual

Governance Statement. The draft statement will be agreed with SLT and the Leader and reported to the June ARMC meeting.

2.36   Counter Fraud Activity

2.37   During the period the team have completed 64 reviews into fraud allegations received. These allegations relate to Housing Benefit, Council Tax Support, Discretionary Housing Payments, Direct Payments, Council Tax Discounts & Exemptions, etc.

2.38   The tables below represent the types of allegations leading to investigations concluded during this period and the financial savings identified.

Result Type	Number	Value
Housing Benefit	-	-
Council Tax Support	4	£3,460.66
Council Tax Discounts	3	£2,322.54
New Council Tax Liability Identified	1	£4,906.68
Administration Penalty	1	£687.07
Discretionary Housing Payment	2	£120.00
Total	11	£11,496.95

3.   **Audit Recommendations**

3.1   All of the actions identified in audit reports for the period have been agreed with management and are being implemented within agreed timescales. The current BRAG status for these items are currently classified as Amber or Green as a consequence.

3.2   Internal Audit continue to monitor progress for those action items identified as 'Amber' rated and report any slippages to the Strategic Leadership Team and the Operational Performance Group via the Power Bi dashboard on a monthly basis. Currently slippages involving actions arising from audits of Direct Payments, Climate Emergency and Health and Safety are being monitored very closely and discussions taking place with senior management regarding actions required. If matters are not resolved satisfactorily then these items will be escalated to this Committee for further action.

4.   **Internal Audit Performance Indicators**

4.1   The Service constantly evaluates and measures the effectiveness of its performance in terms of both quality and productivity by means of a number of performance indicators in key areas as identified below:

IA Performance Indicator	Annual Target	Actual % Delivery to date
Delivery of the Internal Audit Plan.	Full Delivery	On target
Percentage of High priority recommendations agreed with clients.	100	100
Percentage of returned client survey forms for the reporting period indicating satisfaction with the Internal Audit service.	90	100
Percentage of internal audit reports issued within 14 days of the completion of fieldwork.	100	90

4.2   There are currently no significant issues arising.

5.   **Internal Audit Work - Quarter 4**

5.1   Audit work is currently being delivered in accordance with the Internal Audit Plan for 2023-24 as endorsed by this Committee in March 2023. Each piece of work has been identified for review based upon the significance of the risks presented in these areas and the corporate impact associated with failure of the control systems in operation. Work currently ongoing or identified for the remainder of the quarter includes the following:

- Merseyside Pension Fund (Collaborative work with Greater Manchester and West Yorkshire Fund Auditors)
- Financial Resilience - Budgeting
- Contract Management/Governance
- Corporate Health and Safety Follow Up
- Town Deal Regeneration Initiative
- Payments Systems Follow Up – Duplicate Payments
- Schools Audits
- Regeneration Governance
- Adults - Direct Payments Follow Up
- Counter Fraud

6.   **Internal Audit Plan 2024-25**

6.1   Work is currently concluding on preparation of the Internal Audit Plan of work for 2024-25 identifying all of those area of the Council's operations that will be subject to audit activity during the year. Upon completion of this work the plan will be presented to the Strategic Leadership Team and this Committee. During the process consideration is being given to a number of important factors as detailed:

6.2   Requirements of the Public Sector Internal Audit Standards (PSIAS):

6.3   The PSIAS state that the 'chief audit executive must establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation's goals'.

6.4   Development of the Audit Plan:

6.5   In developing the Audit Plan, account is being taken of the following:

- The Council's overall risk management processes including the Corporate Risk Register and departmental/service registers.
- Senior management's views on risk in their areas of responsibility.
- The results of previous internal audit work.
- Other existing sources of assurance, including the work of external audit.
- New or emerging risks affecting the Council or local government as a whole.
- Known changes to the Council's business, operations, programs, systems, and controls.
- The requirement to ensure sufficient and wide-ranging coverage in order to provide a robust annual audit opinion.
- Any planned work being carried over from 2023-24.

6.6   Alignment of the Audit Plan to the Council's Corporate Priorities:

6.7   The Audit Plan is being prepared in a way that reflects key risks presented to the Council whilst also taking account of corporate priorities as detailed in the Wirral Council Plan 2023-27.

6.8   Budgeted time allocations:

6.9   Time allocations will be determined and agreed for each area included in the Audit Plan commensurate with the available staffing resource. This process is in accordance with current best professional practice across the sector.

7.   **Internal Audit Developments**

7.1   Continuous Improvement

This is important to the overall efficiency and effectiveness of the Internal Audit Service and as such a Continuous Internal Audit Improvement and Development Plan is in operation that incorporates new and developing areas of best practice from across the profession, ensuring that the service continues to constantly challenge how efficient and effective it is at delivering its service to all of its stakeholders and making any relevant changes and improvements as required. Some of the actions currently ongoing and scheduled for completion this year include:

- Continued ongoing developments involving the Mersey Region and North West Counter Fraud groups led by Wirral Internal Audit,
- Continuing development of the Wirral Assurance Map identifying areas of assurance for the Council for utilisation in audit planning and risk,
- Ongoing development of the performance management and reporting database with enhanced reporting to Members of this Committee as evidenced in the Appendix 1.A to this report. Further work will continue in this area with consideration of a real time dashboard for Members.
- Ongoing development of reciprocal arrangement with neighbouring authorities for audits of 'owned' non internal audit services.

This page is intentionally left blank

SUMMARY OF INTERNAL AUDIT ACTIVITY

Audit ref	Audit	original description = AUDIT / A&G	Original Internal Audit Risk Opinion	High priority	Medium priority	Low priority	Rec Implemented / In progress
332	Adult Social Care Debts	Audit	Moderate	0	7	0	Implemented
352	Creditor Duplicate Payments	Audit	Moderate	2	1	0	In progress
361	Hind Street	Audit	Major	2	4	0	Implemented
382	Health & Safety	Audit	Moderate	4	2	0	In progress
384	Performance Management – Business Planning	Audit	Minor	1	1	0	Implemented
400	HB Subsidy Claim	Audit	Moderate	1	10	2	In progress
444	Castleway Primary school	Audit	Moderate	0	0	0	In progress
445	EVS/R	Audit	Minor	2	1	1	In progress
450	Millfields Primary	Audit	Minor	0	0	0	In progress
452	Fraud Risk Assessment	Audit	Negligible	0	0	0	Implemented
453	General Ledger Data Migration	Audit	Negligible	0	0	0	Implemented
455	The Observatory School	Audit	Moderate	0	0	0	In progress
Total				**12**	**26**	**3**	

Audit ref	Audit	original description = AUDIT / A&G	Original Internal Audit Risk Opinion	Rec Implemented / In progress
446	Requirements from grant recipients	A&G	N/A	Implemented
449	Transfer of creditor details into new supplier portal	A&G	N/A	Implemented
451	PCI DSS collaboration group	A&G	N/A	Implemented
454	Briefing Paper - FOI	A&G	N/A	Implemented
Total				

This page is intentionally left blank

WIRRAL

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 26th March 2024

REPORT TITLE:	CORPORATE RISK MANAGEMENT UPDATE
REPORT OF:	DIRECTOR OF FINANCE (S151 OFFICER)

REPORT SUMMARY

This report provides an update on activity related to the Corporate Risk Register and the revised Risk Management Framework.

This matter affects all Wards within the Borough. It is not a key decision.

The risk management activity detailed within the report supports the following priority or delivery theme from Wirral Council's Plan 2023-27:

- Working together to create a more efficient, effective and accessible council.

RECOMMENDATION

The Audit and Risk Management Committee is recommended to note the report and endorse the Risk Management Framework.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 To enable the committee to understand the Authority's most significant risks, their management via any associated mitigating controls, and the risk management framework to fulfil its role of providing independent assurance of the Council's Risk Management Framework.

2.0 OTHER OPTIONS CONSIDERED

2.1 No other options considered appropriate as failure to report this information would demonstrate ineffective governance and non-compliance with professional best practice.

3.0 BACKGROUND INFORMATION

3.1 Risk management forms part of many of the seven core principles within the best practice guidance, 'Delivering Corporate Governance in Local Government: Framework. A key component of this for the Council is the hierarchy of risk registers including the Corporate Risk Register.

3.2 The Corporate Risk Register is subject to a regular review by the Senior Leadership Team (SLT) and consists of potentially high-level strategic risks which may impact on the delivery of the Council's priorities as laid out in the Council Plan. By their very nature these risks are often slow to change in score as mitigating controls can take time to have an effect. It is often not possible to fully eliminate or transfer risk but instead the aim can be to reduce it to acceptable and tolerable levels as well as improving the awareness and visibility of risk levels being carried by the Council.

3.3 The regular review of all levels of risk register helps to support and demonstrate risk-based sound decision making as well as allowing for them to be dynamic and reflect the changing situation the Council operates within. As part of these reviews risks can be escalated or devolved up and down the risk hierarchy.

Corporate Risk Register (CRR)

3.4 The quarterly review of the CRR was undertaken at SLT on the 6th March. There have been minor updates to the mitigating controls and planned actions for the existing Corporate Risks, but no change in scores.

3.5 There was also a discussion around themes of risk highlighted from the Refuse Collection and Street Cleansing Programme, the issues raised are linked to the report to Policy and Resources Committee on the 20th March and the reset and resourcing of the Council's Change Programme. These risks and mitigations will be monitored at the Investment and Change Board and reported through oversight of the Change Programme at the Policy and Resources Committee Finance Sub-Committee.

3.6 The revised CRR can be found in Appendix 1.

Risk Management Framework

3.7 The Council's Risk Management Policy Statement and Strategy have been updated to reflect the Council's committee structure and lines of reporting as well as the vision set out in the Council Plan 2023-27

3.8 The updated document now forms a Risk Management Framework which includes sections on:
- Council's Statement of Commitment / Policy
- The Definition of Risk
- Risk Appetite
- Hierarchy of Risk within the Council
- Key Roles and Expectations
- The Risk Management Process
- Programme and Project Management
- Training
- Governance

3.9 This is supported by a number of appendices containing:
- Guidance on Risk Appetite
- Guidance and definitions used in the scoring matrix
- Risk Register Template
- Risk Categories
- Guidance on risk identification and describing of risks
- Guidance on the reviewing of risks and risk registers

3.10 Following its adoption the Framework will form the basis of revised risk management training for officers and members through 2024/25. This will include new content on the Council's Learning Experience Platform, Flo. Some content will be targeted to managers and some to all staff.

3.11 Work is already underway assessing the needs of the Programme and Project Managers to ensure the continued consistency of risk management practices and reporting across the Council's Programme Office and Programme Management network.

3.12 The Framework will be reviewed on a biennial basis to reflect any changes in best practice or reporting and governance changes within the Council.

3.13 The Framework and associated appendices are attached to this report as Appendix 2 and 3.

4.0 FINANCIAL IMPLICATIONS

4.1 There are no immediate financial implications arising directly from this report however, failure to manage the Council's risks effectively could lead to further risk to the Council's financial resilience.

5.0 LEGAL IMPLICATIONS

5.1   There are no immediate legal implications arising directly from this report.

5.2   The Authority has a statutory responsibility under Part 2 – Internal Control of the Accounts and Audit Regulations (England) 2015 to have arrangements in place for the management of risk. It also forms part of the seven new core principles within the best practice guidance, 'Delivering Corporate Governance in Local Government: Framework' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

6.0   RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1   There are no resource implications arising directly from this report.

7.0   RELEVANT RISKS

7.1   Without robust risk management procedures in place there is a danger that the Council will fail to identify, understand, and monitor key strategic and operational risks. An ineffective and poorly established risk management framework prevents the optimisation and balanced approach between risk taking and control, leading to ineffective assurance and missed opportunities. The consequence of both is that risks are not considered in decision-making which could have serious financial, reputation and resource implications.

8.0   ENGAGEMENT/CONSULTATION

8.1   No specific consultation has been undertaken with regards to this report.

9.0   EQUALITY IMPLICATIONS

9.1   Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision, or activity.

10.0   ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1   The content and/or recommendations contained within this report are expected to:

- Have no impact on emissions of Greenhouse Gases

11.0   COMMUNITY WEALTH IMPLICATIONS

11.1   The content and/or recommendations contained within this report have no direct implications for community wealth. However, the development of effective corporate risk management arrangements will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of economic, social, and environmental justice for all residents.

REPORT AUTHOR: Helen Turner
                       Risk Continuity and Compliance Manager
                       email: Helenturner@wirral.gov.uk

APPENDICES

The PDF file below may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact HelenTurner@wirral.gov.uk if you would like these documents in an accessible format.

Appendix 1 – Corporate Risk Register March 2024
Appendix 2 – Risk Management Framework March 2024
Appendix 3 – Risk Management Framework March 2024 – Appendices Only

BACKGROUND PAPERS

The Orange Book Management of Risk – Principles and Concepts 2023 UK Government
Government Finance Function Risk Appetite Guidance Note v2 Aug 2021
Institute of Risk Management
Open University Risk Management Training

TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Section C of its Terms of Reference;

(C) Risk Management & Control
  i.   Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the Council and ensure that the Full Council is kept sufficiently informed to enable it to approve the Council's Risk Management Policy and Framework and that proper insurance exists where appropriate.
  ii. Consider the effectiveness of the system of risk management arrangements.
  iii. Consider an annual report and quarterly reports with respect to risk management including, an opinion on the adequacy and effectiveness of the Council's risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Corporate Risk Management Update	Each meeting of Audit & Risk Management Committee over the last 3 years.

This page is intentionally left blank

Key to Status of Risk: ↔ – stable/no change, ↓↑ – improving or worsening, * - new risk/in development

Risk Ref.	Risk Description	Lead Director	Existing Mitigation / Controls	Current / Residual Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score			Selection of Planned Actions	Target Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score			Status of Risk ↑↓↔ *	Associated Wirral Plan 2023-27 Priority or Delivery Theme (select from dropdown - up to 2)		Comments / Progress
CRR001/23	**Ability to Deliver Effective Change / Improvements and Services** Failure to translate into action and deliver changes needed to sustain an effective organisation, sound partnership engagement and governance, and a resilient organisational culture, leads to increased scrutiny interventions/commissioners, inefficiencies/distraction from priorities, financial implications and loss of reputation with external stakeholders.	Chief Executive & SLT	Independent Assurance Panel established Dec 2021 - regular update/progress reports. Regular reporting to P&R Committee DLUHC Recommendations monitoring in place Regular monitoring reports by Independent Assurance Panel - latest meeting and letter Nov 2023. Review of Officer Groups - governance/ToR, purpose /membership - development of 3 Pillars approach. LGA Corporate Peer Challenge findings incorporated into improvement/council plans. Wirral Strategic Partnership Group - Partnership Summit held Role in the Liverpool City Region Combined Authority Community, Voluntary and Faith (CVF) Sector Reference Group link to the Health and Wellbeing Board. Wirral Place Based Partnership Board 13/10/22 - governance and terms of reference and reporting arrangements Community Asset Transfer Policy adopted - encouraging the set-up of community-based organisations and cooperatives in the local community Refreshed Wirral Plan, a new four year plan 2023-27, incorporating remaining Improvement Plan activity and monitoring, and aligned to Medium Term Financial Plan approved at Council 04/12/2023	2	5	10	Development of Performance Management Framework operating alongside new Council Plan 2023-27 Review of Wirral's Strategic Partnership - proposal refreshed partnership arrangements New Council Plan - We are Wirral events for staff	2	5	10	↔	Priority -To be prepared to innovate and face the future	Priority -To deliver council services within the means of the council budget	**March 2024** Risk to be considered for revision/removal following budget setting, latest Panel update and Change Programme reset (reporting to P&R Committee March 2024)
CRR002A/23	**Workforce Capacity & Skills - Professional Roles** The Council experiences challenges in securing capacity and capability in some professional areas and the specialist skills required for the delivery of key projects, reflects both national and local recruitment challenges in some cases leads to pressures on workforce and service delivery/project delivery.	Director of Law & Corporate Services	Talent strategy in place to support recruitment and retention including Graduate and Apprentice schemes. Updated recruitment process/procedures Benchmarking pay regularly to ensure Council is competitive for talent within the resources and pay framework available, application of Market Rate Supplements where there is a business case Offering fixed term contracts to interim/agency workers Learning and development pathways on Flo Targeted strategies for specialist areas – e.g. Children's Social Care Workforce Strategy 2022-25 Work with care sectors - payment of Real Living Wage Development of leadership and manager skills programme offer to retain staff	2	4	8	Further work to enhance Wirral as an employer of choice to maximise competitiveness in recruitment and attraction campaigns. Work with care sectors - payment of Real Living Wage Improve planning for workforce & succession plans as part of service reviews/staff departures	2	4	8	↔	Delivery Themes 1. working together to create a more efficient, effective and accessible council	Priority -To deliver council services within the means of the council budget	
CRR002B/23	**Workforce Capacity & Skills - Senior Level Roles** Changes in key personnel/roles at Senior Level (including DSC/DASS) leads to challenges, loss of corporate knowledge in some areas resulting in pressures on workforce and service delivery/project delivery.	Director of Law & Corporate Services	Use of agency to assist recruitment at strategic level Talent strategy in place to support recruitment and retention Updated recruitment process/procedures Benchmarking pay regularly to ensure Council is competitive for talent within the resources and pay framework available, application of Market Rate Supplements where there is a business case Develop leadership and manager skills programme offer to retain staff	2	4	8	Further work to enhance Wirral as an employer of choice to maximise competitiveness in recruitment and attraction campaigns. Improve planning for departures due to retirement - improved succession planning - ensure workforce & succession plans in place in advance	2	4	8	↔	Delivery Themes 1. working together to create a more efficient, effective and accessible council	Priority -To deliver council services within the means of the council budget	
CRR003/23	**Health & Safety Management** Failure of officers, members or contractors, visitors to develop, test or sufficiently adhere to health and safety / compliance policies and procedures leads to an incident or exposure resulting in harm to employees / Members / members of the public, legal challenge and reputational damage	Director of Law & Corporate Services	Governance/structure review - changes to Health, Safety and Wellbeing Board and Operational Group. Quarterly reporting to SLT. Hazard specific risk assessment procedures implemented building on experiences of COVID-19 including for the remobilisation of services, reviewed by H&S Team and Public Health. Measures incorporated into general H&S risk assessments. Updated H&S Strategy and Policy rolled out 2021. Refresh of H&S subject specific policies and supporting information. H&S Audit process roll out started (first areas audited Asset Management and Floral Pavilion) to review compliance and arrangements in service areas. H&S Improvement Plan with 7 key themes including dedicated Training workstream Training Needs assessment for all services Training for Directors, responsibilities and roles.	3	5	15	Update of H&S Strategy to reflect new governance arrangements and H&S audit processes. Monitoring and audit programme for risks identified within H&S Risk Profile tool. Internal Audit review and associated recommendations. Update to policies and processes for commissioning and contract management of third parties, inc training for commissioners/contract managers. Continuation for all Directors & senior managers to be trained in 2024 H&S Team checks of schools that do not purchase H&S SLA. Review of SLA and clarity on school H&S responsibilities with changing legal status of schools and review of Traded Services with schools Director Assurance statement expanded within annual governance review processes. Annual Health, Safety and Wellbeing report to A&RM Committee - March	2	5	10	↔	Delivery Themes 1. working together to create a more efficient, effective and accessible council	Delivery Themes 6. working together to create safe, resilient and engage communities	
CRR004/23	**Financial Stability and Resilience** Failure to ensure delivery of in year savings and adherence to annual budget leads to longer term financial resilience/management difficulties resulting in service reductions, the withdrawal of Council services to communities, government intervention, S114 declaration.	Director of Finance	Robust and rigorous monitoring of budgets and savings plans in year - included in regular performance reporting to committees Clear financial governance structure - accountability, management and monitoring of budgets. Capital and Treasury Management annual reports to P&R Committee Finance Sub-Committee, Finance training for Members. Budget setting discussions start earlier in the year Review and re-evaluation and reprioritisation of capital programme to drive out revenue savings has been undertaken. Review of budget pressures to ensure relevance and refine monetary value £. Recruitment freeze and review of the use of agency staff Refresh of Medium Term Financial Plan based on investment and income generation. MTFS is revised on an annual basis, principles detailed therein include ensuring adequate reserves, non statutory services, fees and charges reviews. MTFS agreed by SLT and Members, via Policy & Resources committee. Refreshed Financial Resilience Strategy Scrutiny and challenge to ensure future business cases for savings proposals are robust and deliverable Capital Budget arrangements with revised reporting and monitoring via Investment and Change Board. Budget setting for 23-24 capital challenge sessions Review and re-evaluation and reprioritisation of capital programme Pension Fund - Triennial valuation ALMFSS./ISS, Asset Allocation, Performance data, Independent Advisors, FSM and lower risk strategies EPS Asset disposal strategy approved by Policy and Resource Committee ERP/ERM modules for budget forecasts and procurement New Council Plan 2023-27 aligned to MTFP, approved at Council 04/12/23	3	5	15	Review of earmarked reserves. Review of the process for agreeing capital projects and funding to ensure a return on investment and a better link with the revenue budget Review of revenue grant process to strengthen processes and governance around bid approval and monitoring Financial Sustainability Programme - consolidated revenue, capital and reserves management and monitoring. Community Wealth Building Strategy Regeneration Financial Strategy is being compiled Develop a funding/investment strategy to identify internal finance pressures and external funding sources to support planned growth projects MTFS to adopt specific principles/targets around the main cost drivers for demand led services which account for almost 50% of the net budget - identify the key transformation priorities and assign savings to these areas to minimise the proportion of savings that are perceived as service reduction / cuts.	2	4	8	↔	Priority -To deliver council services within the means of the council budget	Priority -To prioritise those with the greatest needs	**March 2024** Budget 2024/25 approved at Council 26th Feb 2024. Change Programme review, reporting to P&R March 2024.

Risk Ref.	Risk Description	Lead Director	Existing Mitigation / Controls	Current / Residual Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score			Selection of Planned Actions	Target Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score			Status of Risk ↑ ↓ ↔ *	Associated Wirral Plan 2023-27 Priority or Delivery Theme (select from dropdown - up to 2)		Comments / Progress
CRR005/23	**Response to a External or Internal Significant Disruption (National/Regional/Local)** Failure to respond effectively to a significant disruption inc national directive resulting in a major failure in service delivery, increased financial burden, risk to public and staff safety	Directors of Finance and Neighbourhood Services	Role within Mersey Resilience Forum (MRF) - specialist groups, exercising and development of plans. Participation in National and Regional Exercises - Mighty Oak/Extreme Weather. Emergency response structure - training of SDOs and rota. Strategic Co-ordination Group, operational response led by Tactical Co-ordination Group, when necessary operating through a series of delivery cells. Governance structures adaptable to changing situations. Updated Community Safety Strategy - key priorities and activity Requirement for annual review of Business Continuity Plans, awareness raising with staff. Health Protection Service - Winter Cold & Summer Heatwave Plans Adverse Weather Group - response plan for health impacts from weather warnings Homeless Severe Weather Plan (SWEP) - signed up to by commissioned services Review of UK Adverse Weather & Health Plan (April 2023) - changes to local arrangements and plans. Planning for and managing major events with partners and associated learning/update of plans e.g. The Open	3	5	15	Participation in MRF/national exercises - identifying plan improvements and developments (Cyber, Power Outages) Exercising and testing of Business Continuity (BC) Plans Development of arrangements for planned disruption - office move to BCD in 2024 Identify local training provider for Emergency Planning	2	5	10	↔	Priority -To deliver council services within the means of the council budget	Delivery Themes 6. working together to creates safe, resilient and engage communities	**March 2024** Appointment of Corporate Resilience Manager, due to start March 2024. Linked to CRR006/23 – Cyber Security.
CRR006/23	**Cyber Security** IT security and staff awareness are insufficient to deter, detect and prevent unauthorised access (internal and external) to IT systems, resulting in data breach/loss of access to data and disruption to Council services with increased financial costs.	Director of Finance	Cyber security specific controls: a dedicated cyber security function has been approved by SLT consisting of 4 roles. Cyber Security Manager is in post, recruitment continues for other roles. Technical controls: •Endpoint security software – (Investment in Microsoft E5 / Defender) • Fortigate NGFW network firewall • Prevention of downloading of unauthorised software via web filter. • Basic MFA implemented • Next generation endpoint web filter and VPN procured and being implemented. • Commenced Windows 11 new device rollout aligned to Zero Trust architecture. People and procedural controls: Mandatory all-staff NCSC-approved cyber security training issued to all staff (Cyber Ninja) • Membership of NW WARP for cyber security alerting and advice. • Frequent guidance on cyber security posted on intranet pages. • Suspicious email message reporting procedure implemented.	4	5	20	Technical actions: Replacement of McAfee Antivirus, improvements to Identity and Access such as MFA, conditional access; removal of legacy web facing solutions. People and procedural actions: continued staff awareness and training e.g. code scams in emails; assessment of Artificial Intelligence (AI) uses, benefits and threats; commissioning of a Digital Transformation Partner. Cyber security specific actions: recruitment of Cyber Risk Lead and 2 Cyber Security Engineer roles by April 2024; review of proposals for external accreditation in 2024; review of Cyber Security Policy/activity; implementation of recommendations for Internal Audit reports; implementation of managed security solution consisting of Security Information Event Management (logging), Security Operations Centre, Managed Detection and Response (monitoring/responding)	2	5	10	↔	Priority -To be prepared to innovate and face the future	Delivery Themes 1. working together to create a more efficient, effective and accessible council	**March 2024** Appointment of Cyber Security Manager, recruitment to additional cyber security roles ongoing. Current cyber security function focus is replacement VPN and Web Filter which will provide Zero Trust Network Access architecture.
CRR007/23	**Climate Response** Failure to deliver organisation target (Net Zero 2030) and boroughwide 2041 leads to increased financial costs, pressure on resources, impact on public health, reputation damage, lack of resilience	Director of Neighbourhood Services	Environment and Climate Emergency Policy and action plan, Action Plan Group meets regularly to monitor progress. Annual report on progress to Committee June 2023. Linkages in Wirral Plan - monitoring and reporting on delivery of related priority Dedicated Climate Emergency Manager and Team. Partnership working through Cool Wirral Partnership's Climate Change Strategy, Cool 2. Carbon Literacy training - Bronze status as a Carbon Literate Organisation. 341 staff have received training with 193 awarded silver status Environmental impact assessment for Council contracts. Met target reduction for CO2e (carbon dioxide equivalent) emissions for 2022/23 Funding secured from the Low Carbon Skills fund and development of 11 Heat Decarbonisation Plans. DEFRA funding for an education and awareness project on domestic burning. Delivery of a 'Natural Curriculum' programme to teachers of 10 schools, upskilling of Rangers to Forest school Level 4, and subsequent training of 24 primary school teachers to Forest school Level 3. Tree planting strategy inc targets in place. 2022/23 planting of over 21,000 trees through 20 community planting sessions 16 Park Rangers trained to utilise e-cargo bikes and trailers. Consultants commissioned to develop an Electric Vehicle strategy for the borough to build on existing arrangements e.g. on-street electric vehicle charging points. Consultation and adoption of the Pollinator Strategy. Progress on the Birkenhead Heat Network Project. Council led a Cool Wirral Partnership to lead, facilitate, drive, inter-law and co-ordinate delivery of building	3	4	12	Delivery of Environment & Climate Emergency Action Plan Priorities for 2023/24: Continued green purchase and exploration of alternative purchasing strategies. Integrate heat decarbonisation plans with Asset delivery plans. Public Sector Decarbonisation Scheme funding bid with LCR - with capital match funding for building works on assets. Develop and expand project pipeline of heat decarbonisation plans. Progress plans to improve energy efficiency of Leisure facilities. Complete development of Green Fleet strategy. Reduce the environmental and carbon impact of our goods and services. Complete and adopt an Electric Vehicle Strategy for the borough and explore options to expand the EV charging network within the borough. Increase staff and member engagement - training for all identified report writers, working towards becoming a silver award carbon literate organisation. Raise the profile of the climate emergency with residents through the launch of the Climate action hub, community climate champions and community grants. Develop and implement an Air Quality strategy and action plan for the borough	2	4	8	↔	Priority -To play our part in addressing the climate emergency and protecting our environment	Delivery Themes 5. working together to protect our environment	
CRR008/23	**Adherence to corporate policies, procedures, and legislation.** Lack of consistent application of policies and procedures, and adherence to legislation (including but not limited to procurement, HR, finance, information management, health & safety) leads to inefficient/ineffective use of resources, residents and staff put at risk and/or legal challenge, resulting in damage to reputation of the Council, financial penalty and injury/loss of life.	Chief Executive	Specialist Area Groups in place for key areas e.g. Corporate Governance, People Strategy, Information Governance, Health, Safety and Wellbeing Regular reporting of key performance information via Organisational Performance Group, SLT to highlight areas of poor/deteriorating performance and agree remedial actions Internal Audit Plan includes areas of financial control, risk and compliance with key areas audited on a more regular basis than others. Review of Public Interest Reports and case studies of other local authorities Annual Governance Statement including identification Significant Governance Issues and associated actions, Director's Governance Assurance Statements Targeted training packages rolled out including on Flo - some essential for all staff, targeted training for roles/teams. E.g. Council finances and value for money course for all staff. Information Asset Owner training launched Jan 2024 Committee Co-ordination and Oversight Group (reps from Governance, Risk, Legal and Finance) to quality assure all key decision committee reports, prior to sign off by SLT Corporate Landlord model has been approved, with a Corporate Property Board and Asset Strategy now in place, to bring a consolidated approach to the management of assets. Staff annual Corporate Governance checklist submission - awareness and understanding of key policies Meetings of Chief Executive with key officers e.g. Chief Internal Auditor Statutory Officers regular meetings (Chief Ex/S151/Monitoring Officer) help to identify and escalate risks/mitigations Review and revision of governance arrangements and terms of reference completed for officer groups: Corporate Governance Group, Investment and Change Board, Organisational	2	4	8	Completion of the review of Officer Groups - governance/ToR, purpose /membership - development of 3 Pillars approach. Internal Audit reports and associated recommendations - Gifts, Hospitality and Conflicts of Interest, Creditor Duplicate Payments Preparation of Annual Governance Statement 23/24 - including Directorate Assurance Statements Development of Internal Audit Plan 2024/25 - meetings with Directors, reviewing risks, themes and areas for follow-ups Payment Card Industry Data Security Standards v4 new requirements compliance project - March 2025	2	4	8	↔	Delivery Themes 1. working together to create a more efficient, effective and accessible council		**March 2024** Review and revision of governance arrangements and terms of reference completed for officer groups: focus on sub groups reporting into ICB/OPG/CGG
CRR005/22	**Safeguarding** Failure of Council and partnership working to effectively manage safeguarding risks across all services leading to a safeguarding incident, resulting in harm to individuals and/or families, potential legal challenge, resident dissatisfaction, appointment of commissioners by Government and public scrutiny	Director of Children's & YP Services / Director of Social Care & Health	Multi-agency Safeguarding Arrangements for Children via Wirral Safeguarding Children Partnership (WCSP) - activity led by the LA, health economy and police including: robust local audit and case review procedures. Full Serious Case Reviews and learning reviews. Section 11 and Section 175 audits of individual agency and school safeguarding arrangements, Scrutiny, publication of policies and guidance, a comprehensive programme of multiagency training (online since April 2020) including: Working Together, CE, Neglect, Domestic Abuse, Contextual Safeguarding, Early Help. Serious incidents are escalated to Assistant Director level to ensure that learning and procedures are implemented and followed up. Participation in Wirral Safeguarding Adults Partnership Board established in 2021 DASS contract review including safeguarding requirements Adoption of the Prevention Framework Close monitoring of referrals and contacts, caseloads to provide early warning and enable staff highlight spike in demand Ongoing work with the CSU to understand the process around incident reporting and embed within contract monitoring arrangements. Members of the Children, Young People & Education Committee have access Power BI Safeguarding reports	2	5	10	WCSP safeguarding leads have approved commissioning standards Strengthen Provider incident reporting - development of protocol, based on NHSE guidance. Commissioners to be updated on new process and provider contracts varied accordingly. Formalising arrangement with WCCG re STEIS reporting. Contract variations sent to all non NHS providers. Establishment of the Breaking the Cycle programme, encapsulating 8 core projects including: PAUSE, Cradle to Career, DRIVE with outcomes - 3 year programme to 2023 Continue to deliver the new early help model through the design of a new self-help digital tool for families. Care Home sector improvements Review of Adults Safeguarding Protection in relation to CQC standards	1	5	5	↔	Priority -To prioritise those with the greatest needs	Delivery Themes 3. working together to promote independence and healthier lives	

Risk Ref.	Risk Description	Lead Director	Existing Mitigation / Controls	Current / Residual Risk Score (Out of a MAXIMUM of 25)			Selection of Planned Actions	Target Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact			Status of Risk ↑↓↔ *	Associated Wirral Plan 2023-27 Priority or Delivery Theme (select from dropdown - up to 2)		Comments / Progress
CRR007/22	**SEND** Failure to appropriately and effectively identify, assess, meet the need and improves outcomes for children and young people with Special Educational Needs and Disabilities resulting in a statement of action from Ofsted, poor school inspection outcomes, children do not reach their full potential and reputational damage for Children's Services and the Council	Director of Children's & YP Services	SEND Improvement Plan and Self-evaluation co-produced for the last four years - key actions are evaluated regularly through the SEND Operations Group and the SEND Strategic Board reviewing performance and holding to account. External Ofsted review of provision and recommendations - regular Monitoring Meetings by DfE to review progress, last June 2022 Deep dive review of Written Statement of Action - deadlines and progress reviewed, some extended to allow embedding of activity Priorities detailed in the SEND Strategy 2020-24 Role of SEND Transformation Board, monitoring and reporting to CYPE Committee and newly established Wirral Place Based Partnership Board Robust identification and assessment framework in early years, with trained and qualified SEND professionals. Training and development programme for SEND Team SENDLO (SEND Local Offer) website launched - to raise awareness of the SEND local offer in Wirral and signpost families to the support and services they need Delivering Better Value Programme - diagnostic and implementation phases	3	4	12	Robust performance management and quality assurance framework Competency framework for EHCP Co-ordinators and EP SEND Sufficiency Strategy development SEND Strategic Board governance review and refresh Delivery of Written Statement of Action following SEND inspection and review at subsequent DfE monitoring visits. Development of new SEND strategy 2024 -2028 Delivering Better Value Programme - bid for additional grant funding	2	4	8	↔	Priority -To prioritise those with the greatest needs	Delivery Themes 2. working together to improve early help for children and families	**March 2024** Letter from Ofsted re:inspection of Children's Services published 02/02/2024 for the inspection in September 2023 **Dec 2023** Local Area Inspection due in 2024.
CRR009/23	**Preparation for Inspections - CQC/Ofsted** Failure to achieve a rating of 'good' or 'outstanding' in the new CQC inspection or Ofsted could result in reputational damage and considerable staff resource, financial investment requirements to address any areas requiring improvement.	Director of Children's & YP Services / Director of Social Care & Health	Self Assessment undertaken and reported Oct 2023 - theme leads for each of the 4 topic areas, regular meetings to engage all relevant leads from organisations and departments, links with Cheshire and Merseyside ADASS group. Action Plan and clear roadmap developed Fortnightly meetings of theme leads and quality leads at CQC Quality & Performance Assurance Board.	2	5	10	Gap analysis and transformation plan to be put in place and infrastructure post project to be developed. Peer review in March 2024 Case file audit with ADASS to be undertaken.	1	5	5	↔	Priority -To prioritise those with the greatest needs	Priority - To deliver high quality efficient universal services to all residents	**Dec 2023** CQC introducing a new assessment framework which will apply to providers, local authorities and integrated care systems in 2024. Linked to SEND risk CRR007/22.

The scoring of risks is broken down into 2 main parts; likelihood and impact.
Wirral Council has set definitions for each score banding. These should be referred to when discussing the risk scores to help
ensure consistency of scoring over the lifetime of the risk register as well as across different projects and teams around the Council.

The tables below provide the scoring definitions as per the Council's Risk Management Policy.

Impact and Likelihood Scores

Impact

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

Likelihood

Description	Score	Narrative	Quantitative (chance of occurrence within 3 years)
Very low	1	Extremely unlikely or virtually impossible within the period covered by the plan	0-5%
Low	2	Unlikely – not expected to occur within the period covered by the plan	6-20%
Medium	3	Possible – may possibly occur at some point within the period covered by the plan	21-50%
High	4	Likely – will most probably occur within the period covered by the plan	51-80%
Very High	5	Almost certain – expected to occur within the period covered by the plan	>80%

Risk Scoring Table

Impact ⟶

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

Likelihood ↑

This page is intentionally left blank

RISK MANAGEMENT FRAMEWORK AND POLICY STATEMENT

March 2024

⚙WIRRAL

CONTENTS

STATEMENT OF COMMITMENT / POLICY

We accept that uncertainty and risk are inevitable features of the environment in which the Council operates within.

However, we appreciate that uncertainty also presents opportunities and that we must innovate if the Council is to meet the challenges that it faces. We believe that risk management should not stifle innovation, but rather should support the taking of risks, provided that they are understood, actively managed, and justified.

We also recognise that the pace and complexity of the environment in which the Council operates could create combinations of events that cannot reasonably be envisaged making it important to maintain agility and organisational resilience.

The Council's focus is on being a risk aware organisation, in which risk management is fully embedded in all aspects of the Council's business, and risks are identified, understood, and well managed.

We will achieve this by:

- Maintaining clear roles, responsibilities, and reporting lines, within the Council and the wider partnership environment, for risk management;

- Encouraging maturity and candour in discussions between officers and members about the uncertainties associated with the delivery of our Council Plan objectives;

- Embedding risk management into the Council's decision making and operational management processes;

- Integrating risk management considerations into all elements of strategy, business and financial planning, commissioning and procurement processes, programme and project management, partnership working and reporting;

- Underlining the importance and requirement for the effective management of risk through training and awareness in related fields;

- Monitoring our risk management arrangements, and their effectiveness, on a regular basis.

RISK MANAGEMENT FRAMEWORK

INTRODUCTION

The Council is often faced with difficult decisions, but also opportunities to define an exciting and ambitious future. The Council Plan 2023 – 2027 sets out the vision for the borough in the years ahead and includes the new Enabling Theme: efficient, effective, and accessible council.

Effective governance arrangements are essential to help us achieve that vision and risk management is a key element of those arrangements. The Council's understanding of the risks faced and how well managed and monitored they are will have an impact on its ability to deliver the Council Plan. This framework, and associated appendices, lays out the arrangements, structures, and methodology in support of the Enabling Theme.

The framework is approved by the Strategic Leadership Team (SLT) and considered by the Audit and Risk Management Committee (A&RMC), on behalf of the Council. The framework is subject to a biennial review.

DEFINITION OF RISK

At its simplest **Risk** can be defined as 'the effect of uncertainty on objectives' (ISO 31000:2018, clause 3.1).

Within HM Government's The Orange Book – Management of Risk, Principles and Concepts (2020) this idea is expanded on.

"Risk is usually expressed in terms of causes, potential events, and their consequences:

> • A cause is an element which alone or in combination has the potential to give rise to risk;

> • An event is an occurrence or change of a set of circumstances and can be something that is expected which does not happen or something that is not expected which does happen. Events can have multiple causes and consequences and can affect multiple objectives;

> • the consequences should the event happen - consequences are the outcome of an event affecting objectives, which can be certain or uncertain, can have positive or negative direct or indirect effects on objectives, can be expressed qualitatively or quantitatively, and can escalate through cascading and cumulative effects."

Risk management is an essential part of governance and leadership, and fundamental to how an organisation is directed, managed, and controlled at all levels. The identification, assessment and treatment of risks is subjective and requires all views to be considered. The application of an organisational risk appetite is necessary for a risk management framework to be effective in supporting any organisations priorities.

"Risk should be considered regularly as part of the normal flow of management information about the organisation's activities and in significant decisions on strategy, major new projects and other prioritisation and resource allocation commitments."

(The Orange Book – Section A - Paragraph A5**)**

A glossary or risk management terms can be found at Appendix 8.

Risk management features, or is linked, to many areas across the Council. It is a key tool to support decision making, helping the Council consider whether:

   • Intended benefits justify the range of outcomes

   • The plausible outcomes are within the current appetite

   • Available resources can be reallocated, if necessary, to allow benefits to be realised within the stated appetite

The diagram below highlights the many areas where risk management is an integral part of strategies, policies, and processes.

Finance
•Financial Management
•Capital Programme
•Treasury Management
•External Funding & Grants

Planning & Decision Making
•Policy Development
•Partnerships
•Programme & Project Management
•Business Planning
•Service Delivery Decisions

Control Environment
•Internal Audit Reviews
•Information Governance
•Performance Management
•Anti-Fraud & Corruption
•Compliance Monitoring

Corporate Activities
•Procurement
•Business Continuity
•Insurance
•Health & Safety
•Information Management
•HR

Diagram 1. Risk Management and Associated Areas.

Risk appetite is defined by Institute of Risk Management (IRM) as "the amount and type of risk that an organisation is willing to take in order to meet their strategic objectives."

Everyone's attitude to risk differs depending on knowledge, expertise, and experiences both professional and personal. In addition, risk appetite naturally differs in different areas and levels across the Council. It is important to consider:

- The level of risk the Council **should be willing** to accept in the pursuit of its objectives.
- The level of exposure to different risks the Council is **currently carrying.**

By understanding, articulating, and evidencing the Council' risk appetite, tolerance of risk and the general environment it operates in helps to:

- Ensure the Council is only taking a level of risk, and the type of risks, it is comfortable with to achieve its goals.
- Ensure the risks are commensurate to the opportunity, benefits, or reward to be gained.
- Provide a framework for decision making; significant decisions can be taken with consideration to how it will affect the level or risk the Council is exposed to, and if this is acceptable or not.
- Enable staff to make judgements about which risks are acceptable in pursuing goals and which are not.
- Ensure the response to specific risks is proportionate.

For more information on the Council's risk appetite, refer to Appendix 1.

It is recognised that the Council's plans and objectives have to be delivered within a complex and increasingly dynamic environment. The interplay of social, political, economic, and technological change creates uncertainty which poses threats to the delivery of the Council's vision, but also presents us with opportunities. Effective risk management will help ensure that we are resilient and able to withstand threats that emerge and exploit opportunities for improvement.

It is not possible to have a single risk appetite spanning the whole Council due to the scale and wide range of services delivered. The vision within the Council Plan and behaviours and values set by the Strategic Leadership Team help to provide a risk embracing and aware culture.

A fundamental part of setting the risk appetite is to provide a scoring matrix with definitions and agreed grading using a Red, Amber, Green (RAG) rating levels. All risks recorded onto the risk register template are assessed against these scoring definitions and mapped against the RAG rating.

More information on the scoring process and scoring definitions can be found in on page 13 and in Appendix 2.

There are several distinct levels of risk register across the Council with risks flowing between them. To help ensure that risk information is captured in a consistent format, a standard risk register template is to be used for all business planning, strategy, and decision-making risk registers. A separate template is used for hazard risk assessment for health and safety purposes. Use of a standardised template allows for the escalation or demotion of risks more easily, with relevant and consistent information able to be shared between the various levels. It also allows for use of the PowerBI tool for reporting. The template is available at Appendix 3.

Table 1 below details the levels and gives a brief explanation of their contents and management, including the expected frequency of review.

Level of Risk Register (RR)	Owner, contents, and links to other levels
Corporate Risk Register (CRR)	The risks within the CRR are the responsibility of the Strategic Leadership Team. The maintenance of the CRR is supported by the Risk, Continuity & Compliance Manager. It is reviewed on a quarterly basis.
Directorate Risk Register (DRR)	The DRR is owned by each Director and Directorate Management Team. It can be a mixture of strategic and operational risks with the potential to affect the delivery of the objectives and priorities within the Directorate Business Plan. Risks which may be devolved from the CRR or escalated from Service, Programme or Specialist Risk Registers. DRRs are reviewed on a regular by the respective Policy and Service Committee. Must be reviewed on at least a quarterly basis, aligned with performance reporting.
Service or Team Risk Register	The RR is owned by an Assistant Director/Senior Manager and Management Team. Focussed on the operational risks with the potential to affect the delivery of the objectives and priorities within a Service or Team Plan. Risks which may be devolved from the DRR or escalated from Programme/Project or Specialist Risk Registers. Must be reviewed on at least a quarterly basis, aligned with performance reporting.

Page 37

Level of Risk Register (RR)	Owner, contents, and links to other levels
Specialist Subject Areas / Delivery of Key Strategies	There are a number of specialist subjects which operate on a cross service basis, focussed on the management of risks across the Council. For example Health and Safety, Information Management and Cyber Security, and Fraud. In addition, there are some key strategies which also maintain a risk register focussed on the risks to the delivery of the strategy e.g. Treasury Management, Asset Management. Must be reviewed on at least a quarterly basis, aligned with performance reporting.
Programme Risk Register	The RR is the responsibility of the relevant Programme Board and Senior Responsible Officer (SRO) and are maintained by the Programme Manager. Contain risks that have the potential to impact on the delivery of the Programme objectives, may include risks escalated from the supporting projects. Must be reviewed on at least a monthly basis.
Project Risk Register	These risk registers are the responsibility of the Project Sponsor and will be maintained by the Project Manager. The frequency of review is to be determined by the speed of project delivery and timescales, a minimum of monthly.

Table 1. Level of Risk Register, Owners, and Review Requirements.

Further detail on the escalation of risk is available within the risk management cycle and process later in this framework.

Diagram 2 highlights the movement of risks and key reporting lines. Black arrows denote the movement of risks; up, down, and between the risk registers. Coloured arrows denote reporting routes.
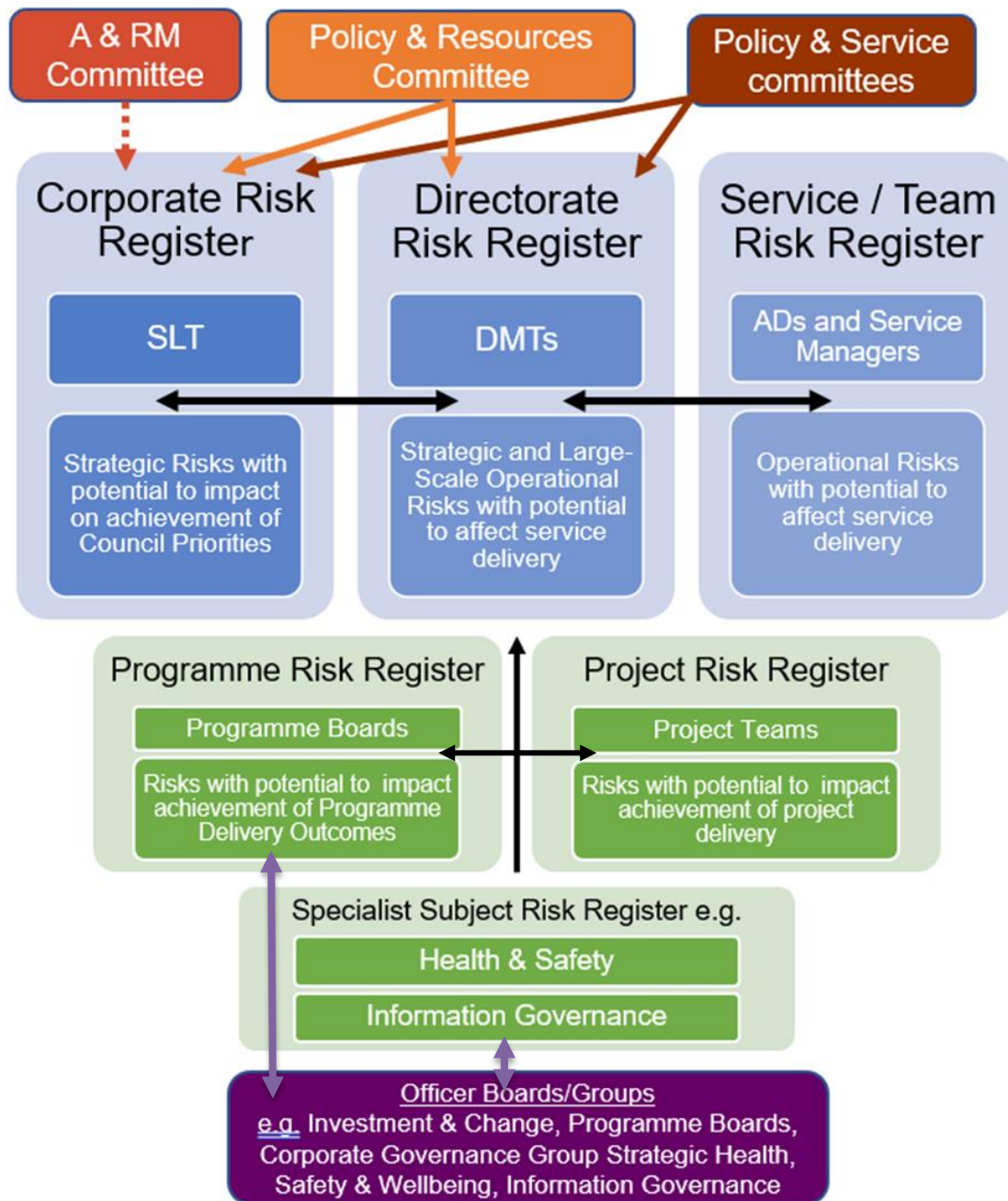
Diagram 2 - Risk relationships and reporting lines.

KEY ROLES AND EXPECTATIONS

A key part of the governance arrangements for risk management is the defining of roles and responsibilities, or the expectation placed on groups for the effective use and delivery of robust risk management.

Table 2 below highlights the key groups and their key responsibilities in relation to the delivery of risk management and this framework.

Group	Responsibilities
P&R and Policy & Service Committees	• As per the current Terms of Reference in the Constitution • Providing a view of performance, budget monitoring and risk management in relation to the Committee's functions
Strategic Leadership Team (SLT)	• Set the tone from the top • Maintains an overview of the Council's risk profile and appetite • Regularly discuss and review the Corporate Risk Register - identify new corporate risks and any for escalation/demotion to DRR level
Audit & RM Committee	• As per the current Terms of Reference in the Constitution • Consider the effectiveness of the system of risk management arrangements.
Director / DMTs	• Take ownership for the regular monitor and management of their Directorate Risks • Escalating and risks to the CRR as required. • Engage and support the role of the Directorate Risk Co-ordinators • Reporting risk, alongside performance and budget monitoring to Members
Officer Boards / Groups	• E.g. Operational Performance Group/Corporate Governance Group / Investment & Change Board • Follow the 3 Pillars approach - monitor and escalate risks • Include the monitoring and reporting of risks within responsibilities
Managers at all Levels	• Escalate risks up to the appropriate level, as required. • Take ownership for risks within their area and ensure robust risk management is undertaken for all risk types including operational risks
Programme & Project Managers	• Identify and monitor risks with the potential to impact on a project or programme • Escalate risks, as required, to the appropriate level.
Directorate Risk Co-ordinators	• Facilitate the regular review of the Directorate Risk Register • Provide support to DMTs
Internal Audit	• Undertake a risk based audit plan each year to monitor the effectiveness of the internal controls and operating environment
All Employees	• Manage risk as part of their role and report risks to their managers • Develop their understanding of all types of risk, including operational e.g. H&S, and the Council's approach to risk management through training, awareness and peer support

Table 2. Key groups and their responsibilities relating to risk management.

The risk management process is intended to ensure that the key risks to achieving our objectives are identified and managed. Too little awareness and management of these key risks can adversely affect our performance. But attempting to mitigate all possible risk could divert too many resources away from other key services. Between these two extremes is a balancing point, an area of high performance through the sensible management of risk. This is the position the Council aims to achieve through implementation of its Risk Management Framework and consideration of the risk appetite.

Diagram 3 shows the key stages of the process, more information on the individual stages or supporting information can be found in the appendices. This is a continuous process and which is repeated for the lifetime of the risk register.

Diagram 3: The Risk Management Process Cycle and Key Stages

By following this straightforward process Officers and Members will understand and be able to monitor risks that could affect the achievement of their objectives and the adequacy and effectiveness of existing controls. It also provides the basis for decisions about the most appropriate approach to be used to tackle risks.

The process should be applied to all key business processes, including:

- Setting strategic and service objectives and priorities

- Creating business cases for programmes and projects

- Procuring and/or commissioning services or goods

- Setting of short- and medium-term budgets

- Establishing or refreshing policies and strategies

The risk management process cannot be effective without an appropriate level of communication between all stakeholders. This requires engagement with all those who have an interest in the potential risks to the objectives, at whatever level is being assessed. This may include management teams, partners, programme and project boards, and any specialists, whose assistance may be beneficial when identifying and evaluating risks.

Risk assessment is subjective and requires input from a group with mixed subject knowledge, experience, and risk appetites to ensure a balanced approach to the identification and management of risks.

ESTABLISHING THE CONTEXT

When first considering risks, at any level, it is vital to define the basic parameters for managing risk and sets the scope and criteria for the rest of the process. Without this first stage the process, and risks identified to be managed can quickly become unwieldy and overwhelming. This should be recorded within minutes of meetings, business cases, project documentation or on the risk register itself.

Consideration should be given to:

- The external and internal operating environment;

- What we are looking at, strategic or service objectives, programme/project or partnership objectives, budgets or policies, procurement or commissioning, options for decisions;

- Who will be involved, be they internal or external stakeholders. They should all be considered as they may have an interest in or a valuable contribution to add to the rest of the process;

- Who will be responsible for the process: define responsibilities for review, monitoring and reporting;

- The risk criteria and appetite, whether it is political, economic, legal, environmental, etc. The impact criteria to be included and how they will be measured;

- When looking at partnership risk, agree which partner's processes will be adopted and how and where joint risks will be reported.

Page 42

RISK IDENTIFICATION

There are several tools available to assist in the identification and capturing of risks. Some may be used for other purposes and the logging of risks may be a byproduct which can be used to develop the risk register. For example SWOT analysis features both threats and opportunities, the two sides of risk. Use of key categories can help to trigger discussion and avoid omitting key areas of risk, PESTLE analysis looks at Political, Economic, Social, Technology, Legal and Environmental. A list of risk categories is available at Appendix 5. In addition past experience, risks identified in reports, third party information or even incidents or near misses all help to inform the risk identification at any stage and help to ensure new and emerging risks are regularly captured.

The crucial question to come back to each time is what are the risks which have the potential to have some effect on the delivery of the agreed priorities or objectives? These risks should be the focus of the risk register. This helps to prevent scope creep and avoid the risk register becoming too large or overwhelming and therefore unmanageable.

Risks must be documented on the risk register in two parts, the possible cause and its potential consequence or impact. This will help with the scoring and ongoing management of the risks. Clarity in the risk description also assists with reporting and escalation of the risks. For more information on the process of risk identification and description refer to Appendix 6.

RISK EVALUATION AND DETERMINING WHETHER THE LEVEL OF RISK IS ACCEPTABLE

Once risks have been clearly articulated, agreed and logged on the template, by the risk register owners, risks are assessed using the scoring definitions and matrix (see Appendix 2).

Risks are scored three times:

- Gross or Inherent Score – where the risk would be with no controls in place, the worst-case scenario;
- Managed, Current or Residual Score – where the risk is today, with controls in place and being effective, working to reduce the chance of the risk occurring or its impact if it did;
- Target Score – the level where the risk will be accepted or tolerated, perhaps if additional actions are taken.

As part of the initial assessment and scoring, by the risk register owners, the risk appetite is considered for each risk and the "Target" score is applied to demonstrate that the risk is either being accepted, the score is the same as the Managed/Current score, or action is to be taken to further reduce the risk score. For more information on the scoring process and scoring definitions refer to Appendix 2.

Table 3 below seeks to demonstrate the key considerations or actions that are required once a risk has undergone a scoring assessment for its Managed or "Current" score.

Risk Rating	Description	Considerations / Actions Required
Red	Critical risks which have the high likelihood and potential impact to significantly affect the achievement of objectives and/or the delivery of key services.	• Can additional actions be put in place to reduce the risk further? • Does a lower Target score need to be set to highlight the level of risk is unacceptable? • Keep the risk and existing controls under regular review, are controls still effective? • Should the activity be stopped thereby removing the risk? • Does the risk need to be escalated to a higher level of risk register to ensure greater oversight and awareness.
Amber	Risks that have a medium to high impact but lower likelihood of affecting the delivery of objectives and/or the delivery of key services.	• Can the risk be tolerated, if well monitored? • Will the Target score be kept the same as the Managed/Current score? • Will additional actions have enough of an effect on the risk to warrant the resources being committed? • Is the risk worsening, perhaps due to an increase in its likelihood?
Green	Minor risks that are considered to be low or medium in impact and/or with a low likelihood of occurring. This maybe because they are being well controlled.	• Maintain existing controls but continue to monitor effectiveness and any external factors which may disrupt them. • Additional control actions are unlikely to be needed. • Will the Target score be kept the same as the Managed/Current score? • Is the risk being over managed and could controls be removed, to release resources, without significant detriment to the risk?

Table 3. Managed Risk Rating and Measures to be Taken.

ESCALATION OF RISKS

Linked to the determination of whether risks are acceptable is the need to escalate risks to a higher level; for awareness, to request for resources or support, and/or to request that the activity is halted.

The need to escalate a risk is not constrained by a certain level of score. This allows risks that are deteriorating or where the context operated in is known to be changing to be escalated before they reach a "red" rating. This will allow for remedial measures to be considered in a timely fashion.

Corporate Risk Register

The escalation of risks to the Corporate Risk Register is considered by the Strategic Leadership Team at each quarterly review. Risks can be put forward by Directors or fed through the Risk, Continuity and Compliance Manager. Risks may be put forward for consideration due to a number of reasons, for example:

- A risk may require cross directorate engagement and support to manage;

- The potential impact of a risk maybe felt across the Council, reputationally or financially;

- Increased monitoring is required and reporting to Members;

- Expansion or refocussing of an existing entry on the Corporate Risk Register, perhaps if external circumstances or pressures change.

In addition, consideration is given to de-escalating or demoting a risk to the next level, where the mitigating activity and management is focussed in one area allowing for ongoing review.

REPORTING OF RISKS

In addition to the escalation mechanisms for highlighting risks to the next level of risk register and responsibility there are clear requirements for the reporting of risks to the appropriate level of management.

The Corporate Risk Register is reviewed and reported to SLT on a quarterly basis. In addition if also goes to the Operational Performance Group, Corporate Governance Group and Audit and Risk Management Committee.

Directorate Risk Registers are also reviewed on a minimum frequency of quarterly, they are loaded into DMT Insights Pack using the Council's Power BI data visualisation toolkit, supported by the Wirral Intelligence Team. This allows for increased visibility of the risks and for their inclusion and consideration with regular performance reporting arrangements. DRRs are also reviewed on a six-monthly basis, via a workshop discussion session, by the respective Policy and Service Committee as part of the committee's responsibility for the understanding and oversight of risks.

Individual risks are also reported in committee reports when presenting decisions or updates on specific matters. There is a requirement for all committee reports to consider the risks associated with taking or not taking a decision. Key Decision reports are reviewed at the Committee Coordination and Oversight Group to ensure compliance,

before going to SLT. Other committee reports are reviewed by officers within Democratic Services, Audit and Risk, Legal, and Finance Teams through the ModGov system.

MONITORING AND REVIEWING RISKS

The regular monitoring process should provide assurance that there are appropriate controls in place for the organisation's activities and that the procedures are understood and followed. Any monitoring and review process should also determine whether:

- the measures adopted resulted in what was intended;
- the procedures adopted and information gathered for undertaking the assessment were appropriate;
- improved knowledge would have helped to reach better decisions and identify what lessons could be learnt for future assessments and management of risks.

The Corporate and Directorate Risks are reviewed on a quarterly basis. The risks and associated controls tend to be strategic in nature and therefore the effect of changes is likely to take longer to be felt and be measurable.

The frequency of the review or monitoring of the risks for projects, strategy delivery and specialist areas should be agreed, and recorded, as part of the "establishing the context" discussions by the risk register owners.

For more detailed guidance on the key questions to be asked when reviewing risk registers, refer to detailed guidance Appendix 7.

PROGRAMME AND PROJECT MANAGEMENT

Across the Council there are several areas of programme and project management. The speed of delivery, timescales for projects and complex nature, sometimes involving multiple partners, means that specialist, targeted arrangements are made within the Programme Office to manage the associated risks. This may mean some divergence from the corporate guidance, templates, or lines of reporting. However all arrangements are reviewed and agreed by the Risk, Continuity and Compliance Manager to ensure alignment with the principles of this framework.

TRAINING

Detailed guidance, and supporting information, on the risk management process can be found in the appendices. Targeted training is carried out for key roles either as standalone sessions or as part of a wider training package. This includes Members, project managers, senior officers, and report writers.

Training materials and additional information is available on the risk management pages on the intranet and in Flo, the Council's learning experience platform.

GOVERNANCE

Risk management is a key component of the Council's framework of governance and internal control.

There are several important elements to the governance and monitoring the effectiveness of risk management within the Council that includes the following:

- Annual Governance Statement (AGS)
- Internal Audit.
- External Reviews
- External Audit

Review Frequency and Responsibility		
Responsible officer: Risk, Continuity & Compliance Manager – Helen Turner	Review frequency / Next scheduled by: Every 2 years / March 2026	
Review Version History		
Date	Author/Editor	Comments
February 2024	Helen Turner	Overhaul of document to reflect change to reporting, committee, and management structures and, as well as updated guidance separated into the appendices. Appendices expanded to include framework processes and guidance.

This page is intentionally left blank

Appendices
In support of the Risk Management Framework, March 2024

WIRRAL

Review Frequency and Responsibility		
Responsible officer: Helen Turner (Risk, Continuity & Compliance Manager)	Review frequency / date: Every 2 years / March 2026	
Review Version History		
Date	Author/Editor	Comments
February 2024	Helen Turner	Appendices revised to reflect current guidance and link into revised RM Framework Feb 2024

Contents

Appendices   **Page**

Appendix 1 - Risk Appetite

Risk Appetite is not a single fixed concept but rather a range of appetites within an organisation, appetites may vary over time. Risk appetite affects our attitude, and our attitude affects what we do. A group or organisation's risk appetite can be influenced by personal risk appetites as well as being affected by "group think," the attitude of the person in power, organisational culture, societal norms, and external expectations.

The definitions of risk appetite are tolerance used by the Council is based on that of the Institute of Risk Management.

> **Risk Appetite** - The amount and type of risk that an organisation is willing to take in order to meet their strategic objectives.

> **Risk Tolerance** (Risk Threshold) - The boundaries of risk taking, outside of which the organisation is not prepared to venture in the pursuit of its long-term objectives.

Risk appetite helps organisations establish a threshold of impacts they are willing and able to absorb in pursuit of objectives, which may include but is not limited to financial loss. An organisation of Wirral Council's scale and complexity cannot have a single risk appetite, but rather appetites across the range of its activities. These can and will change over time depending on a range of factors. In pursuit of its goals, it may choose to accept different degrees of risk in different areas.

Important that when choosing to accept an increased level of risk it will do so, subject always to ensuring that the potential benefits and threats are fully understood before actions are authorised, that it has sufficient risk capacity, and that sensible and proportionate measures to mitigate risk are established.
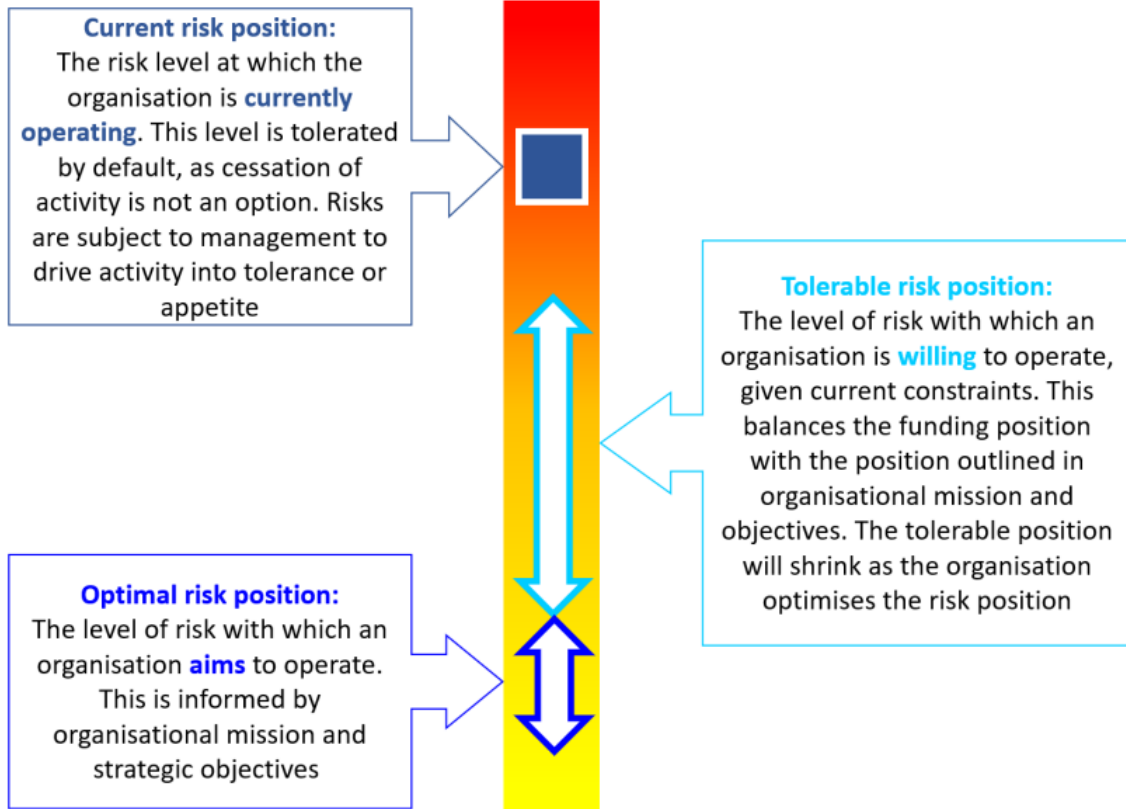
Risk Appetite	Description
Eager	Eager to be innovative and to choose options based on maximising opportunities and potential higher benefit even if those activities carry a very high residual risk.
Open / Receptive / Embracing	Willing to consider all options and choose the one most likely to result in successful delivery while providing an acceptable level of benefit. Seek to achieve a balance between a high likelihood of successful delivery and a high degree of benefit and value for money. Activities themselves may potentially carry, or contribute to, a higher degree of residual risk.
Cautious	Preference for safe options that have a low degree of inherent risk and only limited potential for benefit. Willing to tolerate a degree of risk in selecting which activities to undertake to achieve key deliverables or initiatives, where there is scope to achieve significant benefit or realise an opportunity. Activities may carry a high degree of inherent risk that is deemed controllable to a large extent.
Minimalist	Preference for very safe business delivery options that have a low degree of inherent risk and where potential benefit, or return is not a key driver.
Averse	Primary focus is seeking to avoid risk and uncertainty in the achievement of key deliverables or initiatives. Activities undertaken will only be those considered to carry virtually no inherent risk.

When undertaking a risk assessment it is important to consider and agree the following:

> Optimal Risk Position - the level of risk at which the activity/area **aims** to operate.
> Tolerable Risk Position - the level of risk at which the activity/area is **willing** to operate.

The diagram below demonstrates the interaction between these concepts.

Current risk position:
The risk level at which the organisation is **currently operating**. This level is tolerated by default, as cessation of activity is not an option. Risks are subject to management to drive activity into tolerance or appetite

Tolerable risk position:
The level of risk with which an organisation is **willing** to operate, given current constraints. This balances the funding position with the position outlined in organisational mission and objectives. The tolerable position will shrink as the organisation optimises the risk position

Optimal risk position:
The level of risk with which an organisation **aims** to operate. This is informed by organisational mission and strategic objectives

Government Finance Function Risk Appetite Guidance Note v2 Aug 2021

Appendix 2 – How to Score Risks and the Scoring Definitions

The assessment of risk is a dynamic and continuous process. The nature of risk, including its impact and likelihood, evolves constantly and sometimes rapidly. Risks should be regularly assessed and evaluated. Risk registers are a useful tool to record and monitor risks, however, they need to be regularly reviewed and updated to reflect any changes.

Risk scoring should be considered and ratified by a group, the risk register owners, to avoid bias and under or over scoring.

It is also important to keep looking at the risk description to ensure that everyone is clear on the risk being evaluated. See additional guidance on risk identification in Appendix 6.

All risks are to be assessed against the 5x5 likelihood and impact scoring definitions shown in the tables below. Evaluation of risks to the delivery of programmes and projects may use different definitions of impact and likelihood.

Likelihood – this is looking at how likely is the risk to occur in the lifetime of the plan or project.
Impact - this is based on five elements including the financial, reputation and service delivery implications. Use the highest score. It is the impact if the risk does occur.

Each risk is scored three times for both likelihood and impact, this helps tell a story across the risk register at three different stages of the risk.

What's the worst the risk could be if uncontrolled **(Gross/Unmanaged)**	→	Where the risk is today with some controls in place **(Managed/Current)**	→	Where we want the risk to be or what level of risk we are happy accepting **(Target)**

However it is often easier to start with the middle score, where the risk is today. Then take a look back followed by a look forwards.

Step 1 - Firstly calculate the Managed, Residual, or sometimes called the Current score for each risk. This score is a measure of the risk today with the existing, effective mitigating controls in place.

The mitigating controls must exist already and be designed to control or reduce the risk's likelihood or impact. More often controls work on the likelihood of the risk occurring. They must not be planned or in progress.

Step 2 – Now calculate the Gross, Inherent or Unmanaged score for each risk. Take a step back and consider the position if the controls were not in place.

The difference in score from Unmanaged to Managed helps to demonstrate the value of the controls and acts as evidence when considering it all the controls are required. It may be possible to identify risks which are over controlled and where resources can be freed up.

Step 3 – Now consider what is the risk appetite? Are the risks currently at an acceptable level or should steps be taken to try and reduce them further?

Consider the different options, the 5 T's:
> Treat –- introduce additional controls to reduce risk;
> Tolerate – accept more risk by reducing controls or accept existing position;
> Take – risk is not always a negative, take the opportunity;
> Terminate – stop the activity that gives rise to the risk;
> Transfer – via insurance or joint working arrangements.

If the decision is to reduce the level of risk, identify actions to do this. Make sure they are "SMART" Specific, Measurable, Achievable, Realistic and Timebound.

Now calculate the Target score for each risk, where you want the score to be after the actions are complete. If no, or limited, additional actions are planned then the Managed and Target scores can be the same. This helps to demonstrate the acceptance of the level of risk.

Do not aim for a score of 1 for both likelihood and impact. It is important to be realistic as to what you can achieve within the period. It can be difficult to reduce both the likelihood and impact scores.

Think carefully as to which score the planned actions will affect. Business continuity plans, contingency budgets or reserves are just a few of the things that can help to reduce the impact.

The results of the three sets of scores are recorded on the risk register, the corporate template will automatically calculate the total score and RAG rating. The RAG rating will set the next steps for consideration and possible actions required. See Table 3 within the Risk Management Framework, a brief summary below.

Risk Rating	Description
Red	Critical risks which have the high likelihood and potential impact to significantly affect the achievement of objectives and/or the delivery of key services. Require primary attention and explanation. Use the Risk Update field to capture additional context
Amber	Risks that have a medium to high impact but lower likelihood of affecting the delivery of objectives and/or the delivery of key services. Require routine management and monitoring to ensure they do not occur whilst for those in the same area with a high impact score consideration should be given to contingency planning to help reduce the impact if they do occur.
Green	Minor risks that are considered to be low or medium in impact and/or with a low likelihood of occurring. This maybe because they are being well controlled. Fine balance to ensure that the risks are not overcontrolled, could the organisation accept a higher level of risk if some of the controls were removed, and resources released?

Scoring Matrix with RAG banding by total scores

Impact →

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

Page 55

Likelihood ↑

Scoring Definition Chart - Impact Scores

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

Page 56

Scoring Definition Chart - Likelihood Scores

Description	Score	Narrative	Qualitative (chance of occurrence within 3 years)
Very Low	**1**	Extremely unlikely or virtually impossible within the period covered by the plan.	<5%
Low	**2**	Unlikely – not expected to occur within the period covered by the plan.	6 – 20%
Medium	**3**	Possible – may possibly occur at some point within the period covered by the plan.	21 – 50%
High	**4**	Likely – will most probably occur within the period covered by the plan.	51 – 80%
Very High	**5**	Almost certain – expected to occur within the period covered by the plan.	>80%

Page 57

Appendix 3 – Risk Register Template

The latest version of the risk register template is available on the intranet along with detailed guidance on how to complete the fields, the scoring and risk categories. https://wirralcouncil.sharepoint.com/sites/governance/SitePages/Risk-Management.aspx

XXXX Risk Register

The risk register is used for Power BI reporting, so please follow these instructions to make sure the report works correctly:

- Column C - please use a unique reference e.g. ASC01
- Put all controls and additional controls on separate rows
- Please don't merge cells
- If you need additional columns for working put them at the end
- Fill in the risk status (column S) to help with reporting

Please refer to the guidance tab and the comments attached to the column headings for an explanation of expected content

Updated:
Updated:
Created:

The Total Score is autocalculated and colour allocated. Do not overtype in column G, L or R

Priority / Objective	Risk Ref.	Risk Description	Unmanaged / Gross Scores			Risk Owner	Existing Controls - effective and working on the risk	Managed / Current Scores			Planned Additional Actions - to lower the risk or consolidate position	Action Owner	Target Date	Target Scores			Current Risk Status (▲ ▼ ↔ ▫)	Risk Update
			Likelihood	Impact	Total (LxI)			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)		
	RR001				0					0						0	▲ ▼ ↔ ▫	
	RR002				0					0						0	▲ ▼ ↔ ▫	
	RR003				0					0						0	▲ ▼ ↔ ▫	
	RR004				0					0						0	▲ ▼ ↔ ▫	
	RR005				0					0						0	▲ ▼ ↔ ▫	
	RR006				0					0						0	▲ ▼ ↔ ▫	

Risk Register | Scoring | Risk Categories

Information on specialist Health and Safety is available here https://wirralcouncil.sharepoint.com/sites/people/SitePages/Risk-Management.aspx

10

Appendix 4 – Additional Risk Management Information

The assessment of risk is a dynamic and continuous process. The nature of risk, including its impact and likelihood, evolves constantly and sometimes rapidly. Risks should be regularly assessed and evaluated, with new and emerging risks captured at any point.

A key stage in the process is deciding what to do about risks once they have been identified. The flow chart below, taken from the Open University Risk Management Training course helps break it into stages or key questions.

Page 59
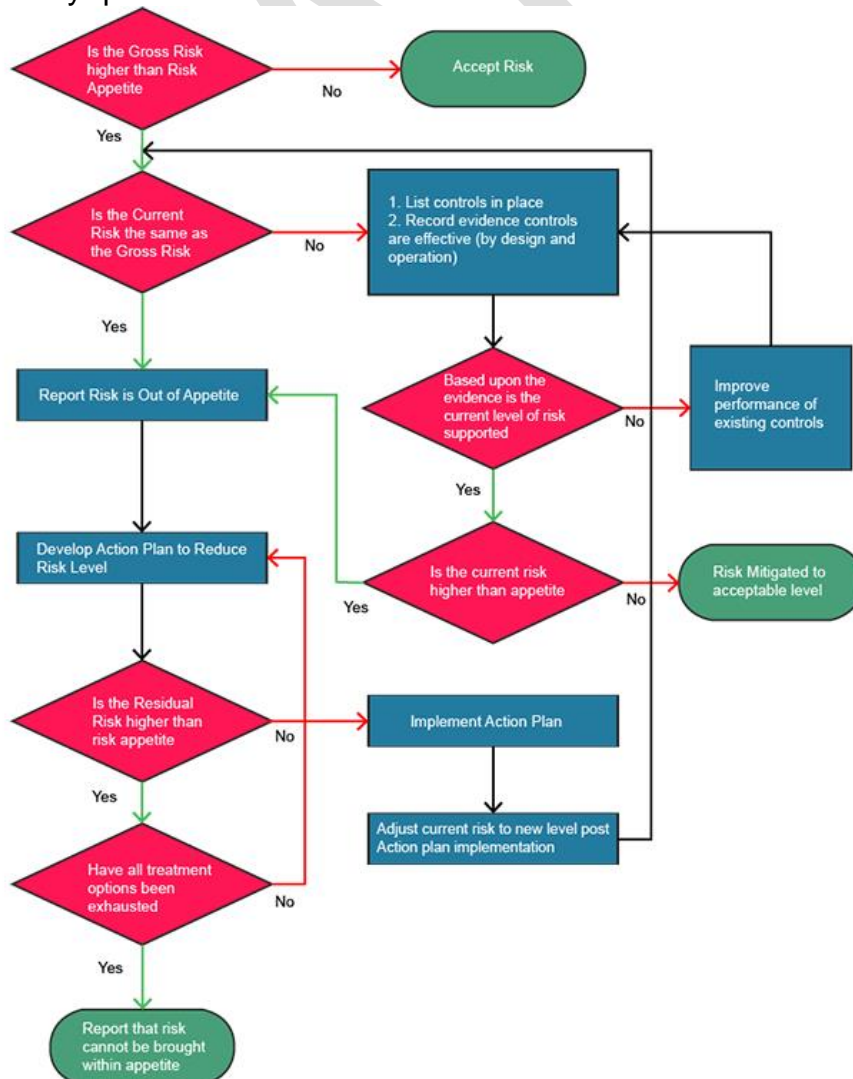
As outlined in the Risk Management Framework at Table 1 there are several distinct levels of risk within the Council.

Corporate Risks - Owned by the Strategic Leadership Team (SLT)
• Corporate or cross cutting risks that are likely to impact on multiple priorities and objectives.
• Strategic risks that are likely to have an impact on the medium to long term goals and tend to link to the priorities and objectives in the Council Plan.
• Risks escalated from the Directorate or Programme level that if realised would have a critical impact on the Council Plan priorities and objectives and which need intervention by SLT.
• Risks with significant financial, service or reputation impact that require SLT overview and management.

Subject Specialist Risks – Owned and managed by Officer Boards or Groups
• Risks that are cross cutting, likely to impact on the whole Council or multiple areas in terms of policy, process, or delivery.
• Often related to areas of corporate policy and compliance with legislation or regulation

Directorate Risks – Owned by Directors and DMTs	**Programme Risks – Owned and managed by Programme Boards.**
• Risks that impact on the achievement of the objectives for a Directorate Business Plan • Risks of potentially wider impact but which can be managed effectively by the management team.	• Risks that have a wide-ranging impact on the objectives of the programme as a whole, but which can be managed by the Programme Board • Risks with a significant impact on the objectives for a particular project but which require Programme Board intervention.
Service Risks – Owned by Assistant Directors and Service Management Teams.	**Project Risks - Owned and managed by project boards or teams.**
• Risks that impact on the achievement of the objectives for a Service Business Plan • Risks of potentially wider impact but which can be managed effectively by the management team.	• Risks that impact on individual project objectives and which can be managed by the project board, manager, or team.

Appendix 5 – Risk Categories

Categories are widely used to help identify sources of risk. The categories below will assist at the risk identification stage in order to provide prompts to help identify risks. Risks can fall into one or more categories. List is not exhaustive, and risks may come from other areas.

Category	Definition	Examples
Political	Associated with the political environment in which the Council operates	• New political arrangements • Member support / approval • Electorate dissatisfaction • Impact of electoral changes – local & national
Economic	Associated with changes in the economic environment, their impact on the community and Council's own financial position.	• National and regional economic situation • Treasury – investments, reforms, budget cuts • Borrowing, lending situations, investments, and interest rates • Inflation
Social	Relating to the effects of changes in demographic, residential or socio-economic trends.	• Residential patterns / profile (state of housing stock, public / private mix) • Health trends / inequalities • Demographic profile (age, race etc.) • Lifelong learning • Crime statistics / trends
Legal / Regulatory	Associated with current or potential changes to legislation and the regulatory environment at national and international level.	• Government policy • Inspection / regulation (e.g. Ofsted/CQC) • European Directives (e.g. procurement) • Legal challenges • Statutory duties / deadlines
Governance	Relating to the adequacy of the Council's governance arrangements and adherence to them	• Speed / effectiveness of decision-making processes • Clarity of purpose • Level of accountability and openness • Limits of authority • Standards of conduct and behaviour • Enforcement of corporate policies / standards • Effectiveness of project management and performance management processes
Technological	Associated with the impact of the pace/scale of technological change on the community and the Council, or our ability to use technology to address changing demands.	• Technology driving demand – customer needs and expectations • Digital exclusion • Increasing reliance on technology • Resilience of key IT systems • Capacity to deal with change
Data and Information	Arising from data or information which the Council uses or manages. Access to, the management of and effectiveness of, information generated or required by the organisation.	• Data security • Data processing arrangements • Data reliability / quality • Effective use and interpretation of information • E-government

Page 61

13

Category	Definition	Examples
Environmental	Relating to the environmental consequences of realising our objectives and the impact of environmental change on the Council and the community.	• Local Plan & impact of planning and transport policies, land use (green belt, brown field sites) • Nature of environment (urban / rural) • Contamination, pollution, storage / disposal of waste • Climate change adaptations • Climate impacts - severe weather – hot/cold/wet
Financial	Arising from the financial planning and control framework	• Quality of financial forecasting, profiling, and cost/benefit analysis • Effectiveness of financial controls • Lack of investment • Failure to prioritise budgets. • Level of financial skills and knowledge • Adequacy of financial reporting • Management of budgetary pressures
Customer / Citizen	Arising from the need to meet the changing needs, choices and expectations of customers and citizens	• Effectiveness of safeguarding • Relations with community leaders and groups • Extent and nature of consultation • Managing expectations • Reputation management • Management of complaints and compliments • Visibility of services (e.g. refuse collection)
Partnership	Arising from the ability of partnership arrangements to deliver services or outcomes to the agreed cost, timeframes, and specification	• Resilience of partners • Accountability frameworks and partnership boundaries • Managing performance • Organisational vision and priorities/conflicting or changing. • Relationships • Governance arrangements
Contractual	Arising from the ability of contractors to deliver services or outcomes to the agreed cost and specification including timely	• Resilience of supply chains – business continuity arrangements • Retained liabilities – e.g. health & safety. • Accountability frameworks and governance arrangements • Managing performance • Experience and expertise in commissioning and contract management
People	Arising from the capability, competency, and capacity of those who work for the Council and their welfare and safety.	• HR / employment policies • Quality of industrial relations • Reliance on key staff • Recruitment and retention / Workforce Planning • Health and safety duties • Level of staff morale • Adequacy of skill set • Internal communications and management

Page 62

14

Appendix 6 – Risk Identification and Description

The Council defines a risk as: "An uncertainty that could have adverse or beneficial effects on the achievement of objectives."

This initial stage of the process sets out to identify the exposure to these uncertainties. Risks should be identified in relation to the agreed priorities or objectives for the service area, project, strategy, or activity. So it is important that those objectives are clear and meaningful.

Risk identification should be a continuous process. However, there should be occasions when dedicated identification exercises are undertaken.

A few examples of risk identification techniques:

Brainstorming sessions	Scenario analysis
Questionnaires/Forms/Interviews	Risk assessment workshops
Incident investigations	SWOT analysis
Internal and External Audit Reports and inspections	Lessons Learned
Horizon scanning – including national picture	Industry benchmarking and intelligence
Business studies which look at each business process and describe both the internal processes and external factors which can influence those processes	

How to start the identification of risks

Ask the question, what has the potential to affect the delivery of the agreed priorities?

What could hinder you or what opportunities are there?

Ideally by group discussion, work through all the possible threats and opportunities that you consider are risks to the service/team/project achieving its objectives. Group together similar or duplicate risks and discuss further to ensure the risk is understood and there is consensus. You should also consider partnership risks, whose risks they are and who will manage them.

Reference to standard risk categories can also be helpful and act as a prompt to ensure all areas are considered, see Appendix 5.

Describing a Risk

The description of the risk should have two key elements: the event and the result or consequence. Try and avoid the risk being simply a mirror image of the objective.

Event (lack of… failure to…) *e.g. shortage of qualified workforce*

Result (leads to….) *E.g. posts remain vacant*

Consequence (impact) *e.g. unable to complete statutory requirements for….*

Make sure you clearly express the event to understand what is the cause of the risk? Also consider the risks held at a higher level within the organisation, for example when compiling a Service risk register refer to the corporate risks and include anywhere the planned actions are conducted within the Service.

Useful phrases to help describe risks: **Loss of X…** **Failure to …** **Change of …** **Inability to…** **Breach of Lack of …**

Page 63

Appendix 7 – Reviewing of Risk Registers

Risk registers are a useful tool to record and monitor risks, however, they need to be regularly reviewed and updated to reflect any changes.

There are eight key steps to take each time you review your risks to ensure the risk register remains relevant and up to date.

1. **Review the Risks – are they still relevant?** Have any new ones surfaced that need to be included? Perhaps as a result of performance issues, highlighted in audit reports or a policy or legislation change.

2. **Review the Risk Description** – is the risk worded accurately to reflect the current concerns? Can it be understood by someone new to the subject, if the risk is escalated or in 12 months?

   The description should articulate the possible cause and consequence of a potential threat or opportunity which could affect the achievement of the Council's objectives and priorities within the respective plan or strategy e.g. Council Plan, Directorate Business Plan.

3. **Update Existing Mitigation / Controls** – are they still in place and having an effect on the risk? Any additional measures that have been implemented? Perhaps planned actions been completed and need to be transferred over?

4. **Review the "Current/Managed" score** – is it appropriate in light of the controls in place? Can the score drop because actions have been completed or perhaps it needs to increase due to external pressures or changes in circumstances?

5. **Review the Target Score** – is enough being done? Is the Current score acceptable or is it too high? What actions are to be taken to reduce the score and what score is being aimed for? If the current level is acceptable then the Target and Current can be the same.

6. **Add any new actions** – review the planned additional mitigation and add any new actions or if circumstances have changed amend those already recorded. Remember to include an owner and a timescale for completion.

7. **Provide a Risk Update / Commentary** – if scores are changed, or the target date and progress on actions has slipped use this additional field to add some context and commentary to explain what is happening. This is particularly important where actions have a timescale of *ongoing, 2023-24, Year end - March 2024*.

8. **Escalation of Risks** – do any risks need to be put forward for escalation to the Corporate or Directorate Risk Registers? Where the impact is potentially so significant that the impact could affect the wider Council or perhaps the mitigation does not sit within one directorate and needs to be shared across the Council.

Appendix 8 – Glossary of Risk Management Terms

A selection of terms used when describing risk management processes or framework.

Impact: The effect or result of a particular risk happening

Likelihood: The probability or frequency of the risk happening

Risk: An uncertainty that could have adverse or beneficial effects on the achievement of the Council's objectives

Risk Appetite: The amount and type of risk that the Council is prepared to seek, accept, or tolerate in pursuing its objectives.

Risk Management: The co-ordinated activities to direct and control an organisation with regard to risk.

Risk Matrix: A graphical table which facilitates the risk analysis process, showing the scales of likelihood and impact and plot risk scores.

Risk Register: A summary of information relating to the risks to the achievement of an objective or set of objectives.

Key Terms used within the Council's Risk Register Template

Template Term	Definition
Priority / Objectives	A goal which, when achieved, will contribute to the overall vision for the Service / Service / Project (at whichever level you are assessing the risks). This is what risks "hang" from and provides focus for the risk register.
Risk No	Unique Reference number to identify each risk.
Risk Description	The expression of something that MAY occur broken down into cause and possible effect. The Event or the Big Bang links to the likelihood score, how probable is it that this event could occur? The result or consequence of the Event is measured by the impact score. What would happen if the Event did take place?
Unmanaged / Gross Scores	Assessment of the combined scores, for the likelihood and impact of the risk happening, **before** taking into account any controls in place to manage the risk. Score the risk, for both likelihood and impact, if there were no controls in place. This is sometimes easier to do **AFTER** the Current score has been calculated.
Risk Owner	The person responsible for managing and reporting on the risk.

Template Term	Definition
Existing Controls	Existing controls that are already in place (over and above our essential actions) and effectively working to manage the risk. These controls may make it less likely to occur, or to lessen the impact if it does occur.
Managed / Current Scores	Assessment of the combined scores, for the likelihood and impact of the risk happening, **after** taking into account any controls in place to manage the risk.
Planned Additional Controls - to lower the risk or consolidate position	If the current risk score is thought too high, actions are required to change the way we manage the likelihood or the impact. There are five options for dealing with a risk: • TREAT - deciding on suitable and proportionate actions with a realistic implementation timescale. • TOLERATE - an informed decision to accept the consequence and likelihood of a risk – no additional actions required. • TAKE - the opportunity, risk is not always a threat, be innovative. • TERMINATE - an informed decision not to become involved in a risk situation. • TRANSFER - shifting the responsibility or burden for loss to another party through legislation, contract, insurance, or other means
Action Owner	This person is responsible for conducting the action or co-ordinating the actions of others to provide assurance for the risk mitigation. It may be different from the Risk Owner.
Target Date	A specific date by which the actions are expected to be completed.
Target Scores	This is the level of risk we are aiming for when taking into account the additional risk actions.
Current Risk Status	Assessment to be made at each review, is the risk ▲ - increasing, ▼ - decreasing, �“ - new, ◄ - stayed the same
Risk Update	A brief summary detailing the progress of planned risk actions and/or performance data, key milestones or changes in the external environment which may impact on the risk and result in a change in scores.

Page 66

⚙️WIRRAL

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 26 March 2024

REPORT TITLE:	REGENERATION AND PLACE RISK MANAGEMENT
REPORT OF:	DIRECTOR OF REGENERATION AND PLACE

REPORT SUMMARY

The Director of Regeneration and Place was requested by the Audit and Risk Management Committee at their meeting on 15 January 2024 to attend the next meeting of this Committee in March 2024 to present a risk report on all Directorate risks. This report provides the information requested by that Committee.

The report supports the Council Plan: Wirral Working Together 2023-27, specifically the People-Focussed Regeneration theme.

The report is not a key decision.

RECOMMENDATION/S

The Audit and Risk Management Committee is recommended to note the comprehensive arrangements in place within the Regeneration and Place Directorate for managing all Directorate risks.

SUPPORTING INFORMATION

1.0   REASON/S FOR RECOMMENDATION/S

1.1   To provide the Members of the Audit and Risk Management Committee with the opportunity to review all Regeneration and Place risks and their management.

2.0   OTHER OPTIONS CONSIDERED

2.1   No other options were considered as this is a specific request from Committee for information.

3.0   BACKGROUND INFORMATION

3.1   Audit and Risk Management Committee at their meeting on 15 January 2024 resolved that the Director of Regeneration and Place be requested to attend the next meeting of the Committee in March 2024 to present a risk report on all Directorate risks.

3.2   Specifically, this request was understood to include:
1. a review of the Directorate Risk Register,
2. information on how risks are managed (the mitigation in place or planned),
3. the process for managing new risks when they arise and how these are communicated and documented and
4. the outcomes which should be expected from current programmes as a result of delivery.

3.3   Regeneration and Place is a diverse Directorate managing and delivering a range of services, programmes and projects. It is organised into five service areas:
- Housing (including Strategic Housing, Homelessness and delivery of housing with partners)
- Planning (including Local Plan, Forward Planning, Development Management and Building Control)
- Regeneration Strategy (including economic growth, Strategic Infrastructure and Transport, Culture and Heritage, Places and Partnerships)
- Property and Regeneration Investment/Delivery (including Asset and Facilities Management, Corporate Landlord, and Regeneration Delivery)
- Special projects (including Regeneration of New Ferry, co-location of services, and implementing community asset transfer)

3.4   The Directorate's Risk Register, at March 2024 is attached to this report at Appendix 1. It follows the Council's corporate format in setting out all the Directorate risks, scoring these and identifying managed and mitigation measures in place or planned. It is included in the annual Directorate Business Plan which is reported to the Economic, Regeneration and Housing Committee on an annual basis. The date for this report for 2024/25 is being discussed with the Chair of that Committee.

3.5   The Risk Register is formally reviewed by the Departmental Management Team (Director, Assistant Directors with the support of the Corporate Risk Lead Officer on a quarterly basis and is informally reviewed more regularly.

3.6   It is also a live document so when any new risks are identified (from whatever source) these are defined and assessed in line with the corporate risk methodology and then brought to the Departmental Management Team for consideration. Following this consideration, the risk is either added to the register or not and this process is documented by the minutes of the meeting. That is then communicated by circulation of the minutes or by the Assistant Director in the relevant service area. If a risk is considered by the Departmental Management Team to be corporate in nature it is escalated by the Director to the Strategic Leadership Team for their consideration. This matter is then documented in the minutes of the Strategic Leadership Team meeting. through the minutes of the Strategic Leadership Team and then communicated back by the Director to the Regeneration and Place Directorate Management Team.

3.7   All committee reports considered by Members include a formal section on risk. Reports from the Regeneration and Place Directorate are no exception to this. This allows specific and detailed risks to be identified for each project along with the mitigation measures that are in place or planned. Consequently, Members can fully consider all risks before deciding on any matter. In preparing such reports they go through an internal officer group (including colleagues from Audit and Risk Management, Legal, Communications and Finance) to ensure that the risk section considers all the relevant risks. The Directorate Management Team also considers all reports before they are "signed off" by the Director to progress to the relevant Committee.

3.8   The Directorate has a representative on the Council-wide Risk Co-ordinating Group to ensure that it is up to date on all risk matters and is informed of other risks across the Council (current or emerging) and can assess, as a result of this information, if there are implications on the Directorate's risks. If there are, then the appropriate actions can be taken. This is important, as the Directorate's work, particularly in relation to delivery, involves other Directorates.

3.9   Much of the Directorate's work involves external partners, which include Government, Funding Organisations, Private Sector Developers, Businesses, Community and Voluntary Sector Organisations etc. It is important that "external" risks from such organisations are considered carefully as part of any programme or project. The general risk is identified in the Directorate Risk Register and then specifically (as appropriate) in the relevant reports to Members.

3.10   The outcomes expected from delivery of the current programmes and projects within the Directorate are specific to each project. These are reported specifically when

reports are presented to Committee for decision. There are high-level summaries drawn from this detail which give target outcomes. Some of these, by way of example, include new residential units, floorspace created, jobs created and many others. A performance report is presented to the Economic Regeneration and Housing Committee on a quarterly basis.

3.11   It is important to understand that the Regeneration and Place Directorate follows the pattern of risk management embedded for all Council directorates. The risk management and mitigation arrangements outlined above have been successful in managing risks to date across the various service areas of the Directorate.

3.12   However, it is important to recognise that as the Council is now moving into a focused delivery phase of key Council priorities – for example Regeneration Delivery and the Local Plan (particularly the delivery of new housing on brownfield land), and the increasing complexity of housing and homelessness demands in the national context, that more detailed risk management and mitigation measures must be developed in relation to the emerging future priorities of the Council's work and their complexity. These key areas of risks and the proposed risk management and mitigation are set out below:

Regeneration Delivery

3.13   The most significant risks identified within the risk register relate to the delivery of the current regeneration projects and the Local Plan (particularly delivery of new housing on brownfield land), which are frequently intertwined. The risks incorporate all elements of project delivery from the availability of external time limited grant funding, the restrictions regarding grant conditions and timing for expenditure to be defrayed, legal and property considerations and on-site contractual risks in terms of delivery and the key dependencies.

3.14   Each project has a business plan, a project plan and a risk register. These are prepared by the project's lead officer and then assessed through internal processes within the project delivery team. Individual projects are then built into a Delivery Programme with approvals and then post-approval monitoring of project progress and performance, being considered internally by officers and ultimately at the Economic, Regeneration and Housing Committee as required.

3.15   The regeneration programme which I reviewed on coming into post programme has several issues including (1) too many projects in the pipeline that are not delivery ready or prioritised (2) a lack of the required delivery skills and capacity and (3) a need for greater project and financial management to ensure delivery within timescales. All of these identified issues create risks and therefore work is underway to assess all current projects and pipeline projects; to ensure that the Council has the appropriate skills and capacity to deliver prioritised projects and that project management and performance arrangements are strengthened to ensure delivery.

3.16 There are a number of risks that are common to all projects due to the current national market conditions and overall position of the Council. The recent high levels of inflation and the financial constraints facing the Council impact on the ability to mitigate the risks through allocation of additional funding. In Wirral, the low level of both reserves and capital receipts means that any additional funding would likely need to be funded through borrowing. This has an impact on revenue budgets through interest and MRP payments which adds to the revenue budget pressures and therefore future savings requirements. The financial position that Wirral finds itself is not unique in the landscape of Council's across the country.

3.17 The potential scale and impact of the financial risks across the overall programme will be fully quantified as projects progress through procurement and into delivery. This is likely to bring forward a requirement to prioritise within the current programme which may result in some schemes being reduced or removed. This will be done through the processes set out above and reported through the internal arrangements and then to the appropriate Policy and Service Committee.

3.18 The priority over the last 12 months has been to secure mitigation to schemes which does not impact on the scale and ambition of delivery. This includes securing flexibility within some significant elements of the programme through the successful application for Wirral to become a 'Pathfinder' as part of the Government's simplification process, relaxing the delivery timescales and providing a greater degree of financial flexibility between those schemes.

3.19 Within the 'Pathfinder' projects the schemes on the critical path of delivery have been prioritised, such as the town centre sub-station, and interim requests for additional capital funding have been made to minimise delays to delivery timescales.

3.20 Schemes at risk of clawback are being prioritised. These will be reported through to the ER&H Committee in June 2024.

3.21 A report on the resourcing of regeneration delivery is due to be considered by the Policy and Resources shortly. If this is agreed, it will provide significant financial resources to secure delivery resources addressing several of the delivery risks set out in this report.

Local Plan Delivery

3.22 The Council has now received a letter from the Secretary of State regarding the Local Plan. This is being considered and any risks will be identified, assessed and reported as soon as possible.

3.23 The attached Risk Register (Appendix 1) identifies general risks in relation to the Local Plan, but these will be added to with specific risks once the outcome of the Examination is known.

Housing

3.24 The Council's statutory housing functions are set out in the relevant housing legislation. Housing matters are dealt with by the ER&H Committee and a performance management framework (across all areas of the Directorate) is currently in development and will be approved soon. This will be then used to actively, and regularly, on a quarterly basis advise Members.

3.25 The attached risk register sets out in detail the housing risks alongside management and mitigation measures.

Planning

3.26 The Planning Service is governed by statute through the various Town and Country Planning Acts and National Planning Policy as set out in the National Planning Policy Framework. The Council's Planning Committee makes decisions on planning matters and has a member approved scheme of delegation in place to ensure timely decisions are made on planning applications.

3.27 There are national performance indicators set by the Government which Local Planning Authorities must report against on a quarterly basis. Performance on planning is reported on a quarterly basis to the Planning Committee for oversight and scrutiny.

3.28 There are also, currently, risks around the Land Charges system due to issues with IT software. These are being addressed as a priority and actions being assessed to reduce the risks in this area of the Directorate's work.

3.29 The key risks are set out in the attached Directorate Risk Register alongside management and mitigation measures.

4.0 FINANCIAL IMPLICATIONS

4.0 The Directorate Risk Register and the active management of risk is in place to allow any financial risks to be assessed, and mitigated, prior to any decisions being made by the Council or when a decision is taken identifying a financial risk to be effectively managed by the Council.

4.1 A report on financial resources for regeneration delivery will be considered by Policy and Resources Committee on 20 March 2024.

5.0 LEGAL IMPLICATIONS

5.1 All risks potentially have legal implications. The active risk management set out in this report seeks to mitigate such legal implications or manage them effectively if they do arise.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 The Departmental Management Team within the Directorate, supported by colleagues from the Audit and Risk Management Team, Finance and specialist risk advisors (where required) and Legal identify, assess, mitigate, and manage the risks across the Regeneration and Place Directorate.

6.2 A report on resourcing regeneration delivery will be considered by the P&R Committee in March 2024 to ensure that there was sufficient capacity to deliver this area of the Directorate's work.

7.0 RELEVANT RISKS

7.1 These are set out in the Directorate Risk Register and managed by the active management of processes set out in this report.

8.0 ENGAGEMENT/CONSULTATION

8.1 The ER&H Committee are engaged on the regeneration programme and individual projects. Regeneration Masterplans and individual projects are subject to public consultation.

9.0 EQUALITY IMPLICATIONS

9.1 There are no direct equality implications arising from this report. Each specific programme and project have their own Equality Impact Assessment.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are no direct environment and climate implications arising from this report. Where appropriate each programme and project set out environment and climate change implications, in line with the Council's policies, as part of its implementation.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 There are no direct community wealth implications arising from this report. Where appropriate, each programme and project identifies community wealth implications.

REPORT AUTHOR: David Hughes
Director of Regeneration and Place
email: davidhughes@wirral.gov.uk

APPENDICES

Appendix 1 - Directorate Risk Register (March 2024)

BACKGROUND PAPERS

The following background papers were used in the preparation of this report.

Regeneration and Place Risk Register – March 2024
Risk Management Policy and Strategy
Regeneration and Place Directorate Plan 2023/24
Regeneration Resourcing Delivery Report, Policy & Resources Committee March 2024

TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Section (C) (ii) of its Terms of Reference" Risk Management – Consider the effectiveness of the system of risk management arrangements."

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	

Guidance on Compiling a Risk Register

The Council defines a risk as:
"An uncertainty that could have adverse or beneficial effects on the achievement of objectives"

It is important that risks are **managed effectively**, it is rare that all risk can be eliminated.
The initial stage of the process sets out to identify the exposure to these uncertainties. Risks will be identified in relation to the objectives for the service area, project, strategy or activity. It is therefore vital that those objectives are clear, meaningful and understood.

Wherever possible, risk identification and evaluation should be undertaken by a range of stakeholders with an interest in the strategy, service, project, partnership or other initiative and a consensus reached. This will help to avoid the assessment being skewed by the views any one individual.

When entering into joint working arrangements, projects / partnerships or cross service activites consideration should be given to assessing the risks involved in such an arrangement. To avoid any ambiguity or confusion, the roles and responsibilities for managing risks should be clearly set out at the start.
These would include:
1. Agreed methodology and scoring framework
2. identification of risk and establishment of a risk register
3. Mitigating actions to be taken to reduce risk and responsible party
4. Frequency for monitoring, reviewing and reporting of the risks
5. Escalation and assurance process The arrangements that are in place for regular monitoring of performance should include a regular review of risks and the obtaining of assurances that the risks are being effectively managed and business continuity assured.

Identifying and Expressing a Risk
Group together similar or duplicate risks and complete an all-encompassing risk description. The description of the risk should have two elements: the event and its possible consequence.
The Event or the Big Bang links to the likelihood score, how probable is it that this event could occur?
The result or consequence of the Event is measured by the impact score. What would happen if the Event did take place?

Try and avoid the risk being simply a mirror image of the objective or purely a lack of budget. Bear in mind there may be more behind the loss or failure, be clear on what the risk is that can be managed.

Make sure you clearly express the event to understand what is the cause of the risk as this helps with the scoring and the identification of the controls?
It will also help when reviewing the risks further down the line, spending time to get this right at the start will help understanding later.

Scoring of the Risks
The scoring definitions are provided on a separate tab. These should be refered to when initially scoring the risks and at subsequent reviews.
Scoring should also be agreed as group to avoid bias due to an individual's experience or knowledge**.**
Please note the template auto-calculates the total score and allocates a colour RAG assessment.
RED - risks falling into the red area require primary attention and explanation. Use the Risk Update field to capture additional context. These risks may need to be elevated to a higher level if they are unable to be controlled and reduced at the level that the risk register has been completed.
AMBER - risks in the amber area may have a high likelihood or high impact score. Those with a high likelihood score require routine management and monitoring to ensure they do not occur whilst for those in the same area with a high impact score consideration should be given to contingency planning to help reduce the impact if they do occur.
GREEN - risks falling into the green area need to be recorded and monitored in case the situation changes. They may only be at this level due to the amount of controls in place. There is a fine balance to ensure that the risks are not overcontrolled, could the organisation accept a higher level of risk if some of the controls were removed and resources released?

Useful phrases to help describe risks
Loss of X…
Failure to …
Change of …
Inability to…
Breach of
Lack of …

But remember risks can also be positive and opportunities to be exploited.

Regeneration & Place Directorate Risk Register

Updated: March 2024

Priority / Objective	Risk Ref.	Risk Description	Unmanaged / Gross Scores			Risk Owner	Existing Controls - effective and working on the risk	Managed / Current Scores			Planned Additional Controls - to lower the risk or consolidate position	Action Owner	Target Date	Target Scores			Current Risk Status (▲ ▼ ◄ ▫)	Risk Update
			Likelihood	Impact	Total (LxI)			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)		
Inclusive Economy	RP001	**Delivery of Regeneration Projects** Delay/Disruption to Regeneration Projects due to wide ranging issues, e.g. adverse market conditions, delivery issues with development partners, planning or contamination issues, funding and investment, Legal/Procurement, Political support, availability of land, viability issue etc. resulting in none delivery.	4	5	20	Marcus Shaw	Team PMs manage day to day projects with reporting and review procedures in place / Regular meetings with project and delivery leads to ensure progress and tackle barriers to Delivery / Thorough and robust Due Diligence checks carried out prior to entering into land acquisitions ,potential development partners, Funding and legal agreements etc. / Wirral Council will work with the Combined Authority to ensure funding opportunities through the Single Investment Fund and other investment opportunities are fully explored and utilised. / Progress on regeneration projects reported to the Departmental Management Team, and escalated where necessary. Progress reports due to be completed for ERH committee from March 2024 onwards.	3	4	12	Regeneration Finance Strategy being completed as part of the Council's MTFS. Funding bids progressed through Homes England / Active involvement in Combined Authority structures / Reporting arrangements in place. Monthly meeting with MP and relevant ward Members	Marcus Shaw / Marcus Shaw / Marcus Shaw	Mar-24 / on-going / on-going	3	2	6	◄	Additional governance through the Regeneration Oversight Group - chaired by the CEX.
Inclusive Economy	RP002	**Delivery of Regeneration Projects** Sufficiency of existing staffing resources to meet the pace and delivery demands for additional regeneration projects. Resulting in experience may be lost with temporary contracts, increased costs with use of consultants and reliance on non-council resources.	4	5	20	Marcus Shaw	Regular DMT meetings will include resource and delivery issues / Skills, Training and capacity issues to be escalated and reviewed at DMT and SLT as appropriate	3	4	12	Consider procuring external specialist support when necessary / Report on resourcing and review of Regeneration delivery being considered by P&R Committee in March 2024 / Project and programme plans in place with oversight from the Regen PMO and risks escalated to the Regeneration Portfolio Board	Marcus Shaw / Marcus Shaw / Marcus Shaw	on-going / Mar-24 / Mar-24	2	3	6	◄	**Shortage of key delivery skills is an industry wide issue.** Linked to Corporate Risk CRR002A - Workforce Capacity and Skills - Professional Roles
Inclusive Economy	RP003	**Delivery of Regeneration Projects** Reliance on other departments/teams to provide professional advice, assistance and expertise on projects, i.e. Legal, Procurement, Asset Management. Highways/Engineering who may not be able to provide the level of support required within the set timeframes of the projects due to other commitments or capacity issues. Resulting in delays...	3	5	15	Marcus Shaw	Senior managers support a cross departmental approach that prioritises resources for the delivery of regeneration schemes / Working closely with teams and ensuring good working relationships in place with key staff / New Directorate structure setup to promote and ensure delivery of regen/housing and economic development with fortnightly DMT meetings. / Trowers and Hamlins appointed as strategic legal partner, which has improved the ability to speedily access external legal advice when required	2	4	8	Regen Portfolio Board allows input from across the council to address issues / Use of SLT meetings to address cross departmental capacity issues / Further sessions held with Regen Delivery staff to plan legal, finance and procurement input	Project Leads / DMT / Legal	on going / on-going / on-going	2	3	6	◄	Regeneration Oversight Board chaired by the CEX to monitor progress Linked to Corporate Risk CRR002A - Workforce Capacity and Skills - Professional Roles
Sustainable environment and Inclusive Economy	RP004	**Assets & Place** Resource risk in not being able to deliver the capital programme, FM, compliance contracts Mothballed buildings – finance, security, future use business & information systems fit for purpose. Risk of not being able to deliver capital receipts from disposals to support the Council's capital Programme.	5	4	20	Marcus Shaw	Capital Projects have been prioritised for delivery. Additional capacity through framework agreements is being explored in collaboration with Procurement. / Basic security and safety inspections being undertaken. Long term use decisions require escalation at Director level. / Development of business systems is being undertaken in priority order. Standalone systems whilst time consuming will continue to operate whilst others are being developed and/or waiting for new Council system to be introduced. / Asset Strategy 2022-27 approved by the Policy and Resources Committee on 9 November 2022. Action plan agreed to implement the strategy.	3	2	6	Work commenced on Corporate Landlord model / Contract for external support to programme of disposals, property consultancy firm in place. Timescale for disposals being agreed	Marcus Shaw / Marcus Shaw	Mar-25 / Apr-24	2	2	4	◄	

The Total Score is auto calculated and colour allocated. Do not overtype in column G, L or R

Page 77

Priority / Objective	Risk Ref.	Risk Description	Likelihood	Impact	Total (LxI)	Risk Owner	Existing Controls - effective and working on the risk	Likelihood	Impact	Total (LxI)	Planned Additional Controls - to lower the risk or consolidate position	Action Owner	Target Date	Likelihood	Impact	Total (LxI)	Current Risk Status (▲▼◄¤)	Risk Update
Inclusive Economy	RP005	**Increase in emergency homeless presentations due to external factors** Resulting in the need for increased use of bed and breakfast establishments, increased finanical pressure on the council due to recoverable subsidy and families being in B&B beyond the 6 week government timescales resulting in formal action plans to be in place with DLUCH and the potential failure of the Council being able to meet its legal obligations and duty to accommodate.	5	5	25	Lisa Newman	Homeless Prevention Grant funding supporting prevention activity and assisting with contribution to temporary accommodation use / Expansion of Rough Sleeper initiative to include additional posts in the Community/Voluntary sector to further address complex and entrenched rough sleepers / Corporate support for vulnerable groups through Housing Support fund.to assist with furniture packages for those moving on from Temporary Accommodation. / Access to Dispersed Temporary Accommodation as an alternative to B&B / Effective use of Triage Assessment service which facilitates emergency access to accommodation for Rough Sleepers and those at risk of Rough Sleeping. / Further emergency overflow provision for those at risk of homeless or rough sleeping over winter period / Rehousing plan for Homes For Ukraine families as placement with sponsors come to an end / Wirral Advice Aid webpage - providing early self help advice and assistance / Rehousing Support Events for sponsors and Ukraine households programme of recruitment of emergency sponsors/winter payment options	4	4	16	Increased access to further dispersed accommodation and enhanced specialist support for those fleeing DA. / Secure additional funding for dedicated officer for Customers under Probation / Acquire additional Temporary Accommodation as part of the Local Authority Housing Fund and deliver full programme as part of MOU / Weekly Monitoring of Families in Bed and Breakfast approaching the 6 week period and action plan for move on / Continued attempts to recruit staff, including trainee type recruitment drive	Sheila Jacobs / Sheila Jacobs / Emma Foley / Wayne Tsoi / Sheila Jacobs	Jun-24 / May-24 / May-24 / Mar-24 / Jun-24	4	3	12	◄	Recruitment and retention of staff - Mitigation currently through use of Agency Staff to meet demand whilst recruitment ongoing however this is a continuous challenge. Shortage of affordable housing is negatively affecting opportunities for rehousing, which is resulting in people remaining in temporary accommodation for longer. Currently in dialogue with a local Registered Provider for a potential units to be used as alternative to use of B&B.
Inclusive Economy	RP006	**Lack of affordable homes to meet local housing needs** Lack of delivery of affordable homes due to availability of public/private land supply; dependency on external funding and partners to deliver new homes; lack of borrowing capacity of partners	4	4	16	Lisa Newman	Quarterly Monitoring with partners, review of council assets for use to support affordable housing delivery, development of affordable housing within regeneration plans / Access and use of funding packages and use of eligible funding available to the council to support delivery of affordable housing / Planning policy in place for section 106 affordable housing provision within developments	3	4	12	Monthly meetings with Assistant Director to discuss existing and pipeline developments and links to wider regeneration work. Any issues which need escalating, discussed at these meetings. / Assistant Director representation at Housing Delivery Board to monitor affordable housing against Local Plan 5 year supply assumptions, process for escalation to CEX / Delivery of Assets Disposal Programme to include sites deemed appropriate for Affordable Housing to be progressed in conjunction with Assets / Six weekly strategic meetings between Strategic Housing and Health and Care officers to review potential extra care / LD opportunities and how they could meet strategic needs identified through GAP analysis.	Emma Foley / Lisa Newman / Emma Foley / Emma Foley	Mar-25 / 5 year target date for local plan to be inserted / Mar 2025 / Ongoing - Every 6 weeks	4	3	12	◄	
Inclusive Economy	RP007	**Failings in Commissioned and Contracted Services for Homeless and Socially Excluded Groups** due to tight labour markets, retention and recruitment, skills shortage, contracts not offered linked to inflation costs which could cause a collapse on the supported housing market and provision of hostels for single homeless people and specific vulnerable groups	4	5	20	Lisa Newman	Due diligence on tender submissions and prospective providers / Monthly Monitoring of contracts and regular provider reviews / Monitor inflation changes and impacts on providers, small uplifts may be able to be managed within budget envelope	4	5	20	Review any requests for inflationary increases to contracts upon extension or renewal / Report to Director of Regeneration and Place and Economy, Regeneration and Housing Committee any budget pressures / Requests for pressures programmed within budget planning process	Sheila Jacobs / Lisa Newman / Lisa Newman	Mar-25 / Quarterly as part of Budget Monitoring Reports / Mar-25	4	2	8	◄	
Inclusive Economy	RP008	**Failure for all properties to comply with statutory Compliance and Regulatory requirements as set out in the new Social Housing Regulatory Act for council owned properties** which could result in the council being in breach of Homes England and Government standards and failure to hold up to date complete and reliable data in areas such as health and safety, stock condition	4	5	20	Lisa Newman	Existing Management Contract with external experience Provider in place / Legal advice sought on requirements needed for changes for clarification on tenancies / Survey works being undertaken on those miscellaneous properties currently not part of contract to ascertain standards	4	4	16	Improvement programme containing schedule of works and costed to be established / Establishment of a Sinking fund for the miscellaneous properties for long term maintenance improvements / Delivery plan reviewed by AD Housing/AD Assets	Emma Foley / Emma Foley / Lisa Newman	Mar 2024 / Mar-25 / Quarterly as part of Budget Monitoring Reports	2	3	9	◄	
Inclusive Economy	RP009	**Business Sustainability & Growth** Impact of macro/national economic conditions severely impact business growth and survival. Recruitment, supply chain issues, energy costs and high inflation are compounded by reduced consumer spending power and ongoing post-pandemic recovery burdens on business such as Covid loan payback requirements. Likely impacts are increased unemployment, reduced business survival rates and reduced business growth rates effecting the ability to deliver the aims of Economic Strategy and support the regeneration programme.	5	4	20	Helen Carney	National Government interventions e.g.:- tax/business rate reliefs, economic zones, energy caps / Targeted support through LCRCA business support services / Targeted support through Council commissioned Business Support Services (Wirral Chamber supplier) / Targeted support to unemployed/economically inactive residents through Ways to Work Programme / Regular review of economic intelligence and economic performance measures	4	4	16	Targeted use of UKSPF Funds for Sector Specific Place Based Business Support Programme / Targeted use of UKSPF Funds for Recruitment & Redundancy support / Oversight of economic performance information through Committee / Redevelopment of Business Investment Fund	Helen Carney / Helen Carney / Helen Carney / Helen Carney	Q1 2024/25 / Q1 2024/25 / 6 Monthly from 2024/25 Municipal Year / Q1 2024/25	3	3	9	◄	Funds secured for planned targeted planned additional controls. Economic Performance Framework agreed with ERH Committee Q3 2023/24. Redevelopment of Business Investment Fund in 2024/25 Service Work Programme.
Inclusive Economy	RP010	**Delivery of Regeneration Projects** Inability to deliver projects to external grant agreement conditions/timetables leads to clawback/repayment of funds impacting on ability to deliver projects.	4	4	16	Marcus Shaw	Discussions with DLUHC have resulted in Wirral being invited to join a Pathfinder Pilot where Future High Street Fund, Levelling up and Towns Deal will be amalgamated, pushing the spend deadline on those funds to March 2026. / Project Management arrangements are in place to ensure that there is regular reporting and monitoring of grant performance. / Any issues identified are escalated to the Departmental Management Team and Strategic Leadership Team as appropriate. / Regular progress on projects is to be provided to the appropriate committee from September 23.	2	4	8	Provision of an Investment Plan to DLUHC to profile the delivery of the regen portfolio (by 25/9). Approaches to accelerate delivery are being developed with the support of Heads of Delivery, Procurement and Legal Services. Trowers and Hamlin have been appointed to support the legal aspect of this work.		on-going	1	4	4	◄	Regular meetings are held with funders such as DLUHC, Homes England and the Combined Authority to ensure they are updated on progress

SCORING

The scoring of risks is broken down into 2 main parts; likelihood and impact.

Wirral Council has set definitions for each score banding. These should be refered to when discussing the risk scores to help ensure consistency of scoring over the lifetime of the risk register as well as across different projects and teams around the council.

Each risk is given 3 different scores to help provide a storyline for the risk.

Unmanaged/Gross - with no controls in place.

Managed / Current - based on having existing controls in place and working to reduce either the likelihood of the risk occurring or the impact if it did.

Target - where the risk owner is trying to get to, perhaps with additional actions being taken, somewhat aspirational as the effect of actions maybe difficult to judge. What level can or will be acheived.

The tables below provide the scoring definitions as per the Risk Management Policy 2017.

Impact and Likelihood Scores

Impact

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

Likelihood

Description	Score	Narrative	Quantitative (chance of occurrence within 3 years)
Very low	1	Extremely unlikely or virtually impossible within the period covered by the plan	0-5%
Low	2	Unlikely – not expected to occur within the period covered by the plan	6-20%
Medium	3	Possible – may possibly occur at some point within the period covered by the plan	21-50%
High	4	Likely – will most probably occur within the period covered by the plan	51-80%
Very High	5	Almost certain – expected to occur within the period covered by the plan	>80%

Risk Scoring Table

Impact ——————▶

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

Category	Definition	Examples
Political	Associated with the political environment in which the Council operates	New political arrangements
		Member support / approval
		Electorate dissatisfaction
		Impact of electoral changes
Economic	Associated with changes in the economic environment, their impact on the community and Council's own financial position.	National and regional economic situation
		HM Treasury – investments, reforms, budget cuts
		Key employment sectors (current and future)
		Borrowing, lending situations, investments and interest rates
		Inflation
Social	Relating to the effects of changes in demographic, residential or socio-economic trends.	Residential patterns / profile (state of housing stock, public / private mix)
		Health trends / inequalities
		Demographic profile (age, race etc.)
		Lifelong learning
		Crime statistics / trends
Legal / Regulatory	Associated with current or potential changes to legislation and the regulatory environment at national and international level.	Government policy
		Inspection / regulation (e.g. Ofsted)
		European Directives (e.g. procurement)
		Legal challenges
		Statutory duties / deadlines (e.g. FoI)
Technological	Associated with the impact of the pace/scale of technological change on the community and the Council, or our ability to use technology to address changing demands.	Technology driving demand – customer needs and expectations
		Digital exclusion
		Increasing reliance on technology
		Resilience of key IT systems
		Capacity to deal with change
Environmental	Relating to the environmental consequences of realising our objectives and the impact of environmental change on the Council and the community.	Impact of planning and transport policies
		Nature of environment (urban / rural)
		Land use – green belt, brown field sites
		Contamination, pollution
		Storage / disposal of waste
		Climate change and impact of severe weather
Financial	Arising from the financial planning and control framework	Quality of financial forecasting, profiling and cost/benefit analysis
		Effectiveness of financial controls
		Lack of investment
		Failure to prioritise budgets
		Level of financial skills and knowledge
		Adequacy of financial reporting
		Management of budgetary pressures
Customer / Citizen	Arising from the need to meet the changing needs, choices and expectations of customers and citizens	Effectiveness of safeguarding
		Relations with community leaders and groups
		Extent and nature of consultation
		Managing expectations
		Reputation management
		Management of complaints and compliments
		Visibility of services (e.g. refuse collection)
Partnership / Contractual	Arising from the ability of contractors and partnership arrangements to deliver services or outcomes to the agreed cost and specification	Resilience of partners / supply chains
		Accountability frameworks and partnership boundaries
		Managing performance
		Experience and expertise in commissioning
		Governance arrangements
People	Arising from the capability, competency and capacity of those who work for the Council and their welfare and safety.	HR / employment policies
		Quality of industrial relations
		Reliance on key staff
		Recruitment and retention
		Health and safety duties
		Level of staff morale
		Adequacy of skill set

This page is intentionally left blank

WIRRAL

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 26 March 2024

REPORT TITLE:	EXTERNAL ANNUAL AUDIT REPORT 2022/23
REPORT OF:	DIRECTOR OF FINANCE (S151 OFFICER)

REPORT SUMMARY

The Council's external auditors (Grant Thornton) have substantially completed the Council's main audit of the 2022-23 Statutory Accounts in December 2023, except for the Whole of Government Accounts which no longer meet the threshold for requiring external audit, and Value for Money as previously reported. The audit findings for the Statement of Accounts were reported to the Committee in the form of the Audit Findings Report in December 2023.

The auditors are also under a duty to provide an Annual Audit Report of the key issues/findings from their audit for consideration by a wider audience across the Council, Pension Fund, and its key stakeholders.

That report, the Annual Audit Report, is attached to this paper as Appendix 1. Once approved by this Committee, these reports will be taken to Policy and Resources Committee for approval and then onto Full Council from where they will be placed on the Council's website.

The Annual Audit Report contains a set of recommendations for the Council to implement, and Management's response to these recommendations is also included in the report.

As the report relates to the 2022/23 financial year, much time has passed, and progress has already been made in addressing these recommendations.

There are no direct ward implications, and the report is not a key decision.

RECOMMENDATION

The Audit and Risk Management Committee is requested to consider and comment on the Annual Audit Report and approve it for onward approval to Policy and Resources Committee, Full Council and then publication on the Council website.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION

1.1 The Audit and Risk Management Committee has responsibility for approving the Statement of Accounts and the Annual Governance Statement (AGS) on behalf of the Council, which is a requirement under The Accounts and Audit Regulations 2015 and The Accounts and Audit (Coronavirus) (Amendment) Regulations 2020.

1.2 The Annual Audit Report is an essential element of the independent external audit process. This report is to be presented to a Committee of the Council for their consideration.

2.0 OTHER OPTIONS CONSIDERED

2.1 Option to not submit to Committee for comment and approval, however, this would not comply with the audit regulations and would be at the detriment of the Council.

3.0 BACKGROUND INFORMATION

3.1 Grant Thornton undertook their annual audit of the Council's financial reporting and activities. These reviews are intended to give assurance to both Members, residents, and external stakeholders that the Council's financial activities have been appropriately reported in its Accounts.

3.2 The detailed findings from this audit were reported to the Audit Risk and Management Committee on 12 December 2023 in the form of the Audit Findings Report. This confirmed that the Council's and Pension Fund Accounts for 2022-23 were unqualified and fairly stated the Council's finances and as a result the Committee approved their publication.

Annual Audit Report and Value For Money Reports

3.3 Grant Thornton has now produced its Annual Audit Report which will be made available alongside the Accounts on the Council's website.

3.4 The Annual Audit Report reconfirms the audit findings previously reported to this Committee:
- The Accounts presented a true and fair view and were unqualified.
- Their concerns as to the threat to the Council's financial resilience, planning and sustainability in the short and medium term.
- There is evidence of financial planning to address ongoing funding and budget concerns of the Council.

3.5 The auditors assess our arrangements under three headings within the Annual Audit Report:

1. Financial Sustainability, how the Council plans and manages its resources to ensure it can continue to deliver its services

Page 82

2. Governance, how the Council ensures that it makes informed decisions and properly manages its risks; and

3. Improving economy, efficiency, and effectiveness, how the Council uses information about its costs and performance to improve the way it manages and delivers its services.

3.6   The report has made one Key Recommendation and 8 Improvement Recommendations, and rated financial sustainability as having significant weaknesses, and governance and improving economy, efficiency and effectiveness as having no significant weaknesses. As this report is looking at the financial year 2022-23, work has already commenced, and progress made on a number of the recommendations during 2023-24. The Council has agreed with the report's findings, but also recognises the progress the Council has made to date implementing improvements.

3.7   Grant Thornton have not yet issued the certificate of completion of the audit and therefore the audit is not yet concluded. This is because the report on the Council's arrangements for securing economy, efficiency, and effectiveness in its use of resources has not been issued. Work to issue this and then conclude the Audit is expected by 15 May 2024, which is within three months of issuing the opinion on the statement of accounts, which is permitted under the special provision in National Audit Office's Auditor Guidance Note 03.

4.0   FINANCIAL IMPLICATIONS

4.1   The cost of the report is part of the audit fee and variations to that fee for additional work are notified to the Council. The contracted audit fee was previously approved by the Audit and Risk Management Committee.

4.2   The audit fees for the year 2022/23 have increased from the contracted fees under the contract with Public Sector Audit Appointments Ltd (PSAA) of £139,157 to £219,854. The increase is due to the additional audit work now required to be undertaken by the external auditors since the contract was awarded which includes Value for Money Audits and additional testing for specific elements of the accounts as set out in the Audit Findings Report brought to the Committee in December 2023. The increase in the fee has been approved by the PSAA and discussed with the Director of Finance.

5.0   LEGAL IMPLICATIONS

5.1   There are no legal implications identified.

6.0   RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1   None arising directly from this report.

7.0   RELEVANT RISKS

7.1   The Local Government Act 2003 and the Local Government and Housing Act 1989 require the Statement of Accounts to be produced in line with recommended

accounting practices. Failure to do so could result in qualification of the accounts, which may lead to further audit costs.

7.2   If any concerns identified by Grant Thornton are not addressed by the Council, then there is a risk that the Council will not be able to meet its statutory requirements in respect to the Statement of Accounts as well as impacting upon the Value for Money and Financial Resilience of the Council and the Council's reputation.

8.0   ENGAGEMENT/CONSULTATION

8.1   None arising directly from this report.

9.0   EQUALITY IMPLICATIONS

9.1   Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.

9.2   There are no equality implications arising specifically from this report. The file attached may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact Shaun Allen if you would like these documents in an accessible format.

10.0   ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1   The content and/or recommendations contained within this report are expected to have no impact on emissions of Greenhouse Gases.

11.0   COMMUNITY WEALTH IMPLICATIONS

11.1   The content and/or recommendations contained within this report have no direct implications for community wealth.

REPORT AUTHOR: **Shaun Allen**
Senior Finance Manager
email: shaunallen@wirral.gov.uk

APPENDICES

Appendix 1 – Wirral Council External Auditors Annual Audit Report 2022-23

BACKGROUND PAPERS

External Audit Findings Report 2022-23
Statement of Accounts 2022-23
External Audit Plan 2022-23

TERMS OF REFERENCE

The report is considered by the Audit and Risk Management Committee in accordance with section (e) (i) of it Terms of Reference:

"Consider the external auditor's reports and opinions, relevant requirements of the International Standards on Auditing and any other reports to members with respect to the Accounts, including the Merseyside Pension Fund and approve the Accounts on behalf of the Council and report required actions to the Council. Monitor management action in response to issues raised by the external auditor."

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee: External Audit Progress Report 2022/23 Statement of Accounts 2022/23 External Auditors Annual Audit report 2021/22 Wirral Council External Audit Plan 2022-23 Draft Statement of Accounts 2022/23 External Auditors Annual Audit report 2020/21 External Audit Progress Report	15 January 2024 12 December 2023 12 December 2023 27 June 2023 27 June 2023 20 July 2022 15 March 2022

This page is intentionally left blank

Grant Thornton

Auditor's Annual Report
on Wirral Council

2022/23

March 2024

Contents

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the National Audit Office (NAO) requires us to report to you our commentary relating to proper arrangements.

We report if significant matters have come to our attention. We are not required to consider, nor have we considered, whether all aspects of the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Page 88

Executive summary

Value for money arrangements and key recommendation(s)

Under the National Audit Office (NAO) Code of Audit Practice ('the Code'), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

Auditors are required to report their commentary on the Council's arrangements under specified criteria and 2022/23 is the third year that we have reported our findings in this way. As part of our work, we considered whether there were any risks of significant weakness in the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources. Where we identify significant weaknesses in arrangements, we are required to make recommendations so that the Council may set out actions to make improvements. Our conclusions are summarised in the table below.

Criteria	2022/23 Risk assessment at initial audit planning stage	2022/23 Auditor judgement on arrangements		2021/22 Auditor judgement on arrangements		Direction of travel
Financial sustainability	The Council continues to face financial challenges. There is a challenging savings target for 2023/24. The Council has an ambitious Capital Programme.	R	Significant weaknesses in arrangements identified. One Key and two improvement recommendations are made in relation to these.	R	Significant weaknesses in arrangements identified. One key and four improvement recommendations made.	↑
Governance	There are a number of entities which operate within the Council's group boundary, which has undergone a number of changes.	A	No significant weaknesses in arrangements identified, but two improvement recommendations made.	A	The Council has, as planned, addressed the significant weakness. We have raised two further improvement recommendations.	↔
Improving economy, efficiency and effectiveness	The Council has made the decision to bring the provision of social care services back in house which may lead to additional costs.	A	No significant weaknesses in arrangements identified, but four improvement recommendations made.	A	No significant weaknesses in arrangements identified, but three improvement recommendations made.	↔

G	No significant weaknesses in arrangements identified or improvement recommendation made.
A	No significant weaknesses in arrangements identified, but improvement recommendations made.
R	Significant weaknesses in arrangements identified and key recommendations made.

Executive summary (continued)

Financial sustainability

Local Authorities are operating in an extremely challenging financial environment following a decade of austerity and spending pressures. The financial impacts of the pandemic are still ongoing and may take many years to unwind.

The Council is recovering from a period of significant financial challenges. The Department for Levelling Up, Housing and Communities (DLUHC) Exceptional Financial Support (capitalisation directive) that had been in place for the two previous financial years no longer existed in 2022/23 and the Council has been successful in balancing the budget.

In June 2022 the Chief Executive introduced the first update report of Wirral's Independent Assurance Panel, which was set up to oversee the Council's improvement in response to the external assurance review commissioned by DLUHC. The Chair of the Panel outlined the positive steps that the Council had taken to its improvement including achieving the £18 million budget savings for 2022/23.

The Council have taken a number of steps to improve financial planning, management and budget monitoring including restructuring of the Finance Team and strengthening Committee oversight.

However, there are a number of signs of financial stress that indicate a threat to its financial sustainability in the short and medium term. We have therefore concluded that the identified significant weaknesses in the Council's arrangements remains.

The significant use of earmarked reserves and forecast future reserves balance is of major concern. Increased use of reserves and deteriorating balances may undermine the Council's ability to be financially sustainable in meeting its commitments in the short and medium term.

Indicators of financial stress include the following (but not limited to):

- An adverse 2022/23 Outturn position of £13.3m which was supported by earmarked reserves to report a balanced outturn.
- A forecast adverse outturn position in 2023/24.
- Reducing levels of reserves. The 2023/24 to 2026/27 MTFS forecasts that at March 2024 the general and earmarked usable reserves balances could reduce to £52.8 million.
- Uncertainty around the Dedicated Schools Grant deficit balance: If the statutory override is not extended or financial support forthcoming to reduce the financial deficit, it will place additional significant pressure on the Council's reserves.
- There is a Capital Programme affordability risk due to increasing costs and additional pressures of programme slippage.
- High levels of debt and in year borrowing to balance cashflow pressures.

We have raised a key recommendation shown on page 7 and improvement recommendations on pages 20 – 21 to reflect the challenges faced.

Financial Statements opinion

We have completed our audit of your 2022/23 financial statements and issued an unqualified audit opinion on 16 February 2024. Our findings are set out in further detail on pages 52.
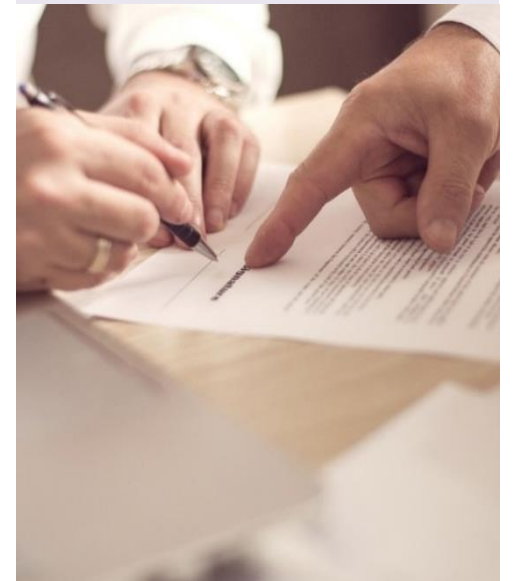
Executive summary (continued)

Governance

The Council is making good progress in implementing the recommendations arising from external governance reviews and notes a significant shift in culture and behaviour enabling improved governance and decision making. Actions have been taken following the Ada Burns report to review governance arrangements, with a revised committee structure being put in place for 2022/23 and whole council elections in May 2023

Arrangements are in place to ensure that all relevant information is provided to decision makers before major decisions are made and for the challenge of key strategic decisions before they are taken. The Council has in place a Committee model of Governance; supported by the Constitution which includes the principles of decision making and the rules, codes and protocols that govern how the Council operates.

The arrangements have been reviewed and further strengthened with the introduction of a Corporate Coordination Group. This is attended by the Deputy Monitoring Officer and Head Democratic Services with specialist representation from Law, Equalities and Finance. Report authors present to this forum prior to Senior Director oversight and Statutory Officer approval. In addition a member oversight and review group has been established to enable Leader briefing prior to full publication. Directors have also provided workshops and briefing sessions for Members to assist Members to better understand a service context before receiving a report that requires a decision, for example in respect of strategic acquisitions.

The Council has appropriate arrangements in place to identify and manage risks and adequate arrangements are in place to provide Internal Audit and Local Counter Fraud Services.

Our work has not identified any significant weaknesses; but improvement recommendations have been made to further enhance and strengthen the processes in place. These can be found on pages 29 to 30 of this report.

Improving economy, efficiency and effectiveness

Wirral's strategic ambition and priorities for the Borough were brought together in September 2021 when the Council agreed the Wirral Plan 2021 - 26. The Plan set out the future vision for the Borough based on five thematic priorities. The plan was refreshed for 2022/23 but the priorities remained the same. We noted that the Council has processes in place to monitor and report upon its Directorate performance and is developing regular performance reporting against the Council Plan.

The Council continues to work closely with local partners such as the Cheshire and Merseyside Health and Care Partnership and Liverpool City Region Combined Authority.

The Council also has a large scale and ambitious regeneration programme, which has included the acquisition of the Pyramids/Grange Shopping centre in 2022/23. Key major developments have been designed to bring improved living standards and economic benefits to the borough but may also carry with them a degree of risk and uncertainty to the Council.

Our work has not identified any significant weaknesses; but improvement recommendations have been made to further enhance and strengthen the processes in place. These can be found on pages 43 to 47 of this report.

Acknowledgements

We would like to take this opportunity to record our appreciation for the assistance provided by Council officers, Council Members and external stakeholders with whom we have engaged during the course of our review.

Use of auditor's powers

We bring the following matters to your attention:

	2022/23
Statutory recommendations Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors can make written recommendations to the audited body which need to be considered by the body and responded to publicly.	We did not make any written recommendations under Schedule 7 of the Local Audit and Accountability Act 2014.
Public Interest Report Under Schedule 7 of the Local Audit and Accountability Act 2014, auditors have the power to make a report if they consider a matter is sufficiently important to be brought to the attention of the audited body or the public as a matter of urgency, including matters which may already be known to the public, but where it is in the public interest for the auditor to publish their independent view.	We did not issue a public interest report.
Application to the Court Under Section 28 of the Local Audit and Accountability Act 2014, if auditors think that an item of account is contrary to law, they may apply to the court for a declaration to that effect.	We did not make an application to the Court.
Advisory notice Under Section 29 of the Local Audit and Accountability Act 2014, auditors may issue an advisory notice if the auditor thinks that the authority or an officer of the authority: • is about to make or has made a decision which involves or would involve the authority incurring unlawful expenditure, • is about to take or has begun to take a course of action which, if followed to its conclusion, would be unlawful and likely to cause a loss or deficiency, or • is about to enter an item of account, the entry of which is unlawful.	We did not issue any advisory notices.
Judicial review Under Section 31 of the Local Audit and Accountability Act 2014, auditors may make an application for judicial review of a decision of an authority, or of a failure by an authority to act, which it is reasonable to believe would have an effect on the accounts of that body.	We did not make an application for judicial review.

Key recommendation

Key Recommendation 1	Given the continued level of financial stress the Council is facing, all members need to ensure that there is a robust response to the financial matters highlighted and that officers are supported in making the changes needed.
Identified significant weakness in arrangements	Signs of financial stress that indicate a threat to its financial sustainability in the short and medium term.
Summary findings	Indicators of financial stress include the following: • Reserves: Wirral Council has the second lowest level of General Fund and non-schools earmarked general fund reserves when benchmarked against 23 other Metropolitan Boroughs nationally The significant use of earmarked reserves and forecast future reserves balance is of major concern. The Council's Earmarked Reserves have decreased during 2022/23 reflecting their budgeted use and the requirement for utilisation to fund the in year and year-end overspend. The Council had £97.2 million in Earmarked Reserves at 01 April 2022 and almost half were used in 2022/23 for the activities for which they were established. The Council contributed £18.5 million to reserves in year, which provided a 2022/23 year end balance of £72.3 million. Quarter 2 reporting documents that more than a quarter of this will be spent in 2023/24, on the activities for which they were established. Longer term reliance on using reserves to balance overspending will not be sustainable. The forecast balance at March 2024 of general and earmarked usable reserves is £52.8 million • 2022/23 Outturn - £13 million against a total net revenue budget of £330.6 million; this is an adverse variance of 4%. • 2023/24 Delivery – Quarter 2 forecasting a projected year end net overspend of £7.2 million. • There is a Capital Programme affordability risk due to increasing costs and additional pressures of programme slippage. • High levels of debt and in year borrowing to balance cashflow pressures. • Large levels of commercial investment • Uncertainty around the Dedicated Schools Grant deficit balance.

Criteria impacted by the significant weakness	💷 **Financial sustainability** 🏛 **Governance** ⚙ Improving economy, efficiency and effectiveness
Auditor judgement	The Council has improved and strengthened its organisational approach to financial planning and setting the annual budget. However, we have identified a significant weakness in the Council's arrangements because there are a number of signs of financial stress that indicate a threat to its financial sustainability in the short and medium term and have raised a key recommendation to reflect the challenge faced.

📄 **The range of recommendations that external auditors can make is explained in Appendix B.**

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.

Key recommendation (continued)

Page 94

Management comments

The Council is working very closely with members on service and statutory committees to ensure all key financial matters are addressed. 2023/24 has seen an increased involvement in member engagement in such matters and decision making has been collaborative throughout key decisions. Further work through directors will continue to ensure financial risks are identified and risk to the reserves is understood.

In December 2022, the statutory override that separated DSG deficits from the authority's wider finances was extended for a further 3 years and is due to expire at the end of 2025/26. The Schools Forum on 23 January 2024 agreed that schools and the authority will endeavour to find further mitigations during 2024/25.

In a recent letter to P&R, the Panel chair said they are now reassured the council "will be able to set a balanced budget for 2024/25" and that the gaps for the subsequent two years will be "manageable and that savings will be identified". The Chair concluded by noting that once the council has set a budget for 2024-25, the Panel anticipates it will be able to stand down.

The range of recommendations that external auditors can make is explained in Appendix B.

Progressing the actions management has identified to address the recommendations made will support the Council in addressing the weaknesses identified from our work. We consider that the timescales provided by management are appropriate and encourage the Audit Committee to monitor progress of implementation to gain assurance over the arrangements in place.

Securing economy, efficiency and effectiveness in the Council's use of resources

All councils are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. The Council's responsibilities are set out in Appendix A.

Councils report on their arrangements, and the effectiveness of these arrangements as part of their annual governance statement.

Under the Local Audit and Accountability Act 2014, we are required to be satisfied whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

The National Audit Office's Auditor Guidance Note (AGN) 03, requires us to assess arrangements under three areas:

Financial sustainability

Arrangements for ensuring the Council can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years).

Governance

Arrangements for ensuring that the Council makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the Council makes decisions based on appropriate information.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the Council delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Our commentary on the Council's arrangements in each of these three areas, is set out on pages 11 to 47.

In addition to our financial statements audit work, we perform a range of procedures to inform our value for money commentary:

- Review of Council, Cabinet and committee reports
- Regular meetings with senior officers
- Interviews with other members and management
- Attendance at Audit Committee
- Considering the work of internal audit
- Reviewing reports from third parties including Ofsted
- Reviewing the Council's Annual Governance Statement and other publications

Page 95

The current LG landscape

National context

Local government in England continues to face significant challenges as a sector. These include a high level of uncertainty over future levels of government funding, alongside delays to the Government's plans for reform of the local government finance system, impacting on medium-term financial planning. This is also a time of generationally significant levels of inflation – the UK inflation rate was 7.8% in April 2022, rising to a 41-year high of 11.1% in October 2022, then reducing to 10.1% in March 2023. Inflation levels put pressure on councils' revenue and capital expenditure, as well as the associated cost of living crisis impacting on local communities and businesses, leading to an increase in demand for council services such as children with special education needs with associated transport costs, debt advice, housing needs, and mental health, as well as impacting on some areas of council income such as car parking and the collection rates of council tax, business rates and rents. This follows a significant period of funding reductions by Government (2012 to 2017) and the impacts of Brexit and the COVID-19 pandemic which, for example, have contributed to workforce shortages in a number of council service areas, as well creating supply chain fragility risks.

The local government finance settlement for 2023/24 was better than many in the sector anticipated demonstrating an understanding by Government of the financial challenges being faced by the sector. However, the Local Government Association, in July 2023, estimated that the costs to councils of delivering their services will exceed their core funding by £2bn in 2023/24 and by £900m in 2024/25. This includes underlying cost pressures that pre-date and have been increased by the pandemic, such as demographic pressures increasing the demand for services such as social care and homelessness.

Over the past decade many councils have sought to increase commercial activity as a way to generate new sources of income which has increased the nature of financial risk, as well as the need to ensure there is appropriate skills and capacity in place to manage such activities.

Local government is coming under an increased spotlight in terms of how the sector responds to these external challenges, including the Government establishing the Office for Local Government (Oflog) and there has been an increase in the number of councils who have laid a Section 114 Notice, or are commenting on the likelihood of such an action, as well as continued Government intervention at a number of councils.

There has also been an increase in the use of auditors using their statutory powers, such as public interest reporting and statutory recommendations. The use of such auditor powers typically derive from Value for Money audit work, where weaknesses in arrangements have been identified. These include:

- a failure to understand and manage the risks associated with commercial investments and council owned companies
- a failure to address and resolve relationship difficulties between senior officers and members
- significant challenges associated with financial capability and capacity
- a lack of compliance with procurement and contract management processes and procedures
- ineffective leadership and decision-making.

Value for Money audit has an important role in providing assurance and supporting improvement in the sector.

Page 96

Financial Sustainability

We considered how the Council:

- identifies all the significant financial pressures that are relevant to its short and medium-term plans and builds them into its plans

- plans to bridge its funding gaps and identify achievable savings

- plans its finances to support the sustainable delivery of services in accordance with strategic and statutory priorities

- ensures its financial plan is consistent with other plans such as workforce, capital, investment and other operational planning which may include working with other local public bodies as part of a wider system

- identifies and manages risk to financial resilience, such as unplanned changes in demand and assumptions underlying its plans.

The Council has improved and strengthened its organisational approach to financial planning and setting the annual budget. However, we have identified a significant weakness in the Council's arrangements because there are a number of signs of financial stress that indicate a threat to its financial sustainability in the short and medium term and have raised a key recommendation to reflect the challenge faced.

2022/23 Financial Performance

The Council is operating in an extremely challenging financial environment. The financial impacts of the pandemic, and the increasing costs of inflation are still ongoing and may take many years to unwind.

Wirral Council approved its revenue budget for 2022/23 (incorporating the MTFS 2022/23 to 2026/27) in February 2022. The annual budget for the year was set at £330.6 million. The revenue outturn position; reported to Policy and Resources Committee in June 2023, showed an overspend of £13 million, comprising a funding variance of £1 million and service overspend of £12 million this is an adverse variance of 4%.

From review of committee papers, we note that this is an improved outturn position of £0.392 million when compared with the Quarter 3 budget monitoring year-end forecast.

The overspend was mitigated by £10 million use of reserves and a £3 million contingency budget, which delivered a balanced outturn position.

There were some significant adverse variances to the budget. The key variances in service outturn were Neighbourhood Services with a £9.5 million overspend and Children, Families and Education Services of £3.5 million. The ongoing impact of Covid 19, combined with cost of living pressures has been significant in these service areas, with Council-wide inflationary pressures of £7.3 million. Further detail is provided on the following pages on this report.

We note that all variances are clearly set out within the budget outturn report and from review we can evidence where the Council has instigated further action or investigation.

Service Area Over / Underspends 2022/23:

Service Area	Variance Over / Underspend (-) £000	% of budget
Children, Families & Education	3,471	4
Adult Social Care	(345)	-0.3
Law & Governance	188	3
Chief Executive Office	73	4
Neighbourhood Services	9,467	20
Regeneration and Place	(94)	-0.2
Resources	(790)	-2
Total : Services	11,970	4

Financial Sustainability (continued)

Financial Resilience

Neighbourhood Services – £9.467 million overspend

Neighbourhood Services has experienced some significant challenges during 2023/23 including shortfalls in income collection alongside unpredicted inflationary pressures:

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Cross Cutting funding & Neighbourhoods Management Team	-5,959	-5,950	-9	0%	Adverse
Community Safety and Transport	3,363	4,028	-665	-20%	Adverse
Highways and Infrastructure	5,269	7,863	-2,594	-49%	Adverse
Leisure, Libraries and Customer Engagement	7,611	12,844	-5,233	-69%	Adverse
Parks and Environment	35,905	36,871	-966	-3%	Adverse
Directorate Surplus / (Deficit)	46,189	55,656	-9,467	-20%	Adverse

Leisure, Libraries and Customer Engagement:

An adverse variance of £5.233 million is reported for 2022/23. This is this is an adverse variance of 69% and includes (but is not limited to):

- £1.293 million within Sports and Recreation (Leisure) relating to income pressures.
- £2.054 million within Theatre, Hospitality and Catering services, mainly relating to income pressures.
- £0.635 million relating to energy pressures due to inflationary increases.

Overall footfall is approximately 75% of 2019/20 levels which has adversely impacted income generation. This level of reduced recovery rate is consistent with national averages. At the start of the year, it was expected that income would not fully recover to pre pandemic levels and as such a £0.5 million income contingency budget was set aside. This has been used to mitigate the overall position within Floral Pavilion.

The 2022/23 budget required Neighbourhood Services to achieve planned savings of £5.251 million. £3.484 million was delivered and a further £0.519 million through mitigation. However, £1.248 million was delayed or unachieved in year.

We reviewed the 2023/24 period 6 financial monitoring report presented to Policy and Resources Committee in November 2023. This shows that the service is forecasting an overspend outcome position at year end of £5.133 million. It reports that the projected adverse position is in part impacted by macroeconomic factors which mean some historic income and savings targets are now unviable. Alternative options for service delivery have been considered previously and will be reviewed to assist in mitigating the current position. Some significant areas of note include:

- Neighbourhoods Management: an adverse variance of £1.951 million is forecast for 2023/24.
- Leisure, Libraries and Customer Engagement: – an adverse variance of £0.977 million is forecast for 2023/24. £1.330 million relates to Theatre and Hospitality. This represents a projected improvement on 2022/23 position of circa £0.610 million. Within the budget, there remains £0.550 million of unachieved legacy saving from the proposal to outsource the Floral Pavilion in 2018, and an additional income target of £0.350 million from 2021/22. The Council reports that the new management team have reduced costs through improved operations and improved income generation through innovating the programme of shows, events and other activities taking place at the venue. The projected shortfall is due to anticipated reductions in income. Rising costs of supplies, goods, services, and utilities has also significantly impacted the spend attributed to the service. Whilst the financial position of the Floral Pavilion is improving, both income and costs could continue to be affected by the current national financial climate with rising interest rates and high inflation having the potential to impact consumer spending decisions. Due to the ongoing adverse financial position the Council recognises it will be necessary to carry out a review of the Service.

Cost of Living Crisis

The rising costs of fuel, food and other essentials are combining with existing disadvantage and vulnerability and putting many households at greater risk of both immediate hardship and reduced opportunity and wellbeing.

Councils and local partners continue to do what they can to protect people against higher costs, targeting help at those facing the most complex challenges.

Councils' range of front-line services play a vital role in protecting residents from rising costs; preventing the most vulnerable from falling into destitution and helping to build households long-term financial resilience.

The dramatic increase in inflation alongside increases to the National Living Wage, have added £2.4 billion in extra costs onto the budgets of Councils in 2022/23. In 2023/24 Councils are facing a funding gap of 3.4 billion, with a funding gap of £4.5 billion the following year.

To support its most vulnerable residents through the cost-of-living crisis, Councils face additional cost-pressures which will need to be addressed to avoid further cuts to vital frontline services.

Page 98

Financial Sustainability (continued)

Financial Resilience - continued

Children, Families and Education – £3.471 million overspend

Total overspends in Children and Families and Schools of £5.148 million were offset by underspends in Early Help and Prevention and Modernisation and Support, leaving a net adverse budget of 4%:

	Budget	Outturn	Variance		Adverse/ Favourable
			(+ Fav / - Adv)		
	£000	£000	£000	%	
Children and Families	50,141	54,178	-4,037	-8%	Adverse
Early Help and Prevention	11,196	10,065	1,131	10%	Favourable
Modernisation and Support	4,675	4,129	546	12%	Favourable
Schools - Core	13,222	14,333	-1,111	-8%	Adverse
Directorate Surplus / (Deficit)	79,234	82,705	-3,471	-4%	Adverse

Children and Families:

The 2022/23 Service Area outturn is an adverse variance of £4.037 million. Since the budgets were agreed at the start of the year, an increase in children in care rate with a post-covid impact on demand and inflationary price uplifts have placed significant pressures on the service. Increases in Residential Care and more recently independent fostering combined with the impact of the higher pay award adding further costs to the adverse position.

The underlying pressures of the service that relate to cost of living /inflation, have been included in the Medium Term Financial Plan (MTFP) and the 2023/24 budget.

The expenditure for this service includes £27.952 million on care costs. Overall, performance data indicates that the Children Looked After (CLA) rate having been stable in previous years and declined over the last year increased during the year. This has now reduced in the last few months. An increase in care numbers was anticipated to occur in 2023/24 due to post covid impact, it now appears that this along with cost of living is impacting the service earlier resulting in the increase in CLA rate and pressures in costs.

We reviewed the 2023/24 period 6 financial monitoring report presented to Policy and Resources Committee in October 2023. This shows that the service is forecasting an adverse variance of £0.351 million. The pressures from the Children Looked After (CLA) placements continue, with the number of CLA increasing to 798 in September 23. These pressures are partially mitigated for this year by the one-off use of £1 million of the social care reserve, and also by underspends in other areas.

Dedicated Schools Grant

The DSG is a ring fenced budget which is allocated in blocks for schools, early years and high needs. Nationally, concern over the impact of Special Educational Needs and Disabilities (SEND) reform on High Needs expenditure, and the financial difficulties this exposes local authorities to, is growing. The Council has confirmed that the ongoing pressures around the DSG High Needs Block (HNB) have been evaluated and processes are being put in place to manage these.

The 2022/23 HNB outturn was a £3.1 million overspend and the DSG reserve has a total debit balance to the value of £4.763m. The Council confirms it is actively developing a plan to recoup the deficit and have bid for further grant funding as part of the Delivering Better Value programme to support this.

Children and Young People - Social Care

Single tier councils and county councils spent £12.2 billion in 2021/22 and have increased their budget to £12.7 billion in 2023/24 as demand for children's social care services have increased.

83% of Councils overspent their Children's Social Care budget in 2021/22.

Councils have a statutory duty to safeguard and promote the welfare of children at risk. A range of services can be provided including support to families as well as keeping children safe from harm and providing services for those children who are 'looked after' by the council.

In recent years there has been an increase in demand with an increase in the number of child protection places and looked after children, as well as an increase in complexity of the needs of the children.

The increase in demand and complexity has resulted in an increase in the cost of individual residential placements which are often not local and outside the Council's geographical locality as well as private and agency foster carers.

Many councils have failed to model and anticipate the increase in demand and as a result lack sufficient local quality provision and are now actively trying to meet this challenge.

Financial sustainability (continued)

Short and medium-term financial planning

The Council has arrangements in place to ensure there is an organisational approach to financial planning and setting the annual budget. However, the Council needs to ensure there continues to be robust monitoring and review of service delivery to manage cost and reduce reliance on reserves to balance budgets.

Financial planning in local government continues to be challenging, with ongoing uncertainty from annual financial settlements and delays to funding reforms through the Comprehensive Spending Review to provide clarity around areas such as Adult Social Care and Health. Our review of the Council's financial planning process indicates that it is based on realistic assumptions and the challenge arrangements within the Council are robust. The MTFS, and related Medium-Term Financial Plan (MTFP) are updated annually as part of the budget setting process and involves updating the future funding landscape and estimating future expenditure forecasts, with a mid-year review and update. Members considered and approved the MTFS 2023/24 to 2027/28 in February 2023, and received a mid-year update in November 2023.

The MTFS development is developed in a way which is intended to be accountable, transparent and links to service delivery plans. Its delivery is dependent upon services operating within specific quantitative financial targets, with no capacity for overspends, which requires robust in-year management, with the ability to respond to pressures as they arise, through contingency arrangements and proactive decision making.

The Council has embarked on an ambitious regeneration programme for the Borough which is forecast to deliver significant rental income. The Council has taken a cautious approach to this in the MTFP with forecasts being monitored with a view to adjusting the MTFP as delivery occurs. This proposal sits alongside transformation and savings plans, with high levels of savings for Revenues and Benefits, Leisure Services and Library Services.

In line with legislation the Council has set a balanced budget of £368.6 million for 2023/24. The budget identifies £67.01 million of investment and pressures and requires delivery of £28.4 million savings.

The 2023/24 budget has been developed to support the objectives within the Wirral Plan with consideration of the recommendations made in the Department for Levelling Up, Housing and Communities (DLUHC) external assurance reports and in consultation with the Independent Assurance Panel convened to support the Council's financial recovery plan.

We consider the funding assumptions to be in line with expectations and realistic based on the information available at the time the budget was produced. Inflationary pressures of £40.39 million have been assumed and pressures related to increasing costs of demand led services ie Adult Care and Health and Children, Families and Education have also been included.

The Council Tax and Adult Social Care precept have an overall increase of 4.99%, the maximum allowed, which supports the 2023/24 process and the ongoing funding position of the Council. The Council are benefitting from being part of the Business Rates Retention Pool which enables them to retain 100% of local business rates, equating to around £7m per annum.

Local Government Finance Settlement

The Government announced the Provisional Local Government Finance Settlement for 2023/24 in December 2022, with the Final Settlement confirmed in February 2023. The Settlement distributes a range of grants and business rate income allocations to local authorities, and these should be included in the annual budget.

The Final Settlement for 2023/24 distributed £17.1 billion of funding to Local Authorities, a 4.8% increase in cash terms from 2022/23.

The Settlement also provides the Core Spending Power for Local Authorities, which is the level of resources assumed available to fund the net budget. Core Spending Power includes the levels of government grant for the coming year, for example revenue support grant, new homes bonus and social care grants. It also includes assumed levels of business rate income.

Core Spending Power includes the assumption that local authorities will increase council tax up to the referendum limit, which for 2023/24 is 3% plus an additional 2% for upper tier authorities who provide adult social care services. District Councils can increase council tax by £5 or 3%, whichever is higher.

The Government will undertake Spending Reviews that set out government departmental budgets over a period of 3 years, including local government. These reviews are different to, but inform, the annual Local Government Finance Settlement.

Page 104

Financial Sustainability (continued)

Short and medium-term financial planning - continued

Based on its assumptions around future growth and demand, the Medium Term Financial Plan 2023/24 to 2027/28 illustrates that a budget deficit will need to be bridged in future years. The budget shortfall in 2024/25 is forecast to be £12.3 million with a cumulative total gap of £35.06 million in 2027/28. The Council reports that work on bridging this shortfall will commence shortly to inform the budget setting process for 2024/25. The Council's Change Programme, Service Reviews and the forthcoming round of budget setting for 2024/25 will focus on delivering a balanced position with multi-year considerations in light of the position presented by the most recent iteration of the MTFP.

In November 2023 the Council reported to Policy and Resources Committee that at the end of Quarter 2, against the Council's revised net revenue budget of £368.6 million, there is a Directorate forecast adverse variance of £7.219 million. It is reported that this can be largely offset by utilising its £5 million contingency budget and savings from reduced energy costs.

The Council recognises the risk of an Outturn that is in deficit for 2023/24 and unbalanced budget for 2024/25 exists but reports that proactive steps are in motion to mitigate this risk:

- Service Enabling Reviews – continued review of services and or cessation, and further mitigation actions introduced.

- Monitoring - of directorates **and** planned actions to bring any overspends back in line with budgets.

Identifying savings

The Council has arrangements in place for identifying savings with appropriate monitoring and reporting. However, the Council needs to ensure there continues to be robust management of saving programmes to reduce reliance on reserves to balance budgets.

As a result of the conditions attached to the capitalisation direction in 2020/21 and 2021/22 and subsequent Governance Report commissioned by DLUHC which included the failure to deliver on past savings plans; the Council introduced a new process for the monitoring the savings delivery programme. This requires each of the Committees to monitor the delivery of the savings programme they hold responsibility for and ensure that the overall budget envelope that they are responsible for is delivered.

The 2022/23 budget required savings, income and efficiencies to be delivered totalling £18.29 million. A full list of the savings and efficiencies by Directorate for 2022/23 was included as an appendix within the MTFP. From review we noted that in most cases the proposals were broken down into individual projects to provide an overview of how savings would be achieved. However, this was not the case within the Adult Care and Health Directorate which attributed the total requirement of £3.89 million to come from review of care packages.

From review of the 2022/23 outturn report, £15.9 million of the savings were delivered in year, representing 87% of the total savings target. A further 4% of savings were delivered through alternative means (mitigation) with 9% of savings totalling £1.548 million delayed and unachieved within the year. £1.248million related to Neighbourhoods Services and £0.3 million Children, Families & Education.

The savings requirement in 2023/24 is £28.4 million. Similarly, to 2022/23 savings proposals are itemised within the MTFP; however, the Adult Care and Health Directorate has attributed £4.935 million to come from a review of services to support Independent Living.

From review of the 2023/24 period 6 financial monitoring report presented to Policy and Resources Committee in October 2023, we note that £26.859 million of the £28.345 million savings targets are either delivered or on track to be delivered, representing 95% of the total savings target. Following our previous review, we recommended that the Council provides a risk assessment of risk assessment of the savings that are identified within the MTFP. The financial monitoring report notes 5% - £1.486 million with a high risk of not being achieved within this financial year, as shown in the table below:

Directorate	Approved Saving £m	Green £m	Amber £m	Red £m	Mitigation £m
Adult Care & Health	-5.935	-5.935	0.000	0.000	0.000
Children, Families & Education	-4.180	-4.180	0.000	0.000	0.000
Finance	-5.200	-5.200	0.000	0.000	0.000
Law & Governance	-0.070	-0.052	-0.018	0.000	-0.018
Neighbourhood Services	-1.600	-1.132	-0.035	-0.433	-0.035
Regeneration & Place	-2.660	-2.460	0.000	-0.200	0.000
Resources	-0.160	-0.160	0.000	0.000	0.000
Corporate	-8.540	-7.740	0.000	-0.800	0.000
TOTAL	-28.345	-26.859	-0.053	-1.433	-0.053

Page 105 →

Financial sustainability (continued)

Reserves

Council reserves are at a minimum and will require replenishing. We consider this to be a sign of financial stress which impacts the financial sustainability of the Council.

General fund reserves are designed to meet costs arising from any unplanned or emergency event such as unforeseen financial liabilities or natural disasters. It also acts as a financial buffer to help mitigate against the financial risks the Council faces and can be used to a limited degree to 'smooth' expenditure on a one-off basis across years.

The uncommitted General Fund balance as at 31 March 2023 stands at £13.2 million, this is an increase of £2.5 million when compared with the opening balance. This is equivalent to approximately 3% of net revenue budget which is below the Council's optimum level; although there is no planned use of General Fund Reserves to the MTFP.

Earmarked reserves are set aside for specific purposes. The Council's Earmarked Reserves have decreased during 2022/23 reflecting their budgeted use and the requirement for utilisation to fund the in year and year-end overspend of The Council had £97.2 million in Earmarked Reserves at 01 April 2022 and almost half were used in 2022/23 for the activities for which they were established. The Council contributed £18.5 million to reserves in year, which provided a 2022/23 year-end balance of £72.3 million.

Wirral Council has the second lowest level of General Fund and non-schools earmarked general fund reserves (as a % of net service revenue expenditure) when benchmarked against 23 other Metropolitan Boroughs nationally:

Uncertainty around funding, demand and growth pressures put the Council's future financial sustainability at risk, which may further impact the level of reserve balances the Council holds. The Council needs to ensure that its spending and funding plans are managed robustly. This includes strong management of saving programmes and a reduction in any reliance or use of reserves to balance budgets.

It is also the opinion of the Director of Finance (S151) that the level of reserves is at a minimum and will require replenishing.

On 1 April 23, earmarked reserves totalled £72.3million. Quarter 2 reporting to Policy and Resources Committee documents that more than a quarter of this will be spent in 2023/24, on the activities for which they were established.

The Council forecast to have £55.2 million of earmarked reserves at the end of the 2023/24 financial year and of this £37 million can be considered ringfenced, with specific conditions limiting their use and £18 million can be considered non-ringfenced. Ringfenced reserves include School's balances, Insurance fund, Public Health Grant, Covid Additional Relief Fund (CARF), Resettlement Programme Grant, and Selective Licensing.

The significant use of earmarked reserves and forecast future reserves balance is of major concern.

Use of reserves to balance budget gaps and in year overspend is not sustainable in the longer term.

General fund and non-schools earmarked general fund reserves as a percentage of net service revenue expenditure (%)

Page 102
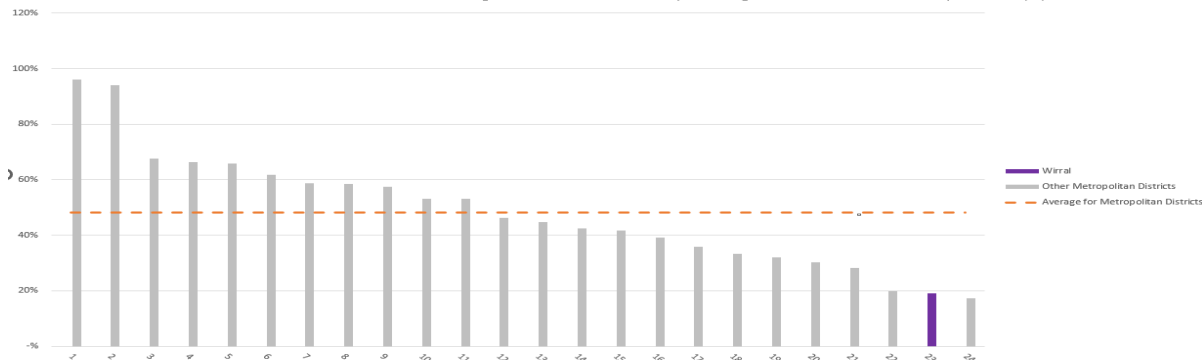
Financial sustainability (continued)

Capital Programme

There was Capital Programme slippage of £25.4 million in 2022/23 which has rolled forward to 2023/24 with an ambitious programme of £132.2 million. There is a risk of non-delivery, increased costs and further slippage into future years.

The Capital Strategy is a key document that sets out the Council's medium to long term ambition. As the Medium-Term Financial Strategy sets out the plans for revenue, the Capital Strategy describes the strategic plan for economic growth, digitalisation and the use of assets and how these will support the Council to achieve its objectives. The Capital Strategy is linked to a suite of enabling strategies, including:

- Strategic Asset Management Plan
- Economic Strategy
- Treasury Management Strategy
- Commercial Strategy,
- Medium-Term Financial Strategy, and
- Digital, Data and Technology' strategy

The capital management process is supported by the Investment and Change Board which aligns investments to corporate priorities, whilst considering related risk.

The Council's 2022-27 Capital Programme is a 5-year forecast, representing a combination of schemes originally approved as part of the 2021-26 Programme, updated through the Capital Monitoring reports in 2021/22 and new bids for inclusion. The programme of £185.5 million was approved as part of the budget process in February 2022, This set a Capital Programme of £113.8 million to be delivered in 2022/23.

It is assumed that new bids requiring Council funding will be financed from borrowing. The requirement for approval of the new bids was £8.963 million borrowing for inclusion in the Capital Programme.

In June 2023 the capital outturn for 2022/23 was reported to the Policy and Resources Committee, this report details the resources used to fund the Programme and recommends that the Committee agree the revised 2023/24 Capital Programme which takes account of re-profiling, virements, additional funding requirements and grant variations identified since the Capital Programme was formally agreed on 28th February 2022.

The capital expenditure for the year was £60.9 million compared to the Revised Programme of £86.3 million. This assumes slippage of £25.4 million. The most significant variance was in Regeneration and Place Services which saw 44% of expenditure deferred into future years:

Programme	Q3 Forecast £m	Actual £m	Variance £m	Variance %
Adult Care & Health	1.248	0.649	-0.599	-48%
Children, Families & Education	7.402	7.021	-0.381	-5%
Corporate Schemes	3.780	2.930	-0.850	-22%
Neighbourhoods	27.685	23.842	-3.843	-14%
Regeneration & Place	40.643	22.762	-17.881	-44%
Resources	5.544	3.733	-1.811	-33%
Total	86.302	60.937	-25.365	-29%

A Capital Programme 2023-287 of £186.8 million was approved as part of the budget process in February 2023, this set an ambitious Capital Programme of £132.2 million to be delivered in 2023/24; against a backdrop of £60.9 million delivery in 2022/23. The programme includes new bids of £17.7 million.

Following additional grant funding, the Capital Programme increased in 2023/24 to £178 million. Q2 monitoring presented to Policy and Resources Committee provided an update on the progress of delivery and recommended that Committee agree the revised 2023/24 Capital Programme of £100 million which took account of re-profiling, virements, additional funding requirements and grant variations identified since the Capital Programme was formally agreed on 27th February 2023, this is an overall variance 44%.

Programme	Budget 1 April 23 £m	Forecast Q2 £m	Variance £m	Variance %
Adult Care & Health	3.884	1.729	-2.155	-55%
Children, Families & Education	16.929	9.310	-7.619	-45%
Neighbourhoods	29.143	24.422	-4.721	-16%
Regeneration & Place	116.681	59.142	-57.539	-49%
Resources	11.421	5.703	-5.718	-50%
Total	178.058	100.306	-77.752	-44%

Improvement recommendation 1.

Financial sustainability (continued)

Treasury Management

The Council's Regeneration and Neighbourhood services plans require significant capital investment, supporting a longer-term ambition for economic growth and housing, delivering revenue income and releasing capital receipts. Supporting this process is the Council's partnership with the Wirral Growth Company which will see significant investment across the borough.

The capital programme has been subject to in-year change as opportunities emerge, including the purchase of the Pyramid and the Grange shopping Centres. Whilst the purchase was identified as key to the delivery of the transformation programme and appears to have been managed in a robust and well consulted process, it does raise questions about the robustness of the original plan had the purchase not been possible, and the challenge of amending the capital programme to enable this purchase. The addition to the Capital Programme has not currently required additional borrowing as the purchase has been financed through a combination of external grant funding and the use of cash reserves.

The Council's Treasury Management Strategy supports the management of cash flows, borrowing and investments and is produced annually in line with statutory requirements. The Treasury Management Strategy recognises the ongoing economic impact of national higher inflation, higher interest rates, uncertain government policy and a deteriorating economic outlook. The strategy aims to strike a low-risk balance between securing low interest costs and achieving cost certainty over the period for which funds are required, and includes a policy of internal borrowing, using cashflows to delay entering long-term loan arrangements. This is forecast at an additional borrowing requirement of £142 million as part of the 2023/24 budget process, to temporarily fund capital expenditure.

The capital expenditure for 2022/23 was funded from borrowing of £17.437 million, Capital Grants of £39.978 million, Capital Receipts of £2.93 million and other revenue/reserve contributions of £0.592 million. As a result of the £17.437 million borrowed to finance the Capital Programme in 2022/23, the General Fund will be charged with its first repayment via the Minimum Revenue Provision (MRP) in 2023/24 of £0.609 million. This will bring the total MRP charge for 2023/24 to £6.423 million for borrowing associated with delivering the Capital Programme.

The Authority confirms that it has complied with its Prudential Indicators for 2022/23, which were originally approved on 28 February 2022 as part of the Capital Strategy 2022/23 and revised on 27 February 2023 as part of the Capital Strategy 2023/24.

The re-profiling of schemes from 2022/23 to 2023/24 has seen the funding similarly re-profiled. This includes the planned borrowing which has been deferred and has contributed towards the cost reductions in Treasury Management activities within the revenue budget. A permanent saving only occurs if schemes cease, otherwise the full budget will be required in 2023/24 when the re-profiled expenditure is incurred.

The Treasury Management Annual Report was presented to Policy and Resources Committee in June 2023. The report summarises that there was an underspend in the 2022/23 financial year on net Treasury activities of £0.126 million, attributable to lower debt management costs and an increase in investment returns. This underspend was incorporated into the Revenue Outturn report.

The level of Capital Financing debt held on the balance sheet, including the Merseyside Residuary Body debt managed by the Council on behalf of the constituent authorities, was £164 million at 31 March 2023. This is an increase of £4 million since 31 March 2022 and reflects the additional Public Works Loan Board loan to finance the second year of the Capitalisation Directive.

At 31 March 2023, the Council also held £121 million of temporary loans from other Local Authorities, compared to £58 million at 31 March 2022. This is due to the policy of minimising and delaying fixed term borrowing costs which adversely impact upon the revenue budget.

Temporary loans from other Local Authorities were taken out towards the end of 2022/23 for cashflow purposes. Temporary loans from other Local Authorities are less costly compared to fixing into longer term loan arrangements with for example the PWLB, hence their use for short-term cashflow. Short-term borrowing, per the balance sheet at 31 March 2023 was £136.7 million, of which £121 million was peer to peer borrowing. Inter-authority loans are not uncommon; however borrowing to finance short-term cashflow when coupled with the diminishing level of reserves held and total level of debt this is a sign of financial stress which impacts the financial sustainability of the Council.

At 31 March 2023, the total level of Council debt was £316 million (of £164 million is external borrowing).

From a starting position of £67 million of investments as at 31 March 2022, the level of investment decreased to £53 million at 30 June 2022 and then further reduced to a balance of £36 million as at 30 September 2022. During the final quarter of the financial year the investment levels fell from £37 million at 31 December 2022 to £32 million at 31 March 2023, the reduction is due to invested cash being used to repay temporary loans as they become due, rather than entering into replacement loan agreements and the continued utilisation of the funding as service need dictates, including grant monies received at the end of 2021/22 that inflated the investment balances coming into 2022/23.

Our previous improvement recommendation which stated that the Council must carefully review future borrowing plans is still in place.

Financial Governance

Annual budget setting and Budgetary control

The Council has improved the arrangements in place to preparing the annual budget.

The Council has arrangements in place to setting the annual budget, which is based on corporate priorities, against a backdrop of national and international economic volatility. The budget is also developed to support the delivery of the Wirral Plan vision, aims and objectives.

The Council are continuing to develop the budget setting and monitoring process through a target operating model. This will be achieved through financial goals for service reviews and a review of the resourcing levels in the Finance Team to support the delivery of the Business Partnering Model.

Elected members are a critical element of the financial success of the Council, supporting operational services through a clear framework of Committees and Sub-Committees to support financial governance. The Policy and Resources Committee provides strategic direction to the operation of the Council, making decisions on policies and co-ordinating spend, and maintaining a strategic overview of outcomes, performance, risk management and budgets. This process is supported by the Finance Sub Committee which is responsible for the development and monitoring of the Council's budget and oversight of the Council's procurement framework, and Council which is responsible for the approval or adoption of key financial strategies. Members are also key to delivery of the Council's vision through public engagement.

As part of the strengthening of processes in place, Committee oversight has been improved. To enable the Committees to manage and monitor budgets effectively in-year, a suite of detailed information will be provided on a quarterly basis, comprising:

- A revenue budget monitoring report for the preceding quarter that will include a full-year forecast.
- Full list of budget savings proposals and the progress for their achievement.
- Full list of reserves allocated to the Committee for future one-off commitments.
- A capital budget monitoring report for the preceding quarter that will include a full-year forecast.
- Other specific financial information relevant to the individual committee's decision-making process

The Council have monitoring process in place with budget holders engaging with Directorate Management Teams, Budget Monitoring Panels and the Savings Delivery Board. Arrangements are being enhanced with the roll out of a business partner model, ensuring that all budget holders have the knowledge and support to ensure this delivers effective financial management.

The Council will need to ensure this continues to embed to ensure its success.

Improvement recommendation 2.

The in-year monitoring position shows a forecast £7.2 million adverse variance, driven by continued pressures in Neighbourhood Services and Regeneration and Place Services. The position is subject to ongoing monitoring but is currently planned to be mitigated utilising £5m contingency budget and forecast energy savings. The pressures have identified budget gaps relating to staffing budgets, which were developed assuming staff at mid-point grades, and overly ambitious income targets. These have been further evaluated and are planned to be corrected in the 2024/25 budget setting process.

Monitoring and reporting is a key part of the financial governance framework, with performance dashboards and monthly financial reporting delivered via Power BI.

A rigorous process to monitor progress of savings delivery forms part of the standard budget monitoring process

From our discussion with key staff, we noted that operational managers' report feeling well supported by the finance team in monitoring their budgets and developing strategies to deliver savings and transformation.

Improvement recommendations

Improvement Recommendation 1	The Council must ensure there is a robust financial governance framework around the delivery of its Capital Programme.
	The impact and risk of slippage should be fully assessed and documented as part of the Capital Programme planning process.
Improvement opportunity identified	The Council's transformation and related savings programme is highly dependent upon successful delivery of the capital programme. Delays and reprofiling will impact the delivery of these programmes alongside leaving the Council open to affordability risk as reduced reserves levels will require borrowing to fund the programme, alongside potential cost and capacity issues.
Summary findings	The final 2022/23 capital outturn position showed spend of £60.9m, with £38.2m reprofiled from 2022/23 to 2023/24, and further reprofiling is being reported in 2023/24 with deferrals of budget and inclusion of new funding and schemes into the programme. Issues with programme management and shifting priorities, including the purchase of the Pyramids and Grange shopping centres has contributed to this position.
Criteria impacted by the finding	(£) Financial Sustainability 🏛 Governance ⚙ Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify an area for improvement in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.
Management comments	The Capital Programme goes through quarterly reviews with the respective Directorates and challenges are made to Directors as to the viability and deliverability of the programme. A number of factors that are outside the Authority's control can often contribute to slippage and slippage is managed with careful consideration to cost and deliverability with the respective Directors and Officers. The Council takes a prudent approach to borrowing for capital to avoid unnecessary costs and only borrows as required. Work is on-going during 2024/25 to refine the capital programme approach to ensure greater focus is given to the profiling of projects which should provide improved reporting and performance against budget.

Improvement recommendations

Page 107

Improvement Recommendation 2	The Council should continue to roll out and embed the business partner model, ensuring that all budget holders have the knowledge and support to ensure this delivers effective financial management. Robust oversight will include timely and transparent reporting to senior management and elected members.
Improvement opportunity identified	The Council's in year budget and medium-term financial plan is dependent upon budget holders managing within their financial allocations. Outturn positions have delivered overspends in key areas and the outturn has been supported by significant use of earmarked reserves; this option will be less available as reserves have significantly reduced. Effective financial management is dependent upon the expertise and engagement of operational managers, project managers and financial support staff.
Summary findings	Robust financial management for both revenue and capital budgets is critical to delivery of the Council's ongoing financial position, requiring strong collaboration between budget holders, project managers and financial support staff. The Q2 forecast overspend for 2023/24 of £7.2m alongside the slippage in the capital programme will significantly hamper the delivery of the Council's plans if not managed.
Criteria impacted by the finding	Financial Sustainability Governance Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify an area for improvement in arrangements which we do not consider to be significant but have raised a recommendation to support management in making appropriate improvements.
Management comments	Finance is going through a restructure to strengthen the support to budget holders and this will start to demonstrate improvement throughout 2024/25. The appointment of three Heads of Finance will further support the partnering model and allow greater financial support and financial ownership of directorates and budget holders. This is further complimented with our Enterprise Performance Management (EPM) module which was launched on Oracle Fusion from December 2023. This module supports budget forecasting and the management of spend in real time. With this accurate, up to the minute data, budget holders can enhance their services and provide further value for money for our residents. An online finance training module has also been introduced which is compulsory for all Council staff to complete.

Governance

We considered how the Council:

- monitors and assesses risk and gains assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud
- approaches and carries out its annual budget setting process
- ensures effective processes and systems are in place to ensure budgetary control; communicate relevant, accurate and timely management information (including non-financial information); supports its statutory financial reporting; and ensures corrective action is taken where needed, including in relation to significant partnerships
- ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency
- monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of staff and member behaviour (such as gifts and hospitality or declaration of interests) and where it procures and commissions services.

Risk management and internal controls

The Council has appropriate arrangements in place to identify and manage risks. Our work has not identified any significant weaknesses; but improvement recommendations have been made to further enhance and strengthen the processes in place.

High level responsibilities for managing risk are documented within the Council's Constitution; which delegates overall responsibility to the Policy & Resources Committee. Responsibility for providing independent assurance of the adequacy of the risk management framework and the associated control environment is delegated to the Audit and Risk Management Committee (ARMC).

From review of Audit and Risk Management Committee papers, we noted that a comprehensive Members' training programme has been approved which covers a period up to and Including December 2024 with Risk Management and Governance taking place in December 2022.

In line with good practice, Audit Committees also assess their effectiveness annually. A report on the work undertaken by the ARMC was reported to ARMC on 15th January 2024, which reviewed the activity of the Committee during 2022/23. A self-assessment of ARMC for 2023 was also completed and reported to the same Committee. This evaluated the Committee's role and effectiveness and identified a number of key actions with an action plan to address. A survey will also be circulated to Members to inform future training and development requirements. Training in respect to financial reports is also planned for ARMC members during 2024/25.

Risk Management

Risk Management arrangements are underpinned by a Risk Management Policy. At the time of our review, the policy had not been updated since 2017; this means that changes made to the Council's governance structure and responsible officers were are not accurately reflected. For example, it states responsibility for the effective management of risk rests with Cabinet and the Leader of the Council as part of their wider responsibilities for effective corporate governance. The Council adopted a Committee model of Governance in September 2020.

The Risk Management Policy states it should be subject to review on an annual basis. Council Officers confirmed that a refreshed Strategy was in the process of being developed but had been paused pending the implementation of all changes and the refresh of the Wirral Plan. Following completion of our review; we were informed that the new Risk Management Strategy has been produced and will be presented for approval by ARMC on 26 March 2024. The Council will therefore need to ensure the updated Risk Management Strategy is approved and implemented as planned.

From review of the existing policy, we confirmed it includes a number of key elements to provide an embedded Council wide Risk Management Framework. For example, it includes detailed guidance around the operational processes for identifying, evaluating, recording and reporting risk. We were informed that the updated strategy now also includes articulation of the Council's Risk Appetite ie. the amount of risk the Council is willing to seek or accept in the pursuit of its long term objectives; and an overview of the impact criteria which supports the Council's 5x5 scoring methodology and which is also included as part of Corporate Risk Register from January 2023 onwards. The Strategy will be reviewed as part of our 2023/24 audit.

Governance (continued)

Risk Management – continued

The Strategic Leadership Team (SLT) undertook a detailed reassessment of the Corporate Risk Register (CRR) in March 2022. Our review of June 2022 Audit and Risk Committee papers evidenced that the Corporate Risk Register was being developed and populated but included key risks we would expect to see, which align with the national landscape for example (but not limited to) risks relating to financial sustainability, demand, workforce pressures and SEND etc.

The risk register format is clear showing current risk scores, target scores, direction of travel, lead director, management actions, current mitigations and links to corporate priorities. This is supported by narrative in respect of any changes or progress against actions etc.

The CRR includes 20 risks which, in our 2021/22 review we reported was at the upper level of what would be appropriate to allow for all risks to be provided with appropriate focus and oversight. In May 2023 SLT completed a further review of risks and these have now been reduced to eight to ensure there maintains key focus on its most significant risks to the Council achieving its objectives.

The risks previously held with the CRR have been devolved to the respective directorates for consideration in their Directorate Risk Registers and active management at the directorate level. Directorates review risk registers on at least a quarterly basis and at regular scheduled management team meetings and this is reported via Power-BI, which is accessible to all SLT/DMTs and the Operational Performance Group. All Directors are also asked as part of SLT review if there are any escalating or new risks for inclusion on the Corporate Risk Register, a decision is taken by SLT to include or not. Each Policy & Service Committee has held a dedicated risk discussion session with the respective Director to review and comment on the Directorate Risk Register, these took place Dec 2022-Feb 2023.

An assessment of the Audit and Risk Management Committee is undertaken regularly by the Chair and the Chief Internal Auditor against the CIPFA Best Practice Guidance for Audit Committees in the Public Sector publication. The outcomes of this exercise are reported to the Committee along with the actual assessment document and action plan identifying specific actions arising. This is reported on to Council with the Annual Report of the Committee summarising activity and demonstrating value added to the organisation.

The 2022/23 Annual Report was reported to Committee in January 2024 along with the **Annual Self-Assessment for 2023.**

The Council is currently involved in significant commercial and regeneration activities; including the recent acquisition of the Pyramid shopping centre. There were several risks on the Corporate Risk Register throughout 2022/23 which picked up elements of these risks in their impact descriptions, for example Exposure to Long-term Liabilities, Vision for Economic Development, Inflation and Cost of Living, Workforce Capacity to Deliver. The detail behind these risks, their mitigation or additional actions sit within Directorate Risk Registers and/or Programme/Project Risk Registers.

However, the Corporate Risk Register does not currently include a specific risk around commercial investment or programme delivery. From discussion with the Risk, Continuity & Compliance Manager, it was confirmed that large scale projects and programmes are subject to their own risk assessment and have their own risk register. Only if it becomes a significant risk will it be escalated to the Corporate Risk Register.

Given the scale and complexity of its current schemes which may be impacted by external and environmental factors such as rising costs, supply, demand and workforce issues we have recommended that the Council considers including an overarching risk which identifies the potential impact to the Council.

Improvement recommendation 3.

Governance (continued)

Internal Control

The Council has adequate arrangements in place to provide Internal Audit and Local Counter Fraud Services Our work has not identified any significant weaknesses; but an improvement recommendation has been made to further enhance and strengthen the processes in place.

Internal Audit

Internal Audit is provided by an internal team managed by the Chief Internal Auditor reporting directly to the Director of Resources, the Council's statutory Section 151 Officer.

In March 2022 the Audit and Risk Management Committee approved the 2022/23 Internal Audit Plan. From review of the plan we noted that it clearly documents key areas of focus and includes core areas of coverage to ensure compliance with the Public Sector Internal Audit Standards (PSIAS) and enable the Chief Internal Auditor provide an annual Head of Internal Audit Opinion.

These include areas such as financial systems, governance reviews, risk-based assurance reviews, school audits and Grant certifications.

To be fully compliant with PSIAS, the Internal Audit Plan should include a review to "evaluate the effectiveness and contribute to the improvement of risk management processes". During our discussion, the Chief Internal Auditor informed us that the Council is planning on working on a reciprocal arrangement with another Council.

Following completion of our review we were informed that the agreement had been made with Cheshire East Council to complete this. The audit of Wirral's Risk Management arrangements is scheduled for quarter 4 of 2023-24. This work is also included in Cheshire East Council's audit workplan for the 2023-24 year following discussion and agreement reached.

Internal Audit update reports are provided to each meeting of the Audit and Risk Management Committee. Reports include updates on any changes to the Audit Plan where these are significant and identification of audit work scheduled for future quarters. Outstanding actions beyond their implementation dates are also identified.

We reviewed a sample of reports and noted that while there are "items to note" which include key messages and narrative in respect of individual reviews which have been carried out, it does not provide assurance opinions or the number of recommendations that have been made. It is also not clear if delivery is in line with the plan. We have identified that the update reports can be strengthened to provide the Committee with real time assurance, and an indication of what the year-end Head of Internal Audit Opinion may be.

We were informed that ongoing discussions between the new Chair of the Committee, colleagues and the Chief Internal Auditor to develop the use of the Power Bi reporting tool for Members to summarise the IA activity and highlight opinions and agreed actions/status including items for escalation. This new reporting will encompass some form of real time reporting as well as formal reporting to Committee meetings and is scheduled for implementation during 2023/24.

Improvement recommendation 4.

The 2022/23 Annual Head of Internal Audit Opinion concludes that "*the Council generally maintains adequate and effective control and governance processes overall*". From review we note that three reviews completed during the year resulted in Major Risk opinions being provided, these are:

- Hind Street Regeneration – Systems Review,
- Accounts Payable – Access Controls Follow Up and
- Liquid logic – Information Governance/Access Controls

Governance (continued)

Counter Fraud

The Counter Fraud Service is also provided by the Internal Audit Team. The Internal Audit Plan provides an overview of the work to be completed by the Service during the year; which includes both reactive and proactive fraud work.

The Team oversees and co-ordinates the Council's involvement in the National Fraud Initiative (NFI) and also subscribes to the National Anti-Fraud Network and North-West Fraud Forum, which promotes the sharing of information between Authorities and publishes regular bulletins on fraud cases and attempted scams, which are distributed to relevant staff.

From review of the Audit and Risk Committee papers we confirmed that three new e-learning modules covering Fraud, Bribery & Corruption and Money Laundering had been developed and were being rolled out as part of its Fraud Awareness Campaign in November 2022.

Reporting of Counter Fraud Service activity is provided through the Audit and Risk Committee. From review of the Counter Fraud Team activity summary 2022/23 we noted that the team has completed 343 reviews into fraud allegations received identifying circa £58,000 which the Council can recover.

It also records that approximately 82% of the workforce had completed the two mandatory learning modules launched in November 2022 covering Fraud and Bribery & Corruption. The Anti-Money Laundering module was launched in September 2023.

There are a suite of policies in place to manage and mitigate the risk of fraud, these are reviewed on an annual biennial basis, including, but not limited to:

- Anti-Fraud and Corruption Policy
- Anti Bribery Policy reviewed
- Anti Money Laundering Policy
- Whistleblowing Policy
- Counter Fraud and Corruption Strategy reviewed October 2023 VFM60
- Anti-Money Laundering Policy

The Council's Whistleblowing Policy was approved in February 2021 with a three-year review cycle. Annually, whistleblowing activity is summarised and reported to the Audit and Risk Committee for information. The 2022/23 reports that there were a minimal number of Whistleblowing complaints made during the year; but steps were taken to continue to raise awareness of the Whistleblowing Policy and its importance by making reference to it in the corporate anti-fraud and corruption awareness raising and training materials.

Whistleblowing

With whistleblowing regulation on the rise, it is more important than ever that, not only does an organisation have a Whistleblowing Policy in place, but also understands how the effectiveness of the policy is being assured and how the Council are sighted on issues raised. Those charged with governance should ensure that:

- Whistleblowing arrangements are effective, accessible and inclusive to all staff groups.
- Staff know how to raise concerns and do not experience detriment as a result.
- There are arrangements in place to allow triangulation of whistleblowing concerns with wider performance and delivery of a service.
- The Council are sufficiently sighted on all whistleblowing concerns and the actions taken to investigate and respond.

As the National Audit Office has reported, concerns raised by staff can be an important source of information on which to base improvements. However, to raise concerns or 'blow the whistle' can make people vulnerable. Alongside clear, comprehensive and accessible policies to support and reassure staff at what is likely to be a stressful time, these policies must be backed up by a culture of transparency and openness, so that employees feel enabled to raise concerns.

Governance (continued)

Governance

The Council is making good progress in implementing the recommendations arising from external governance reviews and notes a significant shift in culture and behaviour enabling improved governance and decision making.

Wirral Council has 66 councillors in 22 electoral wards. A specially convened meeting of Wirral Council took place on 21 March 2022. At this meeting, the Council resolved to move to a scheme for whole council (or 'all-out') elections. This took effect for the elections held in May 2023.

This means that as of May 2023 (and every four years afterwards), elections will be held for all seats on Wirral Council at the same time. Previously, the Council elected a third of its members in each of three years out of four.

The election resulted in a number of changes including moving from a "no overall control" position. The political composition of the Council, after the May 2023 is as follows:

- Labour – 30 seats
- Conservative – 17 seats
- The Green Party – 13 seats
- Liberal Democrats – 6 seats

In addition, there have been a number of changes within the Senior Leadership Team during 2022/23 including:

- Director of Finance (s151 Officer)
- Monitoring Officer
- Director of Law and Governance
- Director of Generation and Places
- Director of Public Health

Large scale changes in key personnel can bring a number of benefits to an organisation through the introduction of new skills and perspectives and providing opportunities for learning and insights from other Authorities and organisations.

Change can often prevent complacency and support innovation in practices and ways of working.

However, there are also risks associated with changes in a number of key strategic roles in a short period of time. There may be a loss of local knowledge and expertise, changes in strategic direction, loss of focus and changing priorities which could lead to disruption to services, lack of staff engagement, buy-in and motivation. There may be a need to continually build team-working and trust; ensuring everyone is bought into the organisational vision.

It is acknowledged that there have been challenges around governance, specifically decision making, member behaviour and member and officer engagement. Fraught relationships, a no overall control political composition and a lack of a joined up approach at a leadership level in some cases, has contributed to the lack of effective decision making and the Council achieving its objectives in some areas.

There have been a number of external governance reviews highlighting the significant challenges the Council faces. A Peer Challenge review in March 2022, facilitated by the Local Government Association (LGA), included governance and culture as one of the key points of focus. The review concluded in a number of recommendations being made, including (but not limited to) strengthening the stability of decision making, implementing proposed governance reforms and providing a dedicated space and time for the Council's Senior Management Team, Committee Chairs, and Group Leads to come together.

In response to an External Assurance Review commissioned by the Department for Levelling Up, Housing and Communities (DLUHC); the Council developed an Improvement Plan which also responds to the report and recommendations arising from the LGA Peer Challenge.

The Corporate Peer Challenge and the Council's Improvement Plan were specific requirements in line with the recommendations of the external assurance review.

Oversight and progress with the recommendations made is provided through the Independent Assurance Panel.

A peer review follow up visit was also undertaken in November 2022 which reported upon the positive responses that the Council has made to recommendations, particularly through the work of Democratic and Member Services. This includes the practical reforms that the Council has made to their committee system and supporting the development of a new Member Development Strategy for 2023-2027.

From our conversations with a number of the Senior Leadership Team officers; it is evident that the changes made to both the political and leadership of the Council have been perceived as very positive. There has been a continuous journey of improvement leading to a Council wide approach to joined up working, with shared objectives and goals and good member engagement and collaboration.

While it is recognised that improvements continue to develop and embed, the view of officers now is that there has been a significant shift in culture and behaviour and governance continues to strengthen.

Governance (continued)

Informed Decision Making

Arrangements are in place to ensure that all relevant information is provided to decision makers before major decisions are made and for the challenge of key strategic decisions before they are taken.

The Council established a committee form of governance following the Council's Annual Meeting in September 2020.

The Council has a Constitution in place which was updated in May 2023 and sets out how the Council operates and how decisions are made.

Decisions are made by full Council, Policy and Services Committees or by Regulatory Committees. The Council has resolved to not establish any Overview and Scrutiny Committees as of May 2022. There are six Committees responsible for the Council's policy making and the management of its resources, known as executive functions, and these are referred to as the Policy & Services Committees.

All Committee meetings are scheduled well in advance and have in place forward plans to ensure all items of business are included at the right time for meeting any statutory deadlines. Draft papers are received in advance to enable these to be checked and moderated prior to publication.

As part of its review of effectives, the Council has reported in its Annual Governance Statement that "the Committee system, re-introduced in 2020, has brought a high level of transparency across all activity and decision making, including all key decisions, and has facilitated a greater engagement with a broader group of elected members. The governance structure for committees has enabled a collaborative approach through, for example, briefings and the opportunity for responding to questions from the public. The Council transmits and records approximately 90% of Committee meetings."

These arrangements have been reviewed and strengthened with the introduction of a Corporate coordination group. This is attended by the Deputy Monitoring Officer and Head Democratic Services with specialist representation from Law, Equalities and Finance. Report authors present to this forum prior to Senior Director oversight and Statutory Officer approval.

In addition a member oversight and review group has been established to enable Leader briefing prior to full publication. Directors have also provided workshops and briefing sessions for Members to assist Members to better understand a service context before receiving a report that requires a decision, for example in respect of strategic acquisitions.

It is noted that some decisions are taken in private for example where commercial confidentiality exits.

Standards and Behaviour

The Council has arrangements in place to monitor standards, such as meeting legislative /regulatory requirements and standards in terms of officer or member behaviour.

From discussion with the Monitoring Officer, we confirmed that processes are in place to ensure Committee decisions are appropriate and comply with relevant legal, statutory, regulatory and budgetary requirements.

Codes of conduct are in place for Members and Officers which are contained within the Constitution.

Members are required to declare all interests which are published publicly and the opportunity to declare interests in respect of specific agenda business is provided at the start of each meeting.

Receipts of gifts and hospitality are also recorded. These can be declared electronically by both members and officers. Members declarations are also published and all staff declarations require line manager approval.

There are processes in place to investigate any potential breaches of the constitution or complaints made against members. The Council has in place a Standards and Constitution Committee which provides oversight and receives an annual report of complaints leading to a formal investigation or Ombudsman Referral. From review of the report presented in February 2023 we noted that between 1 November 2021 and 31 December 2022 a total of 13 complaints in respect of the conduct of six Members have been received. The complaints were received from 10 different complainants. There were 2 complaints raised by Members against other Members. None of the complaints received were referred for a formal investigation.

Page 113
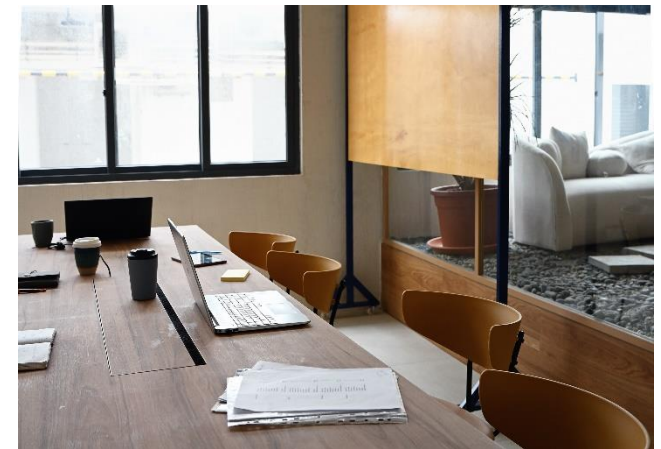
Governance (continued)

Carbon reduction

The UK government has a target of 100% reduction in 1990 greenhouse gas emissions by 2050. Many of the carbon budgets set by the government are relevant to Local Authorities. By June 2022, more than 250 English Local Authorities in England had declared Climate Change Emergencies and set carbon reduction targets of their own.

To deliver value for money whilst also implementing carbon reduction, Local Authorities need strong processes. Carbon reduction costs need to be reflected within medium-term financial plans; funding needs to be consistent with other strategic priorities; costs need to be accurately recorded and monitored; and the relative costs of acting versus not acting need to be evaluated on an ongoing basis.

Climate change is often already reflected on Local Authority risk registers and where Local Authorities set themselves strategic goals around carbon reduction, effective processes for monitoring progress against those goals is needed. Training should be kept up to date both for executives and for members overseeing climate change and carbon reduction risk and performance. As legal requirements are evolving and new sources of funding and grants continue to come forward, horizon scanning for new duties and opportunities will also need to be vigilant.

Net Zero

Net Zero refers to the point at which carbon emissions being emitted into the atmosphere are balanced with their removal, meaning there is no overall addition to atmospheric levels.

The Council declared a climate emergency and has developed its plans to achieve Net Zero in both its own operations and across the Wirral. The Council's commitment is evident within the Wirral plan which highlights "Sustainable Environment – leading the way in responding to the climate emergency" as one of its five thematic priorities.

Wirral Council declared an Environment and Climate Emergency at a meeting of full Council in July 2019, and through this committed "to action to address the ecological and climate crisis that we face". The Council is committing to achieve 'net zero' carbon emissions associated with Council activities by 2030 and to promote wider action to help reach 'net zero' emissions for Wirral no later than 2041. We noted that the Council's aim of achieving net zero by 2030 is its locally determined contribution to achieving the Cool 2 Wirral target of achieving net zero before 2041 which is consistent with the Liverpool City Region's net zero ambitions (2040).

The local response to the climate crisis has been developed collectively through the Cool Wirral Partnership. The partnership meets three times a year and has developed the Cool2 strategy.

The Environment, Climate Emergency and Transport Committee approved the Council's Environment and Climate Emergency Policy, which committed the Council to the establishment of the Environment & Climate Emergency Action Plan (ECEAP). We noted progress and monitoring of the Plan through the Committee.

Granular performance data is also provided via dashboard reporting through the Environment, Climate and Transport Committee. The table below demonstrates the Council's performance in terms of actual emissions against budget with a comparison over time from 2019/20 (the base line year for reporting). While the actual data has continuously achieved a positive outturn, the trajectory of travel shows that the gap is closing which may lead to the Council not achieving its planned budget outcome in 2023/24 or future years.

Reporting against the ECEAP in June 2023 highlights its priority actions for 2023/24 recording that the ECEAP is under review by the Climate Emergency team, with regards to "the large-scale actions that are vital for the Council to deliver its ambition and that urgent action needs to be taken to ensure the correct policies, investment, and delivery mechanisms are in place to secure carbon reductions across all service areas." The report highlights the Key priority actions which have been identified for action in 2023/24 to ensure the Council continues the trajectory to keep pace with the carbon budget to meet the net zero target by 2030 and support the Cool2 strategy objectives.

Carbon Budget vs Actual Annual Emissions
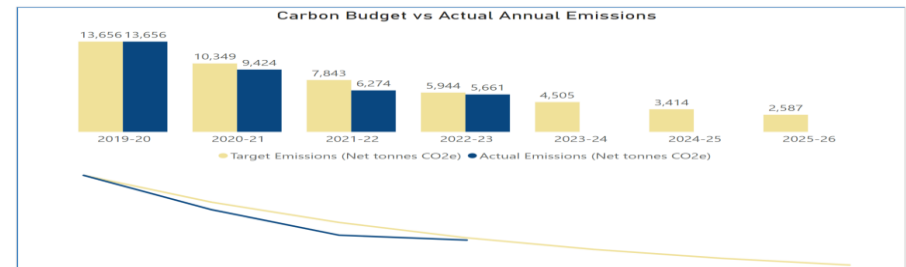
Improvement recommendations

Recommendation 3	To further enhance and strengthen the risk management arrangements in place, the Council should consider an overarching risk surrounding significant and / or complex commercial decisions and Programme delivery.
Improvement opportunity identified	To ensure it maintains a robust framework which manages its most significant risks.
Summary findings	The Council has an established and embedded Risk Management Framework. Our findings and recommendation have been made to further enhance and strengthen these processes.
Criteria impacted by the finding	(£) Financial Sustainability (blank) Governance (gear) Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify an area for improvement in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The Corporate Risks undergo regular review by SLT, Directors and members, and SLT consider including additional risks escalated from Directorate Risk Registers and Programme or Projects. The risks around commercial investment and regeneration programmes are included in these discussions and will continue to be. With changes in the Regeneration and Place Directorate Management Team since December 2022, there has been a strengthening in the programme management, governance and understanding of the risks and risk appetite of the organisation. This is alongside the work undertaken for the review and project re-prioritisation as part of the Pathfinder Simplification funding bid, and progress with the Local Plan through 2023. A report is to be presented to ARMC on 26th March 2024 to provide an oversight of the arrangements.

Improvement recommendations

Page116

Recommendation 4	The Council should enhance its reporting of Internal Audit plan progress by Including an overview of progress of completion against planned reviews along with the assurance opinion that has been concluded.
Improvement opportunity identified	To provide the Committee with real time assurance and an indication of what the year end Head of Internal Audit Opinion may be.
Summary findings	Items to note include key messages and narrative in respect of individual reviews which have been carried out, but reporting does not provide assurance opinions. It is also not clear if delivery is in line with the plan.
Criteria impacted by the finding	(£) Financial Sustainability (🏛) **Governance** (⚙) Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify an area for improvement in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	New reporting will encompass some form of real time reporting as well as formal reporting to Committee meetings and is scheduled for implementation during 2023/24.

Improving economy, efficiency and effectiveness

We considered how the Council:

- uses financial and performance information to assess performance to identify areas for improvement

- evaluates the services it provides to assess performance and identify areas for improvement

- ensures it delivers its role within significant partnerships and engages with stakeholders it has identified, in order to assess whether it is meeting its objectives

- where it commissions or procures services assesses whether it is realising the expected benefits.

Use of financial and performance information

The Council has processes in place to monitor and report upon its Directorate performance and is developing regular performance reporting against the Council Plan.

Wirral's strategic ambition and priorities for the Borough were brought together in September 2021 when the Council agreed the Wirral Plan 2021 - 26. The Plan set out the future vision for the Borough based on five thematic priorities.

The Plan was refreshed for 2022/23, aligned to the same priorities but setting out some specific themes over 12 months with a framework of economic and social regeneration and neighbourhood delivery.

We did not see evidence of regular monitoring against all of the Plan delivery outcomes during 2022/23 but did note a six-month progress summary of the 11 'Big Ticket Items' for 2022/23 that were identified in the Wirral Plan refresh.

Improvement recommendation 7.

A new Council Plan has now been produced and approved by Policy and Resources Committee. The Plan will run for the four-year electoral term from 2023 to 2027 and is the primary document in the Council's Policy framework. It has been developed to align with the Council's refreshed MTFS and supersedes the Council's Improvement Plan which was approved by Council in July 2022.

The report, presented in November 2023, documents that a performance management framework is being developed that will ensure the ability to measure progress against the new Council Plan over the next four years. For each theme, the following has been developed:

- A set of outcomes which articulate the benefits the Council is seeking to achieve.

- A series of deliverables - what the Council is planning to do to meet those outcomes.

- A set of measures and performance indicators that will be developed and used to monitor progress.

The report documents that following plan approval, further engagement will be scheduled to enable Committees to input into the performance management framework and once approved, the framework will be regularly reviewed and reported to Policy and Resources Committees alongside quarterly financial performance reporting.
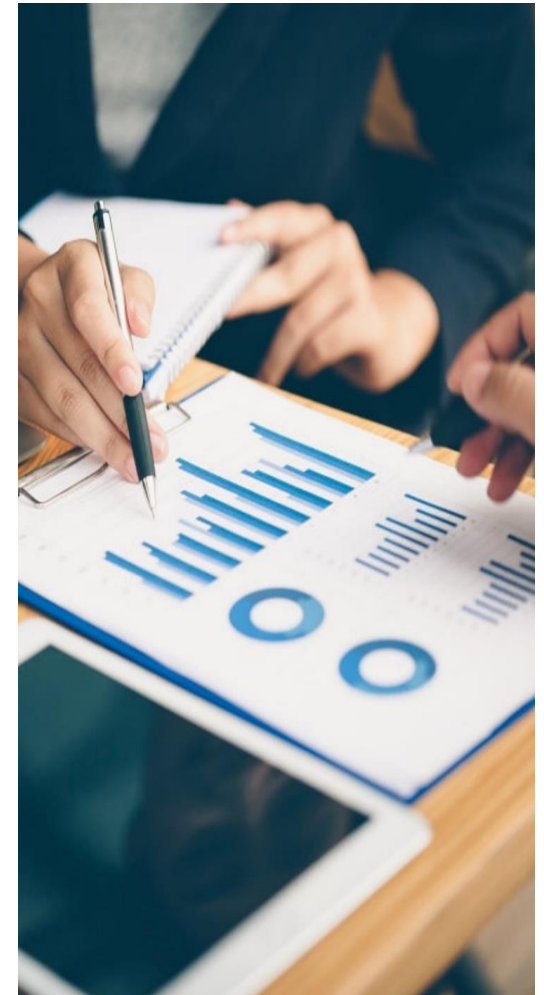
Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement

At a Directorate level, the Council uses Power BI to collate and present data which identifies any data quality issues. The Intelligence Team work closely with systems e.g. Liquid Logic for Adults and Children Social Care and these have their own system team. The Intelligence Team also works with developers where there is a new system to ensure data is of the right quality. Finance reporting is also completed via Power BI which is expected to result in further cleaner data once the new Enterprise Resource Planning system (ERP) system is in place. We were also informed of high quality performance reporting processes throughout the Council for example operational performance monitoring that is in place through the Operational Performance Group (OPG), award winning Safer Wirral tracker for Community Safety Partnership and Community Committee.

We reviewed a sample of performance reporting data and noted the following:

Children, Families and Education

2022/23 Quarter 4 reporting to Children, Young People and Education Committee in June 2023 notes that the design and content of the report was developed at a Performance Monitoring workshop in March 2021. The data provides a clear overview of quarterly performance in 2023 providing direction of travel and trend reporting. The data is compared against the annual figures for the previous three years and against regional and national performance where available. This is supported by summary narrative.

However, the data does not include target performance scores or a RAG rating to provide assurance or to identify issues or emerging risks which is demonstrated in the extract below:

Keeping children safe											
	Year-End			**2022/23**				**National (21/22)**	**North West (21/22)**	**Stat Neighbours (21/22)**	**Trend**
	2019/20	**2020/21**	**2021/22**	**Q1**	**Q2**	**Q3**	**Q4**				
% of Early Help cases closed with outcomes met	80.3%	91.6%	83.6%	85.3%	77.5%	84.1%	88.7%	-	-	-	
% Repeat referrals within 12 months period	27.6%	23.5%	21.5%	24.9%	25.8%	22.7%	20.3%	21.5%	22.0%	19.9%	
% Assessments completed within timescale	82.6%	78.8%	81.1%	83.0%	76.0%	71.0%	72.0%	84.5%	81.2%	83.9%	

The table demonstrates that the % of Assessments completed within timescale was reported at 72% in Q4. This is lower than reported figures in the previous three years and lower than the national, regional and neighbour performance in 2021/22. However the Key Performance Indicator (KPI) target is not recorded so the scale of under-performance is not clear.

The supporting narrative comments report that there continues to be a number of vacancies across the social work teams which will impact upon capacity to work within defined timescales and that this area of performance will continue to be monitored during regular service performance meetings. The narrative does not identify if further actions have been identified to be taken in the short or medium term to support improved outcomes.

Improvement recommendation 8.
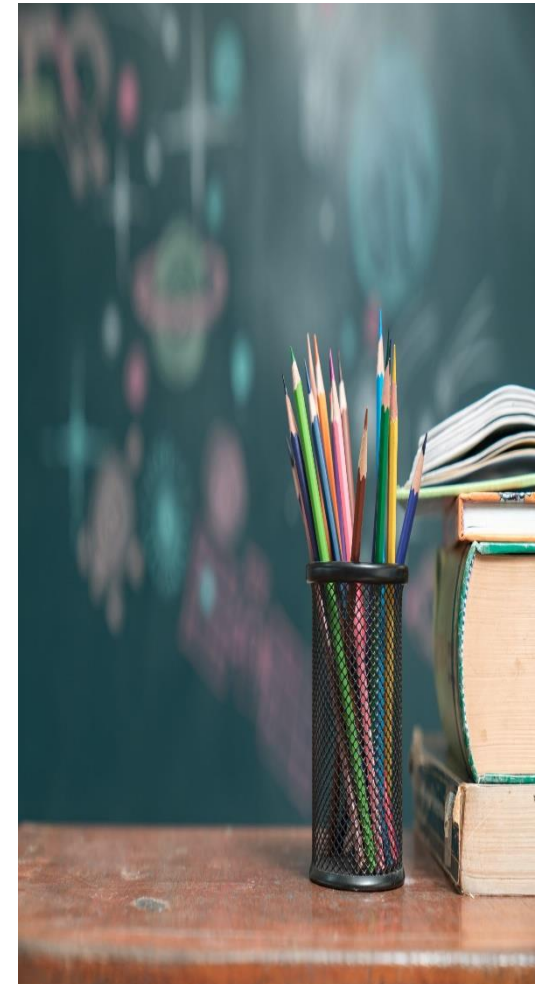
Page 118

Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement

We reviewed the Quarter 4 performance report presented to the Adult Social Care and Public Health Committee in June 2023. We noted that the information is clearly presented, providing an overview of the current position. However, where performance is not achieving target expectations; the report does not always identify if further actions have been identified to be taken in the short or medium term to support improved outcomes (it is recognised that not all indicators are directly controlled by the Council).

Improvement recommendation 8.

Mandatory KPI performance data is shown by month and RAG rated in terms of whether the target has been reached. We note that, out of 13 indicators, five were RAG rated red and below target at the end of the year, there are:

- % of Safeguarding concerns (contacts) initiated by Cheshire Wirral Partnership within 5 days: 94% (target 95%)
- % of care packages activated (in Liquidlogic) in advance of service start date: 37% (target 50%)
- % of initial contacts through to completion of assessment within 28 days (3 conversations): 49.2% (target 70%)
- % of safeguarding enquires concluded within 28 days: 48% (target 60%)
- % of individuals who have had an annual review completed: 47% (target 60%)

The report notes that the range of performance measures and KPIs are monitored regularly through internal reporting and through contract discussions. Action is taken where needed to address any areas identified where performance can be strengthened.

The chart below shows the Non-Criteria to Reside data from the Wirral University Teaching Hospital (WUTH) NHS Foundation Trust. These are people who currently reside in a hospital bed and no longer meet the clinical criteria to reside there; which may be impacted by the Council's continuing healthcare availability. The dark blue line represents % of beds occupied by Non-Criteria to Reside patients who have not been discharged, which is currently 28.5% of all beds. The grey bars represent the number of beds occupied by Non-Criteria to Reside patients who have not been discharged, which is currently 201. The light blue line represents the target % of how many beds should be occupied by Non-Criteria to Reside patients which is 10%. (Data Source: Cheshire and Mersey NHS Integrated Care Board):
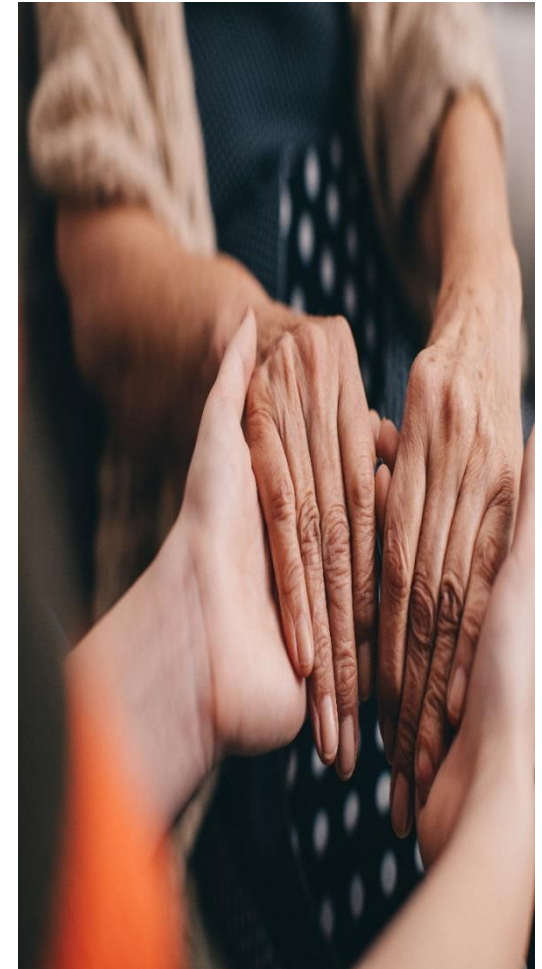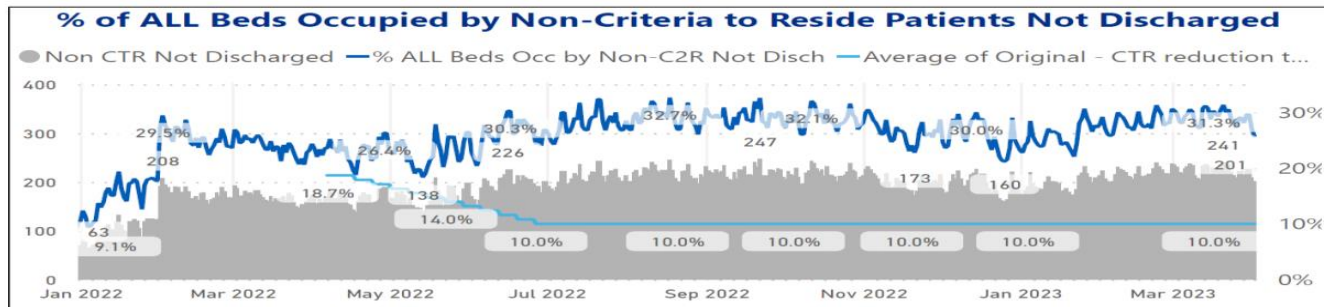
Page 119

% of ALL Beds Occupied by Non-Criteria to Reside Patients Not Discharged

Improving economy, efficiency and effectiveness (continued)

Assessing performance and identifying improvement

Special educational needs and disability (SEND)

In September 2021, the local area's services for children and young people with Special Educational Needs and Disabilities (SEND) was inspected by Ofsted and the Care Quality Commission (CQC). As a result of the inspection, the local area was required to submit a Written Statement of Action (WSoA) to address the ten areas of improvement which had been identified. This was approved by Ofsted on behalf of the CQC on 28th March 2022.

The SEND Transformation Board has overseen WSoA activity since April 2022, with monitoring provided by the Department for Education and NHS England.

From review of Children, Young People and Education Committee papers, we have evidenced reporting and oversight. At its meeting, held in November 2022, we noted the agreement for a 'check-in' to be undertaken with stakeholders to ensure that activity was correctly prioritised for the coming 12 months. At its meeting in March 2023 we noted the update on SEND Transformation Programme activity, an overview of the *check-in* with stakeholders and details of the Priority Plan 2023 for the SEND Transformation Programme.

Reporting in July 2023 provides an overview of progress supported by a position statement that has been developed, involving all stakeholders working on the WSoA and its six workstreams. The report notes that 'Deep Dive' workshops have been held to agree the current position, detail evidence of progress, and identify areas for further focus. Following the Deep Dive workshops, the WSoA has been fully updated. There are 106 actions within the WSoA, the report notes that 57 were fully achieved by June 2023 and 49 nine actions are yet to be completed across the six workstream areas.

The Position Statement has been reported to the WSoA Performance Group, which has membership of both Department for Education and NHS England Advisors. The report documents that it provides those monitoring Wirral's progress with further evidence of activity to improve support and services for children and young people with special educational needs and/or disabilities.

In April 2023 a new Local Area SEND Inspection Framework was published. The change in arrangements means that Wirral will not be subject to a 're-inspection' against the old framework, which would have focused solely on progress against the WSoA. Instead, there will be a full inspection of the Local Area using the new framework. When the inspection takes place, the WSoA will be submitted as part of the evidence in advance and it will be tested by the inspection team, however, this will only be one part of the full inspection programme. This means that the Local Area must continue to deliver the WSoA and ensure improvement in all areas as detailed in the new framework.

The Position Statement will be presented to the SEND Strategic Board to support inspection readiness and a further review of the position statement will be made at the point of inspection, or in 6-months' time, whichever is first to occur.

The Council will need to ensure it maintains momentum in delivering against the WSoA actions to support inspection readiness.
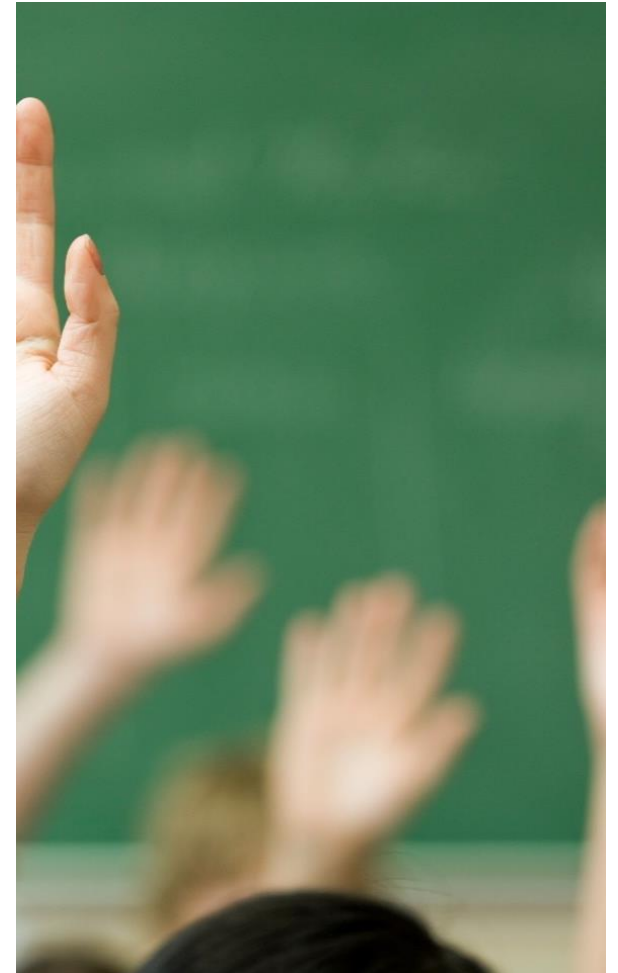
Improving economy, efficiency and effectiveness (continued)

Benchmarking

Benchmarking is an effective tool that enables an organisation to compare and analyse its performance with others. It can provide a basis for collaboration and identify areas for improvement. We noted that the Council subscribes to CFO Insights benchmarking tool and uses this to benchmark costs against similar and neighbouring authorities.

We have also carried out benchmarking using CFO Insights and compared the unit costs for a range of services, based on the latest available data, which is the approved budgeted spend (RA data for 2022/23). We have then associated a unit to the service line to calculate a unit cost, for example population. The unit score analysis then benchmarks against the comparator group eg other Borough Councils. A "Very High" score would place the Council in the top 20%, with "Very Low" placing in the bottom 20%.

The table opposite demonstrates that the Council's cost per head of population was average overall in comparison to other Council's. Areas where the unit costs were very high or very low in comparison to other borough Councils is also shown.

Housing Services

Services which benchmark very high include:

- Rent allowances and rent rebates – discretionary payments: Discretionary rent allowances paid to the tenants of private landlords and registered social landlords, rent rebates paid to council tenants living in non-HRA dwellings and enhancements to statutory rent rebates, eg: for war widows.
- Housing strategy, advice, advances, enabling, renewals and licensing
- Housing welfare services provided under the Supporting People programme.

Public Health

Services which benchmark very high include:

- Physical activity (adults and children)
- Substance misuse – treatment for alcohol misuse in adults
- Miscellaneous Public Health Services

The 2019 Indices of Deprivation found that just over 35% of the Wirral population (around 115,500 people) are suggested to live in areas classified as being in the most deprived 20% of areas in England, with over 83,000 of those residents living in the 10% most deprived. Deprivation and health inequalities are very closely linked therefore benchmarking data of very high unit costs in both Housing Services and Public Health triangulates with this national picture.

Service	Total Budget Cost 22/23 (rounded)	Units	Unit Costs £	Unit Cost Score
TOTAL HOUSING SERVICES (GFRA only) (RA) £/head	9,953,000	320,600	30.69	Very High
TOTAL PUBLIC HEALTH (RA) £/head	31,951,000	320,600	98.51	Very** High
TOTAL HIGHWAYS AND TRANSPORT SERVICES (RA) £/head	5,639,000	320,600	17.39	Very Low
TOTAL ENVIRONMENT AND REGULATORY SERVICES (RA) £/head	13,269,000	320,600	40.91	Very Low
TOTAL SERVICE EXPENDITURE (RA) £/head	502,625,000	320,600	1,549.70	Average

** Public Health funding is a grant so not controlled by the Council.

Comparator Council group data:
- Gateshead,
- South Tyneside,
- Sefton,
- Rotherham,
- Barnsley,
- North Tyneside,
- Calderdale,
- Doncaster,
- Dudley and
- Sunderland.

Improving economy, efficiency and effectiveness (continued)

Partnership working

The Council has established arrangements to report on the performance of its commercial activity, including its wholly-owned and joint-venture companies.

Wirral Evolutions Ltd - a Council owned company, which delivers adult social care services. The company shareholder board provides governance oversight. The board membership includes a Council member to make strategic decisions on the behalf of the Council. In March 2022 the Council decided to bring this service back in-house.

Wirral Council conducted a Value review as to whether the contract for day services for people with learning disabilities delivered by Wirral Evolutions Limited offered sufficient added value to the Council to justify the additional costs of running an arms-length company. Reporting to the Adult Social Care and Public Health Committee in March 2022 documented that Transitioning the service to an in-house provision would also provide the Council with more control over how the service is delivered, improve outcomes for the users of the service and provide greater flexibility on how the service is delivered. A six month transitional period of six months was agreed with the service moving back in-house in late September 2022.

Wirral Growth Company - a limited liability partnership between the Council and Muse Developments Limited. The Council and Muse Developments Limited are equal partners in this venture and are jointly responsible for making all decisions. The partnership was created to promote the economic regeneration of the Borough.

The Council also owns shares in two other companies both of which are currently dormant (Wirral Growth Company Nominee Ltd and Wirral Holdings Ltd).

Edsential - a Community Interest Company jointly owned by Cheshire West and Chester Council and Wirral Council to provide services to the Education sector. The Council owns 50% of the shares in the company and provides governance oversight via a joint shareholder board with Cheshire West and Chester Council.

Edsential provides school support services to over 100 schools. It also provides residential services from the Conway Centre on Anglesey. The Company generates around £19 million in turnover each year, funded directly by the schools who use the service.

The Council has supported Edsential financially in both 2021/22 and 2022/23. The company did, however, set a budget targeting a break-even position in 2023/24.

The cumulative loss of the company to 31 March 2022 was £8.3 million, of which pension liabilities represented £6.8 million. A forecast loss in-year to 31 March 2023 of £0.5m (assuming no change to pension liability) implies cumulative losses of £9 million.

The Council and its other shareholder, each agreed a loan in 2022 of £0.857 million and a non-repayable grant of £643,000 to support the company.

The shareholders both agreed in November 2021 to extend the cashflow facility of up to a maximum £2 million per shareholder for a further 5-year period. Edsential, to date have met all previous loan repayments. The values of such loans currently stand at £1m with no impairments.

Edsential continues to see lower demand from schools for residential services, as the cost of living is placing financial pressure onto both schools and parents.

The Council monitors the performance and delivery of its companies, and where support and financial assistance is required this is undertaken through a controlled method of evaluation and decision making. Financial support for Edsential was further extended in 2021 and agreed by both Wirral Council and Cheshire West and Chester Council as this company is seen as a strategic investment in the borough. Edsentials draft business plan shows a breakeven position for 2024 and reflects recovery from a challenging year with high inflation costs incurred on food and energy having a negative impact on the company's finances.
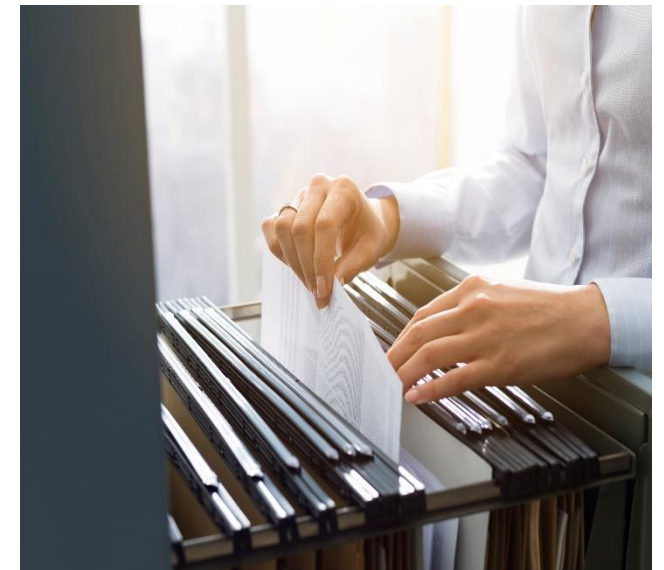
Page 122

Improving economy, efficiency and effectiveness (continued)

Partnership working - continued

The programme of development for Birkenhead and Wirral Waters are key major developments designed to bring improved living standards and economic benefits to the borough but which carry with them a degree of risk and uncertainty to the Council.

Birkenhead Commercial District (BCD) – The Council has made significant investments in assembling ownership of various sites across the BCD. The new commercial buildings will be constructed to the 'Excellent' Standard of the Building Research Establishment Environment Assessment Method (BREEM). This investment is a partnership with Muse as part of the Wirral Growth Company which is a Limited Liability Partnership. The development of this district is a priority for the Council. The buildings are ahead of schedule with completion in the Autumn of 2023. The plan is that the Council will occupy one of the buildings whilst looking to release assets for capital appreciation.

Millars Quay - In partnership with Peel Holdings who are developing the water front, there is significant investment being undertaken to regenerate and develop the area which is one of the largest development undertaking in the Borough. The funding for the developments are through a Pension Investments Corporation who are funding the development with Peel Holding. The project will see 500 apartments built on the water front, and the Council involvement is one of lessor and lessee where it will take an underlease for the 500 apartments for 50 years. Peel will guarantee the rent for the first 10 years of this term, and an option for a further lease after 50 years. There is a cap on the exposure of rental income the Council is at risk for per annum of approx. £2.5 million from year 11.

The Pyramids/Grange Shopping centre is the primary retail core of Birkenhead. It has been in a state of decline since 2017 with the growth of online retailing and more recently the Covid pandemic. Approximately one-third of the centre (by income) is vacant. The Council's actions in respect of seeking to regenerate Birkenhead town centre are aimed at activation of the high street to stimulate new retail, leisure and other commercial uses to encourage investment and spend in the local economy.

In April 2023, the Council presented its full Business Case to Policy and Resources Committee to acquire the Centre.

The report reflects that a a cashflow model has been prepared to assess the Net Operating Income (NOI) after capital expenditure and costs of borrowing. The cashflow has been modelled over 10 years and demonstrates that the income stream remains positive allowing for Public Works Loan Board ("PWLB") costs of borrowing at 4.5% and 2% capital repayment per annum and including a further £1.0m of non-recoverable capital expenditure.

Initial valuations estimate a net initial yield of 11.99%, based on current income assumptions.

The risks associated with complex commercial activity is significant. The Council will need to ensure that its assumptions around income and growth remains prudent and that it maintains a robust framework around its capital programme and investment plans to ensure future commercial viability remains positive.

Improvement recommendation 9.

The Council engages in a wide range of non-contractual partnerships. The work of specific partnerships is fed back appropriately via the Council's Committees.

Some key areas to note include:

Significant progress during 2022 to establish new Health and Care Partnership working arrangements. The inaugural meeting of the Integrated Commissioning Board for Cheshire and Merseyside was held on 1 July 2022.

The Wirral Place Based Partnership Board (WPBPB) met for the first time on 13 October 2022. The WPBPB incorporates the Wirral Council and NHS Cheshire and Merseyside's Section 75 and other joint decision-making arrangements through a Joint Strategic Commissioning Board Sub-Committee.

Further information can be found on the following pages of this report.

A Partnership Summit took place on 16 November 2022, with further Summits being planned during 2023. A review of Wirral's Strategic Partnership is underway to propose refreshed partnership arrangements in Summer 2023, building on successful arrangements already in place.

The Council continues to play a key role in the Liverpool City Region Combined Authority, driving Wirral's interests and securing substantial funding to deliver Wirral priorities. The Council also Chairs the Mersey Dee Alliance, driving further opportunities to link Wirral, the City Region the wider region and beyond.

Page 123

Improving economy, efficiency and effectiveness (continued)

Partnership working - continued

Integrated Care Partnership (ICP)

There are 42 Integrated Care Systems (ICS) in England. These are local partnerships that bring health and care organisations together to develop shared plans and joined-up services. They are formed by NHS organisations and upper-tier local Councils in that area and also include the voluntary sector, social care providers and other partners with a role in improving local health and wellbeing.

The Cheshire and Merseyside Health and Care Partnership is a statutory Committee jointly formed between the Integrated Care Board (ICB) and all upper-tier Local Authorities that fall within the ICS area. The ICB is a statutory body and is a successor to the previous Clinical Commissioning Groups (CCGs).

Most larger ICSs have a number of place-based partnerships that design and deliver integrated services for particular areas within the ICS. This might be a particular town or borough. Like the ICP, they involve a range of people interested in improving health and care, including the local Councils, the NHS, the voluntary, community and social enterprise sector and other local organisations working alongside local people.

NHS Cheshire and Merseyside will arrange for some of its functions to be delivered and decisions about NHS funding to be made in the region's nine Places – Wirral, Cheshire East, Cheshire West, Halton, Knowsley, Liverpool, Sefton, St Helen and Warrington. While NHS Cheshire and Merseyside will retain overall accountability for NHS resources deployed at Place-level, Place-based partnerships – led by Place Directors – will have freedom to design and deliver services according to local need.

In October 2022, Wirral Council held its first meeting of its newly created Place Based Partnership Board; chaired by the Wirral Place Director. At its meeting held in June 2023 the Board approved the Wirral Health and Care Plan which sets out how the health and care organisations across Wirral will work together to progress its agreed priority areas of work. The Plan sets out the contributions health and care organisations will make relating to addressing the differences in health and care inequalities. The Plan documents that it has agreed its priorities in alignment with those of (but not limited to) the Wirral Plan 2021 – 26, Health and Wellbeing Strategy 2022 – 27 and SEND Wirral Statement of Action.

We have carried out benchmarking of ICB data, and note that that Cheshire and Merseyside ranks in 2nd position (worst performing quartile) out of 42 ICB's in terms of its health deprivation rank. This highlights the importance of partnership working in the wider health economy to tackle health in-equality. Working in partnership, the Council contributes to both the Wirral and wider health and wellbeing for the Cheshire and Merseyside population.

The Council has in place a Health and Wellbeing Strategy – the plan to reduce health Inequality. The Strategy is focussed upon reducing Health Inequality and Health and Care Partners in the Borough are working together to reduce these.

The Council's MTFP also includes £5 million per annum in ASC to reduce costs along with a transformation strategy focussed upon high cost areas to enable people to live more independently.

Further details of our benchmarking can be found on the following page of this report.
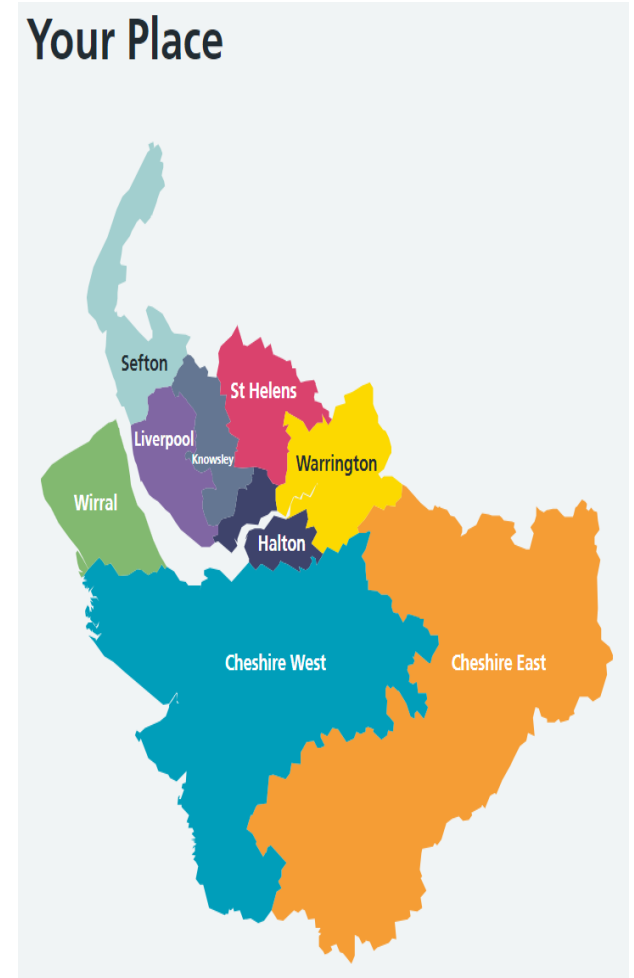
Your Place

Improving economy, efficiency and effectiveness (continued)

Partnership working - continued

Integrated Care Partnership (ICP)

Using our bespoke Grant Thornton ICB benchmarking tool, we have used National Audit Office (NAO) data to provide a comparison for population health outcomes within your ICB, compared with other ICBs, this is demonstrated in the table opposite.

It is evident that that Cheshire and Merseyside faces several significant challenges; with performance being ranked in the worst performing quartile in 11 out of 13 health population metrics.

Overall, the ICS is ranked in 2nd place in terms of the health deprivation indicator; this means it has some of the poorest health outcomes in the country; this is demonstrated in the table below:

Data from 42 ICBs (where submitted)
Data source: NAO ICB Tool

Red – worst performing quartile
Amber – 3rd performing quartile
Light Green – 2nd performing quartile
Green – Top performing quartile

ICB - Health Deprivation Rank
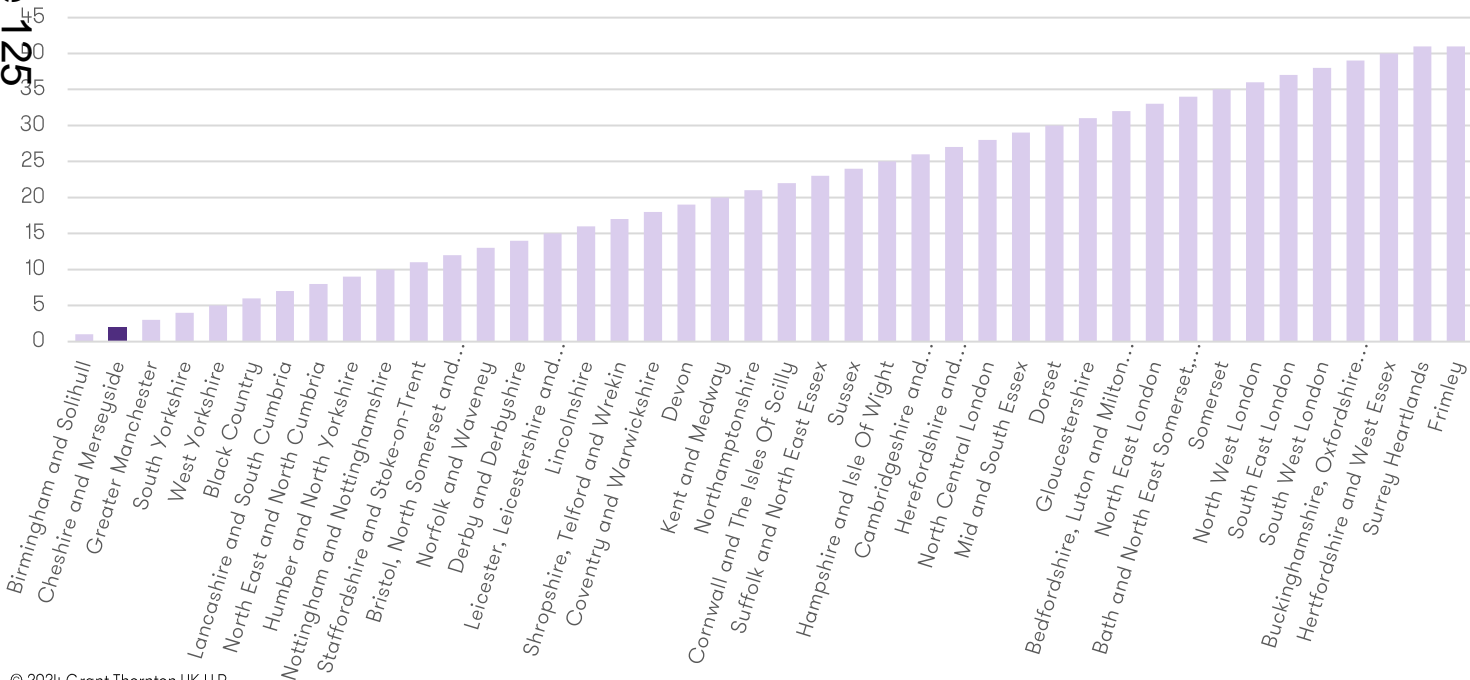
KPI	Value	Rank
Inequality in life expectancy at birth (female)	9	41
Inequality in life expectancy at birth (male)	11	41
Life expectancy (male)	78	35
Life expectancy (female)	82	37
Neonatal mortality and stillbirth rate (per 1,000 live births and still births)	7	20
Cancers diagnosed at stages 1 or 2 (%)	54	26
Under-75 cancer mortality rate (per 100,000 people)	140	37
Under-75 Cardiovascular mortality rate (per 100,000 people)	140	38
Percentage of adults overweight or obese	67	32
Smoking prevalence in adults	13	32
Alcohol-specific mortality (per 100,000 people)	14	35
Deaths from drug misuse (per 100,000 people)	7	38
Musculoskeletal problems (%)	20	36
Health Deprivation Rank		2
Total population	3,033,517	3

Improving economy, efficiency and effectiveness (continued)

Partnership working - continued

Social Care Delivery

A decision to bring back social workers to the Council was made as a result of the requirement to improve performance in relation to Hospital discharge. It also related to the gap between the statutory provision of social work and the Council as the organisation responsible for the delivery of these services. The decision was covered through the Adult Social Care and Public Health Committee and has resulted in significant improvement in relation to Hospital Discharge performance and no additional cost to the Council.

In 2018, Wirral Borough Council (WBC) approved a Section 75 agreement with Wirral Community Health and Care Foundation Trust (WCHCFT) for the provision of social care services and a Section 75 arrangement with Cheshire and Wirral Partnership Foundation Trust (CWP) for the delivery of All Age Disability Services.

The Section 75 agreement with WCHCFT commenced on the 30th May 2017 for a contract period of 5 years and the Section 75 agreement with CWP commenced on the 17th August 2018 for a period of 5 years.

The Wirral Community Health and Care Foundation Trust contract was due to cease on 01 July 2023.

In March 2022, the Adult Social Care and Public Health Committee approved extensions to these contracts to 30th of September 2023. During this extended period the Council planned to undertake a comprehensive review of the delivery of delegated statutory duties within the integrated arrangements and propose options for future delivery. From review of the documented minutes of the meeting we noted the agreement to submit a report to a future meeting of the Committee in respect of the outcome of the review.

In October 2022, the Adult Social Care and Public Health Committee considered the report outlining the outcome of the Social Care Delivery Arrangements review.

The report concludes that the review found good evidence of positive outcomes of the integrated service model in many areas, but there were also areas identified where the potential opportunities in the current arrangements have not been fully realised and where the Council has reduced ability to focus the development of service delivery to fully meet the priorities and requirements of the Council.

The report summarised three potential options with an overview of the preferred option and the reasons confirming those not recommended:

- The report documents that Option One was preferred: To extend the contracts for a further year until 30th September 2024, with the option to extend and on substantially the same terms, whilst consideration is given to the benefits of moving towards returning the services to the Council's direct delivery whilst also retaining the best aspects of integration.

The report records that "*Although the review has found good evidence of positive outcomes of the integrated service model in many areas, there are also areas identified where the potential opportunities in the current arrangements have not been fully realised and where the Council has reduced ability to focus the development of service delivery to fully meet the priorities and requirements of the Council. A full exercise would be required to be undertaken to identify the benefits, risks, costs and necessary requirements in moving towards returning the services to the Council's direct delivery, whilst also retaining the best aspects of integration that have been achieved. A longer period of time would be required to establish the desired arrangement for delivering services and the requirements to implement any decision to do so.*"

-

From review of the meeting minutes and observation of the meeting webcast, we noted that some serious concerns were raised. In particular, Members felt that processes being brought in house did not necessarily mean that quality would improve and that there would be a cost element to this. Members also noted concern rated to ensuring there was continued effective integrated services. There has been no impact on the budget and delivery of services during the year. Officers will ensure going forward that concerns raised by Members will be addressed prior to final decisions being made.

The motion to approve option one was approved and seconded.

As part of our initial Audit Planning and Risk Assessment, we raised a risk of significant weakness relating to the Council making the decision to bring the provision of social care services back in house, leading to associated costs. We have not reported a significant weakness in arrangements as a final decision has not yet been made and a further report is planned to be brought by the Director of Care and Health to the Social Care and Public Health Committee setting out the considerations involved in moving towards returning the provision of these social care services and all age disability and mental health services to the Council's direct delivery.

We have included an improvement recommendation to ensure the concerns raised are fully quantified and including robust Financial Modelling and transparency of the costs associated with the transfer supported by ongoing cost benefit analysis and planned quality success measures going forward.

Improving economy, efficiency and effectiveness (continued)

Procurement

Local authorities in England spend around £82.4 billion a year on goods and services. More than a third of all UK government spending on goods and services is spent in the local government sector.

Allowing for capital spending as well, the UK public sector procures around £300 billion a year overall from commercial partners.

Within this, local authorities run local services and deliver high value capital projects every year, balancing the complicated requirements of the Procurement Act and the Social Value Act together, often under close review from electors and other stakeholders. Whole of Government Accounts show that local government spending on goods and services outweighs spending by any one other individual UK government sector.

Given the current focus on net zero, local growth, and efficiency, the opportunity for local authority procurement to make a difference to the wider government agenda has perhaps never been higher. The importance of maintaining good practice has also perhaps never been higher. Local authority members and officers, for the most part, already work well with the commercial partners they appoint. However, with so much public money at stake, there is always scope for continuous improvement and for learning from examples of procurements that did not work entirely as intended.

Commissioning and procurement

The Council has in place arrangements for procuring goods and services. However, these have been identified by the Council as requiring further improvement, which is planned for the forthcoming year.

Procurement

The Council's total spend is approximately £400 million per year with around £255 million across circa 1,800 trade suppliers each year. £180 million of this is spent with the top 50 suppliers, which equates to 70 per cent of our addressable budget.

The Council updated its Procurement Strategy in September 2023. The Strategy commits to supporting the Wirral economy and wherever possible the Council will use locally based organisations to deliver the goods, works and services, under value for money considerations. As an average, approximately 29% of addressable spend is with local companies.

In 2022 the Local Government Association (LGA) revisited the national strategy published in 2018 to provide guidance and direction to procurement activities within local authorities.

The strategy introduced three key themes around leadership, commercialisation and benefit realisation; it is evident from review that the updated Strategy aligns with these themes.

The Strategy is underpinned by Contract Procedure Rules (CPRs) which set out the processes which must be followed for all procurement activity including the approval process and financial delegations.

The CPRs also provides the criteria in which exceptions to the rules can be made ie. requests to waive these rules or when contracts may be extended.

Procurement is an area identified by the Council as requiring further improvement. In the 2022/23 Annual Governance Statement it documents that "There are a number of areas where it is recognised compliance with internal control procedures for procurement needs to improve." as a significant governance issue and has identified a number of actions and area of focus that will be taken during 2023/24. These include (but not limited to):

Adoption of a new 'no PO, no Pay' policy to be launched in conjunction with the implementation of the new Oracle Fusion system.

- CPRs will be updated to amend the sign off process for contracts and waivers to improve the visibility of the issues arising and the support required.

- The procurement team will be restructured to provide additional support on a thematic basis to the directorates to ensure best practice and value for money.

- A new contract register has been created as part of the new Oracle Fusion system which will be fully populated during the year.

- Training is being rolled out by the procurement team bespoke to individual teams and directorates to communicate the requirements around good procurement alongside the planned changes.

Improving economy, efficiency and effectiveness (continued)

Procurement - continued

The Council has a Procurement Pipeline page on the public website where a contract register with details of the contract, end date, review date, initial contract, available extensions and period, option to extend and total contract.

From discussion with the Head of Procurement we noted that there are processes in place to ensure Contract Managers are prompted six months before expiry of a contract to ensure the appropriate action is taken and a timely procurement exercise can be undertaken.

Poor contract management processes can often lead to increased costs to the Council where market conditions have not been tested, ineffective service provision or large numbers of exceptions (waivers). Weaknesses in the waiver process may also lead to it being a substitute for inefficient or ineffective procurement and contract management processes.

The Contract Exceptions report shows the Council issued a total of 530 exceptions in 2022/23. From our discussions with key staff it was confirmed that the controls in place during this time were weak with little challenge in respect of the requests for exceptions made.

The Head of Procurement has introduced a number controls to improve performance. This includes the requirement for all exceptions to be approved by the Head of Procurement. Approval is also sought from the finance and legal departments.

We note the number of exceptions raised between April and November has reduced significantly in 2023 (shown as TY in the table below) when compared to the numbers raised in the same period in 2022 (shown as LY). This is demonstrated in the table below with a total of 407 waivers in 2022 compared with 105 in 2023.
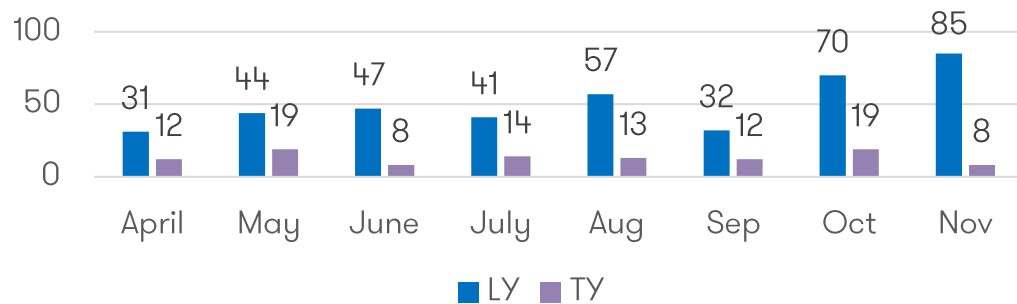
From further review we noted the monetary value of contracts subject to exception between April and November 2022 was £57.3 million compared with £41 million in 2023. For the full 2022/23 financial year this was £66 million.

It is evident that the number of exceptions have reduced but the value is still significant. While we recognise that there will be instances where waivers are required, we have recommended that requests continue to be checked and rigorously challenged to ensure they meet with appropriate criteria.

Improvement recommendation 11.

Contract Management

Most Local Authorities have well established central functions supporting their initial procurements, but contracts can span decades and it can be after the procurement is complete that best value is sometimes delivered.

Contract management is often devolved to service lines. This works well with the right support, but risks increase if roles and responsibilities of service line contract managers are not clear; technical knowledge is not kept up to date for the whole life of a contract; and performance indicators within the contract are either unclear or not rigorously monitored.

Sometimes it can be very simple steps that help protect value. Most Local Authorities set up contract registers, but vigilance is needed in keeping these up to date.

Planning future procurements effectively relies on knowing current contracts well. This means having the resources in place to register, monitor and record current progress over the whole life of contracts, not just at the beginning.

Page 128

Improvement recommendations

Recommendation 5	The Council should ensure the performance management framework is approved and implemented as soon as possible to enable Council Plan performance to be reported and monitored.
Improvement opportunity identified	To improve performance reporting against Council Plan priorities and provide real time assurance.
Summary findings	We did not see evidence of regular monitoring against all of the Wirral Plan delivery outcomes during 2022/23.
Criteria impacted by the finding	(£) Financial Sustainability　　🏛 Governance　　⚙ **Improving economy, efficiency and effectiveness**
Auditor judgement	Our work has enabled us to identify an area for improvement in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	Performance monitoring was produced for the Wirral Plan but unfortunately it was not published in committee papers. However, we did have a Wirral Plan Performance Management Framework which was in place. The new Council Plan Performance Management Framework is in place, approved by SLT and scheduled for Committee in March 2024.

Page 129

Improvement recommendations

Recommendation 6	To enhance and improve the arrangements for reporting on directorate performance, the Council should: • Ensure all performance reports include target performance scores, supported by a RAG rated assessment to provide assurance of where targets are being achieved and to highlight areas of concern or under performance. • Record where further actions have been identified to be taken, particularly in respect of those targets that are not meeting expectations.
Improvement opportunity identified	To improve performance reporting.
Summary findings	Performance reports do not currently provide target KPI scores or RAG ratings to provide an overview of where performance is on track or not meeting expectations. Supporting narrative does not always provide a summary of further action that may have been identified to be taken, particularly where targets are not currently in line with expectations.
Criteria impacted by the finding	(£) Financial Sustainability 🏛 Governance ⚙ Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify an area for improvement in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	There are already some targets in place, and more are currently being worked on. Although not necessarily the case that performance cannot be monitored without targets, management will review the reporting of targets and performance against targets where appropriate in liaison with SLT.

Improvement recommendations

Recommendation 7	The Council will need to ensure that its assumptions around commercial income and growth remain prudent and that it maintains a robust framework around its capital programme and investment plans to ensure future commercial viability remains positive.
Improvement opportunity identified	The risk associated with complex commercial activity is significant. Many Councils have faced significant challenges in this area.
Summary findings	The Pyramids/Grange Shopping centre is the primary retail core of Birkenhead. It has been in a state of decline since 2017 with the growth of online retailing and more recently the Covid pandemic. Approximately one-third of the centre (by income) is vacant. The Council's actions in respect of seeking to regenerate Birkenhead town centre are aimed at activation of the high street to stimulate new retail, leisure and other commercial uses to encourage investment and spend in the local economy.
Criteria impacted by the finding	(£) Financial Sustainability 🏛 Governance ⚙ Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The Council takes seriously any financial arrangement it enters into and were necessary the appropriate expert advice is taken. We are working with an external commercial management company to continuously monitor and assess so that we can minimise the risks, whilst maximising the opportunities within our commercial estate.

Improvement recommendations

Recommendation 8	The Council should continue to check and challenge requests made to waive Contract Procedure Rules.
Improvement opportunity identified	To ensure there are efficient and economic procurement and contract management arrangements in place.
Summary findings	The number of contract exceptions has decreased however the value is still significant. procurement activity.
Criteria impacted by the finding	(£) Financial Sustainability 🏛 Governance ⚙ Improving economy, efficiency and effectiveness
Auditor judgement	Our work has enabled us to identify a weakness in arrangements which we do not consider to be significant, but have raised a recommendation to support management in making appropriate improvements.
Management comments	The Procurement Team has been restructured and recruitment is underway at present (Q4 2023/24) however it should be noted that securing adequately skilled staff has been challenging and re-engagement with the market, alongside a training programme for current staff, has been necessary in trying to implement the new structure; the transformation programme will take time to complete.

Follow-up of previous recommendations

Page 133

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
1	The Council should implement its financial plans in order to enhance financial sustainability. Members and officers should monitor progress closely to ensure the expected progress is made. Members need to take more responsibility for managing the budget process at the outset. This includes setting out clear savings targets for committees as well as engaging at an early stage with the tough decisions that need to be taken and carried through.	Key	2021/2022	The 2022/23 and 2023/24 budget process has included comprehensive planning information as part of the approval process at Policy and Resources Committee. The Director of Finance is continuing to refine and improve the budget and MTFP process. A programme of rigorous financial review has been introduced at directorate and strategic management teams, through internal challenge panels and at Council committees. Finance is also going through a restructure to strengthen the support to budget holders and this will start to demonstrate improvement throughout 2024/25. The appointment of three Heads of Finance will further support the partnering model and allow greater financial support and financial ownership of directorates and budget holders.	Yes	The action is considered addressed, however is in part superseded by the Significant Weakness raised as part of this report which will be followed up as part of the 2023/24 review.
2	The Council should consider if the size and skills mix of the finance team in relation to supporting the key programmes being undertaken.	Improvement	September 2022	The Director of Finance has restructured the finance team and established a new delivery model, including appointment of new staff and a business partnering process. This is being embedded, but operational feedback is positive.	Yes	No
3	The Council should consider updating its People Strategy.	Improvement	September 2022	As part of significant changes at senior management level a wide range of policies and strategies have been reviewed and revised.	Yes	No
4	The Council must carefully review future borrowing plans to ensure that they are realistic and that any further increases will not place undue pressure on the Council's future budgets.	Improvement	September 2022	Capital and Treasury Management Strategies include review of borrowing plans to ensure affordability, and also emphasise the need to maximise external funding and use of capital receipts as part of a wider asset review. However the Council's total debt increased to At 31 March 2023, the total level of Council debt was £316 million at the end of 2022/23, when compared to £236 million	Yes	No

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
5	The Council should carry out a more realistic risk assessment of the savings that are identified within the MTFP. Additional savings should be identified to mitigate the risk of changes in assumptions making planned savings targets unachievable	Improvement	2021/2022	The budget setting and MTFP process for 2023/24 have included updates and analysis on savings identified. The Council has delivered well against the savings plans, with mitigation identified as appropriate, with regular monitoring and challenge sessions through internal star chambers. Savings have been RAG rated in terms of risk to delivery in 2023/24.	Yes	No
6	Consideration should be given to the following improvements to the risk management process as processes become embedded. - Update the Risk Management Strategy - Rationalise the number of risks in the Strategic Risk Register - Develop a comprehensive risk management training programme - Enhance the risk register format to include sources of assurance, risk factors and potential consequences.	Improvement	September 2022	The risk register format has been updated and the number of risks rationalised. Following completion of our review; we were informed that the new Risk Management Strategy has been produced and will be presented for approval by ARMC on 26 March 2024.	Partially	The Council will need to ensure the updated Risk Management Strategy is approved and implemented as planned.
7	Noted improvements in member financial awareness during 2022/23 should be further enhanced by : - Embed financial awareness training for members on an annual basis - Embed improved financial data report and provide further enhancements on the implementation of the new Oracle Fusion ERP system.	Improvement	September 2022	Member training and development has been implemented. Financial data reporting is expected to improve on implementation of the new Oracle Fusion ERP system.	Yes	No

Page 134

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
8	The Council must implement its plans to rationalise leisure related expenditure.	Improvement	2021/2022	The 2022/23 outturn position was an overspend position in Neighbourhood services, contributed to by the shortfall in expected income. The Council has permanently closed one of its leisure centres and four of its golf courses to reduce the financial burden of the service on local authority finances. Furthermore, the Council has recently commissioned a report that looks at both short- and long-term options for both the delivery and operation of its Leisure Services. The short-term options will identify efficiencies, savings or cost avoidance activities that can be achieved to support the Councils Medium Term Financial Plan. The long-term options will consider current regeneration activities and identified future priorities and maximise any potential grant funding or third-party investment. The report will also recommend a future target operating model for the service which could be via an alternative delivery vehicle. Revenue savings will be reinvested into capital improvements to drive long term benefits and outcomes. The final report is expected in early March 2024 however the programme of short term efficiency improvements will commence with immediate effect. The Council is expecting Leisure Services to deliver a minimum £3 million of savings across the next three financial years.	Yes	The action is considered addressed, however effectiveness and outcome will be followed up as part of the 2023/24 review.

Page 135

Follow-up of previous recommendations

	Recommendation	Type of recommendation	Date raised	Progress to date	Addressed?	Further action?
9	Senior Officer and Members should closely monitor procurement activity to ensure expected improvements are achieved on a sustainable basis. The Procurement strategy should be updated to ensure it meets the requirements of the national strategy with clear links to social value and transparency and brings the whole process together within the Council. The number of purchases without a purchase order and contract waivers and extensions should be reduced.	Improvement	September 2022	The Procurement strategy has been updated. The number of waivers has reduced significantly however the value is still very high. The Procurement Team has been restructured and recruitment is underway at present (Q4 2023/24) however it should be noted that securing adequately skilled staff has been challenging and re-engagement with the market, alongside a training programme for current staff, has been necessary in trying to implement to the new structure; the transformation programme will take time to complete.	Yes	The action is considered addressed however, we have raised an improvement recommendation to ensure that the Council continues to provide rigorous challenge in respect of requests for waivers.
10	High cost areas identified through benchmarking should be reviewed to understand why costs are higher than comparable Councils and the necessary actions taken to bring costs into line with lower cost authorities where better practice is identified	Improvement	September 2022	The 2019 Indices of Deprivation found that just over 35% of the Wirral population (around 115,500 people) are suggested to live in areas classified as being in the most deprived 20% of areas in England, with over 83,000 of those residents living in the 10% most deprived. Deprivation and health inequalities are very closely linked therefore benchmarking data of very high unit costs in both Housing Services and Public Health triangulates with this national picture. The Council has in place a Health and Wellbeing Strategy – the plan to reduce health Inequality. The Strategy is focussed upon reducing Health Inequality and Health and Care Partners in the Borough are working together to reduce these. The Council's MTFP also includes £5 million per annum in ASC to reduce costs along with a transformation strategy focussed upon high cost areas to enable people to live more independently.	Yes	No

Opinion on the financial statements

Grant Thornton provides an independent opinion on whether the Council's financial statements:

- give a true and fair view of the financial position of the Council as at 31 March 2023 and of its expenditure and income for the year then ended, and

- have been properly prepared in accordance with the CIPFA/LASAAC Code of practice on local authority accounting in the United Kingdom 2022/23

have been prepared in accordance with the requirements of the Local Audit and Accountability Act 2014.

We conducted our audit in accordance with:

International Standards on Auditing (UK)

the Code of Audit Practice (2020) published by the National Audit Office, and

- applicable law

We are independent of the Council in accordance with applicable ethical requirements, including the Financial Reporting Council's Ethical Standard.

Audit opinion on the financial statements

We issued an unqualified opinion on the Council's financial statements on 16 February 2024.

The full opinion is included in the Council's Annual Report for 2022/23, which can be obtained from the Council's website.

Further information on our audit of the financial statements is set out overleaf.

Page 137
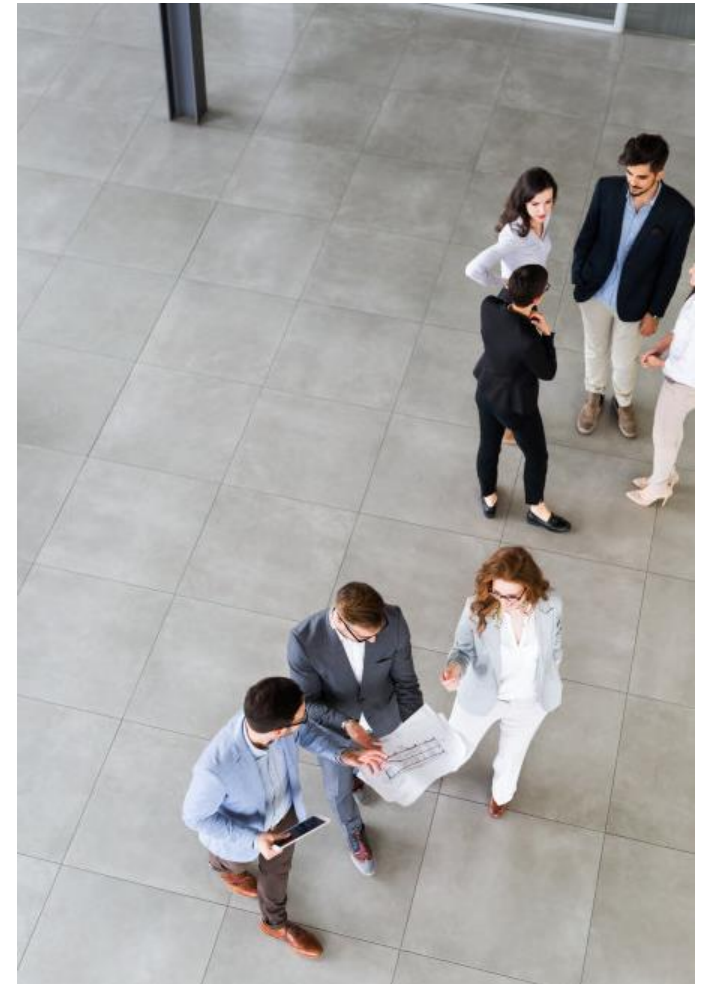
Opinion on the financial statements

Timescale for the audit of the financial statements

- The Audit Plan was issued and presented to the Audit and Risk Management Committee on 27 June 2023.

  The audit was carried out between July to December 2023

  The Council provided draft financial statements in line with the national timetable

- The number of adjustments made to the accounts had significantly increased compared to prior years' audits. The decision to adjust for certain non material errors was not clearly communicated in all cases which resulted in further work being performed to ensure sufficient assurance was obtained on the financial statements.

Findings from the audit of the financial statements

We have identified seven adjustments to the financial statements that have resulted in a £3.6m adjustment to the Council's Comprehensive Income and Expenditure Statement (mainly as a result of the updated actuarial valuation of the Merseyside Pension Fund).

More detailed findings are set out in our Audit Findings Report, which was presented to the Council's Audit and Risk Management Committee on 12 December 2023. Requests for this Audit Findings Report should be directed to the Council.
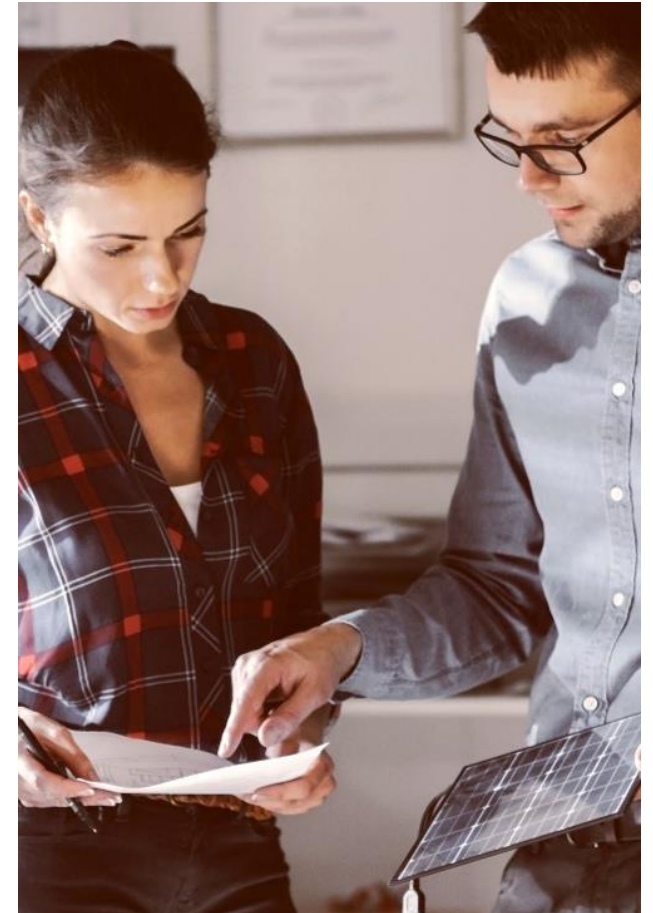
Other reporting requirements

Other opinion

At the completion of the audit, we also issued a separate unqualified opinion on the Pension Fund and on the Pension Fund Annual report.

Audit Findings Report

More detailed findings can be found in our AFR, which was published and reported to the Council's Audit Committee on 12 December 2023

Whole of Government Accounts

To support the audit of the Whole of Government Accounts, we are required to examine and report on the consistency of the Council's consolidation schedules with their audited financial statements. This work includes performing specified procedures under group audit instructions issued by the National Audit Office.

Our work found no issues to report.

Page 139

Appendices

Appendix A:
Responsibilities of the Council

Public bodies spending taxpayers' money are accountable for their stewardship of the resources entrusted to them. They should account properly for their use of resources and manage themselves well so that the public can be confident.

Financial statements are the main way in which local public bodies account for how they use their resources. Local public bodies are required to prepare and publish financial statements setting out their financial performance for the year. To do this, bodies need to maintain proper accounting records and ensure they have effective systems of internal control.

All local public bodies are responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness from their resources. This includes taking properly informed decisions and managing key operational and financial risks so that they can deliver their objectives and safeguard public money. Local public bodies report on their arrangements, and the effectiveness with which the arrangements are operating, as part of their annual governance statement.

The Chief Financial Officer (or equivalent) is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Chief Financial Officer (or equivalent) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Chief Financial Officer (or equivalent) is required to prepare the financial statements in accordance with proper practices as set out in the CIPFA/LASAAC code of practice on local authority accounting in the United Kingdom. In preparing the financial statements, the Chief Financial Officer (or equivalent) is responsible for assessing the Council's ability to continue as a going concern and use the going concern basis of accounting unless there is an intention by government that the services provided by the Council will no longer be provided.

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

Page 141
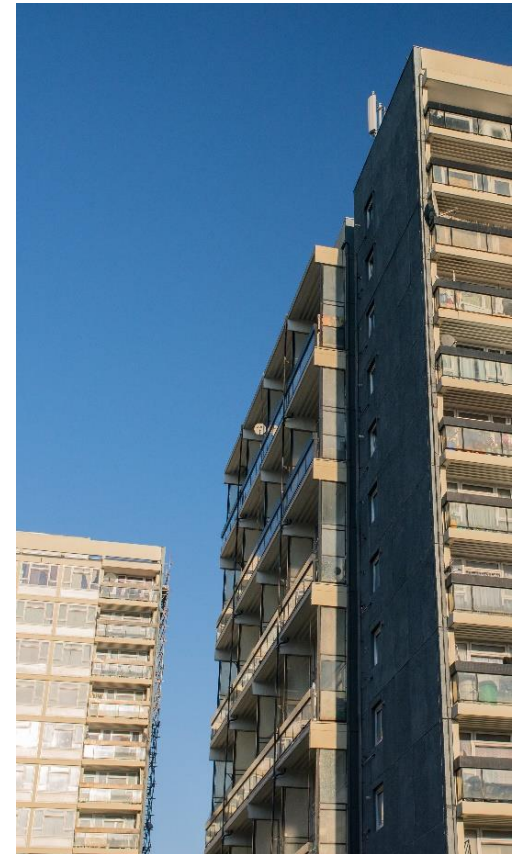
Appendix B:
An explanatory note on recommendations

A range of different recommendations can be raised by the Council's auditors as follows:

Type of recommendation	Background	Raised within this report	Page reference(s)
Statutory	Written recommendations to the Council under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014.	No	N/A
Key	The NAO Code of Audit Practice requires that where auditors identify significant weaknesses as part of the Council's arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the Council. We have defined these recommendations as 'key recommendations'.	Yes	Page 8
Improvement	These recommendations, if implemented, should improve the arrangements in place at the Council, but are not a result of identifying significant weaknesses in the Council's arrangements.	Yes	Pages 20 – 21 Pages 29 – 30 Pages 43 - 46

Page 142

Grant Thornton

grantthornton.co.uk

This page is intentionally left blank

WIRRAL

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 26 March 2024

REPORT TITLE:	ANNUAL UPDATE OF WHISTLEBLOWING CONCERNS RAISED IN THE MUNICIPAL YEAR 2023/24
REPORT OF:	DIRECTOR OF LAW AND CORPORATE SERVICES (MONITORING OFFICER)

REPORT SUMMARY

The Council's Whistleblowing Policy requires the Director of Law and Governance to provide the Audit and Risk Management Committee with an annual report to communicate "any relevant matters and issues arising in connection with the Whistleblowing Policy".

The report will not disclose details of any staff (or other confidential information) but will summarise (so far as is possible without undermining or exposing the Council to unacceptable risk or challenge) the number / nature of the concerns raised under the Whistleblowing Policy, details of the service(s) to which the concerns relate, and the steps being taken to investigate the concerns further, and any relevant matters or issues that have arisen in connection with the Whistleblowing Policy.

RECOMMENDATION

The Audit and Risk Management Committee is recommended to note the report.

1.0 REASON/S FOR RECOMMENDATION/S

1.1 To provide Members with assurance that concerns raised by workers in respect of possible fraud, danger or malpractice are being appropriately managed.

2.0 OTHER OPTIONS CONSIDERED

2.1 Not to have a whistleblowing policy and procedure is not an option if the Council wish to comply with the requirements of the Employment Rights Act 1996 and the Public Interest Disclosure Act 1998 and align its practices with national best practice.

3.0 BACKGROUND INFORMATION

3.1 The Council's Constitution and Standards Committee approved the current Whistleblowing Policy on 24 February 2021. The Whistleblowing Policy will be reviewed every three years, unless otherwise required for some other reason, such as, due to legislative changes or if an issue arises around its effectiveness.

3.2 Although the Constitution and Standards Committee are responsible for producing and approving the Council's Whistleblowing Policy, it is the role of this Committee to oversee its operation, and in particular as set out in its Terms of Reference, "to be appraised of any steps arising from Whistleblowing investigations and to ensure appropriate actions are being taken and reported".

3.3 The Whistleblowing Policy and procedure outlines the legal obligations the council is under pursuant to the Employment Rights Act 1996, as amended by the Public Interest Disclosure Act 1998. The Policy provides information, guidance and a procedure by which a "worker" (a term that covers council employees and former employees, contractors and agency workers) can make a "protected disclosure".

3.4 A "protected disclosure" is made where a worker raises concerns, which in the reasonable belief of the worker are in the public interest, and which tend to show:

3.4.1 That a crime has been committed, is being committed, or is likely to be committed.

3.4.2 That a person has failed, is failing, or is likely to fail to comply with any legal obligation to which he or she is subject – including contractors providing goods and services on behalf of the Council.

3.4.3 That a miscarriage of justice has occurred, is occurring, or is likely to occur.

3.4.4 That the health and safety of an individual has been, is being, or is likely to be endangered.

3.4.5 That the environment has been, is being or is likely to be damaged.

3.4.6 That information tending to show any of the above has been concealed or is likely to be deliberately concealed.

3.5   A "protected disclosure" can be made by a number of methods under the Policy, namely, completion of a confidential reporting form, via the individuals line manager, a Designated Officer, or a relevant Prescribed Regulatory Body. The details of the whistleblower remain confidential however the individual can make a "protected disclosure" anonymously. The worker has to have a reasonable belief that the disclosure is made "in the public interest".

3.6   All concerns raised under the Whistleblowing Policy are referred to the Whistleblowing Board who discuss the progress of investigations and identify and address any issues that arise that may hinder or otherwise prevent the timely investigation of the concern(s) raised.

3.7   During the period 1 April 2023 to Date there has been one whistleblowing report made. The concerns/issues raised are within the Resources Directorate in respect of the acquisition of corporate IT systems.

3.8   An investigation is presently underway. The Whistleblower has been interviewed and extensive documentation examined, with further witnesses having now been identified and interviews being carried out. The outcome of the whistleblowing investigation will be reported at a subsequent update to the Committee.

3.9   During the previous year steps were taken to continue to raise awareness of the Whistleblowing Policy and its importance by making reference to it in the corporate anti-fraud and corruption awareness raising and training materials.

3.10   Minor amendments were made to the Whistleblowing Policy in the last year, there have been no relevant legislative changes or issues arising around its effectiveness in the last year, however a planned review will be carried out in the forthcoming municipal year.

4.0   FINANCIAL IMPLICATIONS

4.1   There are none arising directly from this report.

5.0   LEGAL IMPLICATIONS

5.1   There are none arising directly from this report.

6.0   RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1   There are none arising directly from this report.

7.0   RELEVANT RISKS

7.1   That legal requirements and best practice are not complied with.

7.2   That concerns are not communicated and consequently remain unidentified by the Council resulting in financial loss or prosecution by regulatory authorities.

7.3   That failing to identify and respond to a whistleblowing concern may result in a reputational risk for the Council.

8.0   ENGAGEMENT/CONSULTATION

8.1   Relevant Officers, the trade unions, and this Committee were consulted in the production of the Policy prior to being submitted to the Constitution and Standards Committee for approval.

9.0   EQUALITY IMPLICATIONS

9.1   Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.

9.2   Equality implications were considered and developed as part of the development of the new Whistleblowing Policy prior to submission to the Constitution and Standards Committee for approval.

9.3   The Whistleblowing Policy will allow protected disclosures to be made where there is a failure by the Council, or any contractor providing goods and services on behalf of the Council, to comply with the Council's equality duties.

9.4   An Equality Impact Assessment has been carried out in order to ensure equality and the necessary protection for anyone engaging in the whistleblowing process which can be found at https://www.wirral.gov.uk/communities-and-neighbourhoods/equalityimpact-assessments.

10.0   ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1   The Whistleblowing Policy will allow protected disclosures to be made where the actions of the Council are or are likely to cause damage to the environment, therefore allowing issues and concerns to be highlighted and dealt with in a timely manner.

11.0   COMMUNITY WEALTH IMPLICATIONS

11.1   The Whistleblowing Policy will serve to ensure the Council, its finances and service provision are adequately protected from possible fraud or malpractice and are appropriately managed to aid the advancement of economic, social and environmental justice for all residents.

REPORT AUTHOR: **Paul Martin**
                          Principal Lawyer: Litigation & Governance
                          Telephone: (0151) 666 3649
                          Email: paulmartin@wirral.gov.uk

APPENDICES

None

BACKGROUND PAPERS

Wirral Borough Council Intranet Whistleblowing page
(https://wirralcouncil.sharepoint.com/sites/people/SitePages/Whistleblowing.aspx)
Employment Rights Act 1996
Public Interest Disclosure Act 1998

TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Section 10.2(d)(iv) of its Terms of Reference, namely - to be appraised of any steps arising from Whistleblowing investigations and to ensure appropriate actions are being taken and reported.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	27 September 2021 24 February 2022 01 March 2023

This page is intentionally left blank

WIRRAL

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 26 March 2024

REPORT TITLE:	**ANNUAL UPDATE OF USE OF SURVEILLANCE POWERS UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**
REPORT OF:	**DIRECTOR OF LAW AND CORPORATE SERVICES (MONITORING OFFICER)**

REPORT SUMMARY

The Regulation of Investigatory Powers Act 2000 ("RIPA") enables local authorities to carry out certain types of surveillance activity, if specified procedures are followed. The information obtained as a result of surveillance operations can be relied upon in court proceedings providing RIPA is complied with.

The Investigatory Powers Act 2016 ("IPA") is the main legislation governing the acquisition of communications data. The information obtained as a result of these acquisitions can also be relied upon in court proceedings provided IPA is complied with.

This report updates Members on issues relevant to this area of work and gives details of RIPA directed surveillance applications and IPA communications data applications that have been authorised in the last year, 1 January 2023 to 31 December 2023.

RECOMMENDATION/S

The Audit and Risk Management Committee is recommended to note the use made by the Council of covert surveillance between 1 January 2023 and 31 December 2023.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 To ensure that the Council complies with the legal obligations under RIPA, IPA and national guidance.

2.0 OTHER OPTIONS CONSIDERED

2.1 There is a statutory obligation to follow the requirements set out in the Regulation of Investigatory Powers Act 2000 in relation to the carrying out of directed surveillance by public regulatory bodies. The use of covert surveillance on the occasions listed in this report was the most appropriate and proportionate method available to gather evidence of any criminal offences that may have occurred, as such other options have to be discounted.

3.0 BACKGROUND INFORMATION

3.1 The Regulation of Investigatory Powers Act 2000 (RIPA) governs how public bodies use surveillance methods in their regulatory/enforcement roles. The Council may use directed covert surveillance for the purpose of preventing or detecting crime or preventing disorder, or to establish and maintain a relationship with a person (a Covert Human Intelligence Source [CHIS]) to covertly obtain information relating to an investigation. The information obtained as a result of surveillance operations can be relied upon in prosecution proceedings brought by the Council providing the requirements of RIPA are complied with.

3.2 The Investigatory Powers Act 2016 (IPA) is the main legislation governing the acquisition of communications data. The information obtained as a result of these acquisitions can be used to aid and assist officers in their investigations and to identify offenders and can also be relied upon in prosecution proceedings.

3.3 The origins of RIPA and IPA lie in the Human Rights Act 1998 (HRA) which places restrictions on the extent to which public bodies may interfere with a person's right to respect for his or her home and private life and correspondence during the course of an investigation into suspected criminal activities. The provisions of RIPA ensure (in summary) that any such interferences are in accordance with the law and are necessary and proportionate (i.e., the seriousness of the suspected crime or disorder must outweigh any possible interferences with the personal privacy of the persons being investigated and of persons who associate with them).

3.4 The Council's Constitution (Part 3, Section C(a) – Proper Officer Functions) sets out the officers delegated to authorise the use of covert surveillance in accordance with the procedures prescribed by RIPA. Since 1 November 2012 such authorisations require the further approval of a magistrate where the legislation applies.

3.5 The Investigatory Powers Commissioner (IPCO) is responsible for overseeing the operation of RIPA and IPA and regularly inspect public bodies to ensure compliance with the legislation. IPCO last inspected the Council on 21 May 2021. The outcome of that inspection was reported to the Committee on 5 July 2021. The Committee

approved amendments to the Council's policy and guidance document made in response to the Report. All the required amendments were duly made to the policy.

3.6   Training on the use of RIPA is due to be delivered during April 2024 to all Council enforcement officers from various regulatory services who could seek to make use of covert surveillance techniques and/or the acquisition of communications data to assist investigations. The training will deal in detail with the requirements for authorisations of directed covert surveillance and the use of covert human intelligence sources under RIPA and the use of social media and other sources of communications data for the purpose of investigations by the Council or for Officers to otherwise carry out their duties.

3.7   In the last year, 1 January to 31 December 2023, there have been three (3 no.) applications under RIPA made to the Magistrates' Court to enable test purchases to be made by juveniles (under the supervision of Trading Standards Officers) in conjunction with national enforcement exercises, from retailers who were suspected of selling e-cigarettes to young persons under the age of 18, and one (1 no.) application for the citing of a covert CCTV camera at a location in the Borough for the purposes of investigating incidents of fly tipping.

3.8   In the same time period, there have been no formal authorisations sought or granted for either the acquisition of communications data or the use of Covert Human Intelligence Sources.

4.0   FINANCIAL IMPLICATIONS

4.1   There are no direct financial implications arising from this report at present, however training of officers will need to receive continued funding in order to maintain current knowledge, continued compliance and high standards.

5.0   LEGAL IMPLICATIONS

5.1   The Protection of Freedoms Act 2012, which requires local authorities (where RIPA applies) to obtain the approval of a magistrate for the use of covert surveillance, came into force on 1 November 2012.

5.2   In situations where directed surveillance is carried out as part of an investigation by officers but a formal RIPA authorisation from the Magistrates' Court is not required, officers must still apply the principals set out within the Act and the Council's Policy and Guidance requires officers to complete a Non-RIPA Authorisation which must be approved internally by an Authorising Officer

6.0   RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1   There are no direct resource implications arising from the report.

7.0   RELEVANT RISKS

7.1   Evidence obtained by the use of directed surveillance techniques in the investigation of offences without the necessary judicial approval or otherwise in contravention of the Regulation of Investigatory Powers Act 2000, the Statutory Code of Practice or

the Councill's Policy Document may not be admissible in prosecution proceedings and may amount to a breach of an individuals human rights.

8.0 ENGAGEMENT/CONSULTATION

8.1 Not applicable.

9.0 EQUALITY IMPLICATIONS

9.1 There are no direct equality implications from the report. All investigations and subsequent enforcement action taken by Council regulatory services is carried out in accordance with Corporate and Service Enforcement Policies as previously approved by Council and other relevant policies and statutory guidance where applicable.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are no direct environment and climate implications.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 There are no direct community wealth implications arising from the report.

REPORT AUTHOR: **Paul Martin**
Principal Lawyer, Litigation and Governance
telephone: 0151 666 3649
email: paulmartin@wirral.gov.uk

BACKGROUND PAPERS

Regulation of Investigatory Powers Act 2000
Investigatory Powers Act 2016
Protection of Freedoms Act 2012
Home Office Covert Surveillance and Property Interference: Revised Code of Practice (August 2018)
Home Office Covert Human Intelligence Sources, Draft Revised Code of Practice (January 2021)
Acquisition and Disclosure of Communications Data Code of Practice (March 2015)
Wirral Council Policy and Procedure on the use of Powers Under the Regulation of Investigatory Powers Act (2020)

TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Para 11.2(i) and (m) of its Terms of Reference.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Reports to the Audit & Risk Management Committee	16 November 2020 05 July 2021 17 January 2023

This page is intentionally left blank

WIRRAL

AUDIT AND RISK MANAGEMENT COMMITTEE

TUESDAY, 26 MARCH 2024

REPORT TITLE:	AUDIT AND RISK MANAGEMENT COMMITTEE WORK PROGRAMME
REPORT OF:	DIRECTOR OF LAW AND CORPORATE SERVICES

REPORT SUMMARY

The Audit and Risk Management Committee programme of work includes all reports of a statutory and legislative nature and reports which are required to be reported to public sector audit committees during the municipal year for compliance with the Public Sector Internal Audit Standards.

This report provides the Committee with an opportunity to plan and review its work programme for the forthcoming the municipal year. The work programme for the Audit and Risk Management Committee is attached as Appendix 1 to this report.

RECOMMENDATION

The Audit and Risk Management Committee is recommended to:

(1) note and comment on the proposed Audit and Risk Management Committee work programme for the the 2024/25 municipal year.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 To ensure Members of the Audit and Risk Management Committee have the opportunity to contribute to the delivery of the annual work programme.

2.0 OTHER OPTIONS CONSIDERED

2.1 A number of workplan formats were explored, with the current framework open to amendment to match the requirements of the Committee.

3.0 BACKGROUND INFORMATION

3.1 The work programme should include all reports of a statutory and legislative nature and reports which are required to be reported to public sector audit committees during the municipal year for compliance with the Public Sector Internal Audit Standards.

Terms of Reference

The Audit and Risk Management Committee is a key component of Wirral Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards. The Committee provides independent assurance on the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Audit and Risk Management Committee is charged by full Council to:-

(a) Governance

(i) Consider the Annual Governance Statement, and be satisfied that this statement is comprehensive, properly reflects the risk and internal control environment, including the system of internal audit, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, and includes an agreed action plan for improvements where necessary.

(b) Internal Audit and Internal Control

(i)   With Chief Officers, to provide proactive leadership and direction on audit governance issues and champion audit and internal control throughout the Council.

(ii)   Consider annually the effectiveness of the system of internal audit including Internal Audit Charter, Strategy, Plan of work and

performance and that those arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards and Local Government Application Note.

(iii)   Consider the Head of Internal Audit's annual report and a summary of internal audit activity which include an opinion on the adequacy and effectiveness of the Council's internal controls including risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.

(iv)   Consider regular summary reports on the work of internal audit including key findings, issues of concern and actions in hand as a result of internal audit activity.

(v)   Consider reports showing progress against the audit plan and proposed amendments to the audit plan.

(vi)   Ensure there are effective relationships between internal audit and external audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.

(c) Risk Management & Control

(i)   Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the Council and ensure that the Full Council is kept sufficiently informed to enable it to approve the Council's Risk Management Policy and Framework and that proper insurance exists where appropriate.

(ii)   Consider the effectiveness of the system of risk management arrangements.

(iii)   Consider an annual report and quarterly reports with respect to risk management including, an opinion on the adequacy and effectiveness of the Council's risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.

(iv)   Receive assurances that action is being taken on risk related issues identified by both internal and external auditors and other inspectors.

(v)   Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk.

(vi)   Report to full Council as appropriate.

(d) Anti-Fraud and Corruption

Provide proactive leadership and direction on Anti-Fraud and Corruption and champion Anti-Fraud and Corruption throughout the Council.

Consider the effectiveness of the Council's anti-fraud and corruption arrangements.

Consider an annual report and other such reports, including an annual plan on activity with respect to Anti-Fraud and Corruption performance and receive assurances that action is being taken where necessary.

To be appraised of any steps arising from Whistleblowing investigations and to ensure appropriate actions are being taken and reported.

(e)   Annual Statement of Accounts

Consider the external auditor's reports and opinions, relevant requirements of the International Standards on Auditing and any other reports to members with respect to the Accounts, including the Merseyside Pension Fund and approve the Accounts on behalf of the Council and report required actions to the Council. Monitor management action in response to issues raised by the external auditor.

Consider the External Auditors Annual Governance Report and approve the Letter of Representation with respect to the Accounts and endorse the action plan contained in this Report.

4.0   FINANCIAL IMPLICATIONS

4.1   This report is for information and planning purposes only, therefore there are no direct financial implication arising. However, there may be financial implications arising as a result of work programme items.

5.0   LEGAL IMPLICATIONS

5.1   There are no direct legal implications arising from this report. However, there may be legal implications arising as a result of work programme items.

6.0   RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1   There are no direct implications to Staffing, ICT or Assets.

7.0   RELEVANT RISKS

7.1   The Committee's ability to undertake its responsibilites may be compromised if it does not have the opportunity to review its work across the municipal year.

8.0   ENGAGEMENT/CONSULTATION

8.1   Not applicable.

9.0   EQUALITY IMPLICATIONS

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.

9.2 This report is for information to Members and there are no direct equality implications.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 This report is for information to Members and there are no direct environment and climate implications.

11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 This report is for information to Members and there are no direct community wealth implications.

REPORT AUTHOR: **Joe D'Henin**
telephone: 0151 691 8139
email: josephdhenin@wirral.gov.uk

APPENDICES

Appendix 1: Audit and Risk Management Committee Work Plan

BACKGROUND PAPERS
Wirral Council Constitution

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

This page is intentionally left blank

WIRRAL COUNCIL AUDIT AND RISK MANAGEMENT COMMITTEE

WORK PROGRAMME – 2024-25

This programme of work for the Audit and Risk management Committee includes all reports of a statutory and legislative nature or are required to be reported to public sector audit committees during the municipal year for compliance with the Public Sector Internal Audit Standards.

1.   **25 JUNE 2024**

1.1	Internal Audit Update	MPN
1.2	Internal Audit Plan 24-25	MPN
1.3	CIA Annual Report and Opinion 23-24	MPN
1.4	Corporate Risk Management Update	HT
1.5	External Audit – Annual Report	EA
1.6	External Audit - Audit Plan / Update	EA
1.7	Draft Statement of Accounts and AGS	DG
1.8	Health and Safety Annual Report	AMc

2.   **22 OCTOBER 2024**

2.1	Internal Audit Update (Incl ARMC Self Assess Intro)	MPN
2.2	IA Annual Counter Fraud Update	MPN
2.3	Corporate Risk Management Update	HT
2.4	External Audit – Auditor Findings Report	EA
2.5	Statement of Accounts and AGS	DG
2.6	Procurement Update	SB
2.7	Corporate Complaints (Briefing Note)	VL

3.   **14 JANUARY 2025**

3.1	Internal Audit Update (Incl Charter and Strategy and QAIP)	MPN
3.2	ARMC Annual Report 23-24	MPN
3.3	ARMC Self-Assessment	MPN

3.4	Corporate Risk Management Update	MPN
3.5	External Audit – Annual Audit Report	EA
3.6	External Audit – Audit Sector Update	EA
3.7	Corporate Governance Group Update (Briefing Note)	MK

4.   **25 MARCH 2025**

4.1	Internal Audit Update	MPN
4.2	Corporate Risk Management Update	MPN
4.3	RIPA Update	CH
4.4	Annual SIRO Report	JT/JC
4.5	Whistleblowing – Annual Report	PM

NB:

In addition, there will be many ad-hoc reports prepared and presented by IA and other officers at the behest of the Chair, Members and Officers, for example regular updates from IA on Counter Fraud related activity, Financial Regulations, and Financial Forecasting to name a few.

Key:

DOF	-	Mathew Bennet	Director of Finance
JT	-	Jill Travers	Director of Law and Corporate Services
MN	-	Mark Niblock	Chief Internal Auditor
VS	-	Vicky Shaw	Head of Legal Services
DG	-	Diane Grisdale	Head of Finance - Corporate
HT	-	Helen Turner	Risk Continuity and Compliance Manager
CH	-	Colin Hughes	Lawyer – Contracts and Commercial
JC	-	Jane Corrin	ICT Governance and Compliance Manager
PM	-	Paul Martin	Principal Lawyer (Litigation and Governance)
PMo	-	Pete Moulton	Head of ICT and Digital
MK	-	Mike Kostrzewski	Corporate Finance Manager
VL	-	Vicki Lungley	Assistant Business Unit Manager (OSS)
AMc	-	Andy McMillan	Health, Safety and Wellbeing Manager
SB	-	Steve Boyd	Head of Procurement
EA	-	External Audit	Grant Thornton

Audit and Risk Management Committee – Terms of Reference

The Audit and Risk Management Committee is a key component of Wirral Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

The Committee provides independent assurance on the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

The Audit and Risk Management Committee is charged by full Council to:-

(a)　Governance

  (i)　Consider the Annual Governance Statement, and be satisfied that this statement is comprehensive, properly reflects the risk and internal control environment, including the system of internal audit, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control, and includes an agreed action plan for improvements where necessary.

(b)　Internal Audit and Internal Control

  (i)　With Chief Officers, to provide proactive leadership and direction on audit governance issues and champion audit and internal control throughout the Council.

  (ii)　Consider annually the effectiveness of the system of internal audit including Internal Audit Charter, Strategy, Plan of work and performance and that those arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards and Local Government Application Note.

  (iii)　Consider the Head of Internal Audit's annual report and a summary of internal audit activity which include an opinion on the adequacy and effectiveness of the Council's internal controls including risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.

  (iv)　Consider regular summary reports on the work of internal audit including key findings, issues of concern and actions in hand as a result of internal audit activity.

  (v)　Consider reports showing progress against the audit plan and proposed amendments to the audit plan.

  (vi)　Ensure there are effective relationships between internal audit and external audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.

(c)　Risk Management & Control

  (i)　Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the Council and ensure

that the Full Council is kept sufficiently informed to enable it to approve the Council's Risk Management Policy and Framework and that proper insurance exists where appropriate.

(ii) Consider the effectiveness of the system of risk management arrangements.

(iii) Consider an annual report and quarterly reports with respect to risk management including, an opinion on the adequacy and effectiveness of the Council's risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.

(iv) Receive assurances that action is being taken on risk related issues identified by both internal and external auditors and other inspectors.

(v) Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk.

(vi) Report to full Council as appropriate.

(d) Anti-Fraud and Corruption

(i) Provide proactive leadership and direction on Anti-Fraud and Corruption and champion Anti-Fraud and Corruption throughout the Council.

(ii) Consider the effectiveness of the Council's anti-fraud and corruption arrangements.

(iii) Consider an annual report and other such reports, including an annual plan on activity with respect to Anti-Fraud and Corruption performance and receive assurances that action is being taken where necessary.

(iv) To be appraised of any steps arising from Whistleblowing investigations and to ensure appropriate actions are being taken and reported.

(e) Annual Statement of Accounts

(i) Consider the external auditor's reports and opinions, relevant requirements of the International Standards on Auditing and any other reports to members with respect to the Accounts, including the Merseyside Pension Fund and approve the Accounts on behalf of the Council and report required actions to the Council. Monitor management action in response to issues raised by the external auditor.

(ii) Consider the External Auditors Annual Governance Report and approve the Letter of Representation with respect to the Accounts and endorse the action plan contained in this Report.

(f) External Audit

(i) Consider any other reports of external audit and other inspection agencies.

(ii) Ensure there are effective relationships between external audit and internal audit.

(iii) To liaise with the Public Sector Audit Appointments over the appointment of the Council's external auditors and make recommendations to Council.

(g) Merseyside Pension Fund

(i) Following presentation to the Pensions Committee and with due regard to any comments and observations made, consider the draft Accounts of the Merseyside Pension Fund and authorise the publication and release of these accounts to the external auditors for the audit by the statutory deadline.

(h) Treasury Management

(i)   Consider the effectiveness of the governance, control and risk management arrangements for Treasury Management and ensure that they meet best practice.

(i)   Partnerships and other bodies

  (i)   To deal with any audit or ethical standards issues which may arise in relation to partnership working, joint committees and other local authorities or bodies.

  (ii)   Ensure that there are effective governance arrangements in place for Wirral Borough Council's wholly owned limited companies and trading vehicles.

  (iii)   Receive and review the financial statements and dividend policies of any Wirral Borough Council limited companies and to consider recommending corrective action where appropriate

(j)   Administration

  (i)   Review the Committee's own terms of reference no less frequently than annually and where appropriate make recommendations to the Council for changes.

  (ii)   Ensure members of the committee have sufficient training to effectively undertake the duties of this committee.

  (iii)   Consider the Annual Report of the Chair of the Committee.

This page is intentionally left blank