



Council Excellence Overview and Scrutiny Committee

Date:	Monday, 1 February 2010
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

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

Members are reminded that they should also declare, pursuant to paragraph 18 of the Overview and Scrutiny Procedure Rules, whether they are subject to a party whip in connection with any item(s) to be considered and, if so, to declare it and state the nature of the whipping arrangement.

2. MINUTES (Pages 1 - 6)

To receive the minutes of the meeting held on 19 November 2009.

3. FINANCIAL MONITORING STATEMENT (Pages 7 - 12)

4. GENERAL FINANCIAL MATTERS (Pages 13 - 24)

5. BUDGET PROJECTIONS 2011 - 2014 (Pages 25 - 30)

6. 2009/2010 THIRD QUARTER PERFORMANCE REPORT

Presentation by the Deputy Chief Executive/Director of Corporate Services

7. MANAGING FRAUD (Pages 31 - 74)

8. AUDIT COMMISSION REPORT - COMMISSIONING AND PROCUREMENT REVIEW (Pages 75 - 102)

9. OFFICE ACCOMMODATION UPDATE - STRATEGIC ASSET REVIEW

Report of the Director of Law, HR and Asset Management to be circulated separately

10. FREEDOM OF INFORMATION ACT - UPDATE

Item withdrawn

11. COMMUNITY COHESION - UPDATE

Verbal Report from the Corporate Equality and Cohesion Manager

12. REVIEW OF SCRUTINY WORK PROGRAMME (Pages 103 - 110)

13. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

Thursday, 19 November 2009

Present:

Councillor	C Meaden (Chair)		
Councillors	L Rowlands	AER Jones	
	D Elderton	S Quinn	
	G Ellis	P Gilchrist	
	A Pritchard		

Deputies:

Councillors	RL Abbey (In place of J George)		
	P Williams (In place of C Teggin)		

33 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST/PARTY WHIP

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

34 MINUTES

Resolved – That the minutes of the meeting held on 16 September 2009, be approved.

35 COMMUNITY COHESION

Members referred to matters raised at the presentation, prior to the meeting, by the Council's Corporate Equality and Cohesion Manager, in relation to Community Cohesion. The presentation had highlighted the events which had led to the idea of community cohesion and which had resulted in the formation in 2006 of the Commission on Integration and Cohesion. Community Cohesion was 'what must happen in all communities to enable different groups of people to get on well and live well together'. For this to happen, people needed to have –

- a shared vision and sense of belonging;
- a focus on what new and existing communities had in common, alongside a recognition of the value of diversity and;
- strong and positive relationships between people from different backgrounds.

Cohesion was not about trying to make everyone the same but about giving people the skills to respect difference, to cope with change and welcome new residents. Alongside those skills there needed to be a shared sense of mutual respect for each other.

The presentation indicated that central government had committed to cohesion by the establishment of a set of national indicators to support PSA 21 'to build cohesive, empowered and active communities' and PSA 26 'to reduce the risk to the UK and its interests overseas from international terrorism'. Although many activities to support community cohesion were led by the Police, the support of local authorities and partners were vital in its success. The presentation indicated a proposed approach by the Council, the first part of which was to undertake a mapping exercise and to produce an action plan. Members indicated their support for the development of community cohesion in Wirral and referred also to the success of the Diversity Day held recently at Wallasey Town Hall.

Resolved – That an update report be presented to the next meeting of the Committee.

[The Chair indicated that she had approved consideration of the following additional item of business.]

36 **PRESENTATION - 2009/2010 QUARTER TWO PERFORMANCE AND FINANCIAL REVIEW**

The Deputy Chief Executive/Director of Corporate Services commented that the Second Quarter Performance Report 2009/2010 was available for inspection in the Web Library and he gave a detailed presentation to highlight the key achievements and performance issues which had been identified in the monitoring period. He referred in particular to the on target spend of £19m on Woodchurch High School and to the fact that 64.4% of the performance indicators which were priorities for improvement were achieving or exceeding targets. He reported that although the recession continued to impact there had been a number of improvements, particularly in relation to creating and safeguarding jobs. He identified both what worked well and the key risks in relation to each of the Council's Strategic Objectives and provided also an overall performance summary relevant to the Council Excellence Overview and Scrutiny committee, together with information in relation to targets to reduce sickness absence.

He commented also upon information provided by the Director of Finance in relation to key financial headlines and reported also upon the revenue budget and capital programme 2009/2010.

In response to comments from Members, the Director provided information with regard to the recession recovery programme and he highlighted the work undertaken by Invest Wirral.

Resolved – That the presentation be noted.

37 **PRESENTATION - COMPREHENSIVE AREA ASSESSMENT/PARTNERSHIP EVALUATION**

The Deputy Chief Executive/Director of Corporate Services gave a presentation in relation to an Evaluation of the four underpinning themes in Comprehensive Area Assessment (CAA), which were included in the scrutiny work programme of the Council Excellence Overview and Scrutiny Committee:

- Sustainability
- Tackling Inequality
- Protecting the Vulnerable
- Value for Money

The CAA placed a focus on self-assessment for the Council and the Partnership and he outlined what had been learned from the evaluation exercise, including the need to –

- ensure the capture of local knowledge;
- ensure that the voice of the community is represented in plans and in feedback to the public;
- improve communication of partnership successes;
- ensure a proactive approach to sharing learning on joint commissioning across the partnership;
- continue to improve performance management of shared partnership objectives and targets.

He proposed that the outcomes of CAA would be reported to Council Excellence on 1 February 2010, together with an action plan to address CAA area outcomes and findings of partnership evaluation. The delivery of the activity could be the subject of scrutiny by Council Excellence, with a particular focus on the underpinning themes agreed as part of the work programme. In response to comments from Members in relation to the availability of the full version of the Council's self assessment, the Director agreed to consider how best to disseminate information to Members in advance of it being made available publicly on the Audit Commission website. He agreed also to investigate the information contained within press releases copied to Members.

Resolved – That the presentation be noted.

38 FINANCIAL MONITORING STATEMENT

The Director of Finance presented a summary in tabular format of the current position of the revenue accounts and General Fund balances as at 30 September 2009, together with an update as at 31 October 2009. He indicated areas where there were reports of financial pressures, and commented in particular upon continuing pressures in Adult Social Services, Children and Young People, Finance, Regeneration and Technical Services. At this stage of the financial year, the decisions taken by the Cabinet and the overspends in Adult Social Services, Children and Young People, Regeneration and Technical Services, if realised would reduce the balance at 31 March 2010 by £2.7m (down to £2.5m) and the Directors were looking at actions to address the projected overspends. In response to a comment from a Member, the Director confirmed that balances would have to be restored to £6.5m for 2010/2011

Resolved –

(1) That the contents of the financial monitoring statement be noted.

- (2) That the Financial Monitoring Statement be circulated in future to all Members of the Council.**

39 PROJECTED BUDGET 2010-2011

The Director of Finance presented the projected budget for 2010-2011, which would be the final year of the Comprehensive Spending Review 2007 (CSR). The final settlement was issued on 21 January 2009 which confirmed the indicative figures for 2010/2011 and the Director commented that in his budget speech on 22 April 2009 the Chancellor of the Exchequer stated that the main grant for 2010/2011 would not be reduced but that there would be reductions from 2011/2012.

The Director set out variations that had been identified for 2010/2011, together with other developments which were likely to impact on the financial position of the Authority. He indicated the projected balances were reduced from £6m to £5m and assumed that all projected overspendings in 2009/2010 other than in Cultural Services would be contained by Directors. The budget showed a shortfall of £13.6m in 2010/2011 and he commented that the gap between projected expenditure and anticipated resources would need to be bridged by a combination of savings and/or increased Council Tax, in order to set a balanced budget.

Resolved – That the projected budget for 2010/2011 be updated and reported regularly to the Cabinet and to this Committee.

40 BUDGET PROJECTIONS 2011-2014

The Director of Finance reported that with the release of further documents supporting the Chancellor of the Exchequer's Budget on 22 April 2009 it had been possible to revise the initial estimate of the projected budgets for the years from 2011 to 2014. Those projections indicated that efficiencies would be required in the order of £23.1m in 2011/2012, £20m in 2012/2013 and £21m in 2013/2014. He set out the assumptions which underpinned the projections and he indicated those elements of the Local Government Finance Settlement that the Government had agreed to being reviewed as part of the 2011 settlement.

Resolved –

- (1) That the report be noted.**
- (2) That the budget projections be kept under review as the global recession develops.**
- (3) That further efficiencies be sought through the delivery of the strategic change programme, the extension of that programme and by specific service efficiencies.**

41 CORPORATE RISK REGISTER

The Director of Finance presented a summary of a review of the issues contained within the Corporate Risk Register, which had been approved by the Cabinet on 3 September 2009 (minute 94 refers) and referred to this Committee for information by

the Audit and Risk Management Committee on 23 September 2009 (minute 37 refers).

The Corporate Risk Register was a key element of the Risk Management Strategy and contained those issues that had the greatest potential to prevent or frustrate the achievement of the Strategic Objectives as set out in the Corporate Plan. It had been developed over time and the aim of the review was to rationalise the risks in order to produce a more easily understandable and manageable Risk Register. He highlighted the main changes to the Register and confirmed that it was important to remember that the Register described critical potential threats and that the inclusion of a particular issue did not mean that the event or situation described was a current problem, rather that it would be significant if it was not managed effectively.

Resolved –

- (1) That the revised Corporate Risk Register be noted.**
- (2) That progress in managing corporate risks continue to be included in the quarterly Performance and Financial Monitoring Report.**

42 **GENERAL FINANCIAL MATTERS**

The Director of Finance provided information on the treasury management position, monitoring of the prudential indicators, the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of benefits. He provided an update in relation to the current economic environment and commented that although consensus seemed to suggest that the recession was near to an end, it did not mean that there would be an immediate and swift return to growth.

In response to a question from a Member, the Director provided information in relation to the process to be followed in the event of a complaint in relation to a Housing Benefit assessment.

Resolved – That the report be noted.

43 **LOCAL GOVERNMENT CHRONICLE (LGC) AWARDS 2009**

The Director of Finance reported that the Local Government Chronicle (LGC) Awards had been held for a number of years and were intended to celebrate the highest levels of achievement in the world of local government. Wirral had previously been successful in winning of the Procurement Initiative Award and the Investment Manager of the Year Award. He was pleased to report that two submissions had been shortlisted for an award in 2009 (Pension Fund of the Year and Best Exchequer Services) and that the awards ceremony for shortlisted entries was to take place on 25 November 2009 at Claridges Mayfair.

Resolved – That the best wishes of the Committee be accorded to Wirral's shortlisted entries.

44 **REVIEW OF SCRUTINY WORK PROGRAMME**

The Chair presented an update to the agreed work programme, which had been designed around the four themes of the Comprehensive Area Assessment (Sustainability, Tackling Inequality, Vulnerable People and Value for Money).

Resolved –

- (1) That the thanks of the Committee be accorded to the officers for work undertaken in the development of the work programme.**
 - (2) That an update report be presented to the next meeting of the Committee upon progress in relation to the office accommodation element of the Strategic Asset Review.**
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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW & SCRUTINY COMMITTEE

1 FEBRUARY 2010

REPORT OF THE DIRECTOR OF FINANCE

FINANCIAL MONITORING STATEMENT

1. EXECUTIVE SUMMARY

1.1 This report provides a summary in tabular format of the current position of the revenue accounts and General Fund balances.

2. MONITORING STATEMENT

2.1 The monitoring statement is attached to this report and includes the following:

- Composition of the original 2009/10 budget by Department including agreed savings and policy options.
- Monitoring against the 2009/10 budget including the financial implications of any Cabinet decisions.
- Anticipated variances against the original budget.
- Explanation of variances and areas identified as requiring further attention.

2.2 The Statement is produced monthly and in line with the decision of this Committee on 19 November 2009 is now sent to all Councillors. A formal report is submitted to each meeting of this Committee.

3. LATEST FINANCIAL POSITION

3.1 The Statement presents an update of the revenue budget and General Fund balances as at 31 December 2009.

3.2 At this stage of the financial year there are reports of financial issues within:-

3.2.1 Adult Social Services - There are continuing pressures on the community care budgets and, as a result of the economic climate, there will be a shortfall in income from service users. The projected pressures of £3 million are being partially offset by a series of actions which are now expected to reduce the projected overspend to £2.5 million. Work continues on identifying further efficiencies.

3.2.2 Children & Young People - There are significant pressures on the budget largely as a result of additional demands that have been placed on care services amounting to £3.4 million. Actions have been taken to reduce costs through a series of measures and the projection is now a £1 million overspend.

- 3.2.3 Regeneration - There remain several volatile budget areas with the major concern around maintaining income levels. The recession and weather conditions have a major impact upon the achievement of income targets. Together with employee cost pressures an overspend of £1 million is presently being projected.
- 3.2.4 Technical Services - As with other areas the income budgets are closely monitored and the indications are that the decline in planning fee income experienced throughout 2008/09 is now levelling off. Parking services income is being adversely affected and compounded by the success of the parking initiatives with the consequent fall in fixed penalty charge income. Increased demand means that winter maintenance is projected to overspend by £350,000 contributing towards the overall £0.8 million overspend.
- 3.2.5 Finance / Treasury Management - The economic position continues to affect housing benefit and treasury management activities. The number of applicants for housing and Council Tax benefits continues to increase and is impacting upon processing times which is being mitigated by the agreed additional staffing resources. Within treasury management the budget was adjusted for 2009/10 because of the impact of the recession but through revised investment management the Council should benefit by £0.7 million this year.
- 3.3 Decisions taken by Cabinet which have an impact upon the financial position:-
- 3.3.1 The 2008/09 accounts were subject to Audit and received an unqualified opinion as reported to the Audit & Risk Management Committee on 23 September 2009. There were no changes affecting the final outturn that was reported to Cabinet on 25 June 2009 which showed an overall overspend of £2.3m, and a reduction in balance of £0.2 million, after allowing for a transfer of £2.1m from the Insurance Fund.
- 3.3.2 Cabinet on 23 July 2009 considered a report on the Street Lighting energy contract and agreed to return to balances the sum of £0.2 million, being a policy option no longer required.
- 3.3.3 A recommendation from Cabinet on 1 October 2009, as confirmed by Council on 12 October 2009, resulted in increased spending in 2009/10 of £0.8 million to reflect the decision to cease the proposed creation of, and investment into, Neighbourhood Centres and to retain all existing libraries.
- 3.3.4 On 5 November 2009 the inflation provision for pay within the 2009/10 budget was reduced from 2% to 1% enabling £1.6 million to be added to the general balance. The same meeting also received a report on VAT recovery which produced a 'one-off' benefit of £0.5 million.
- 3.3.5 On 26 November 2009 it was agreed that £0.2 million be released to the general balance following the mid year review of the Balance Sheet. It was also agreed that an additional £0.8 million of Working Neighbourhood Fund grant be used to further support the Wirral Apprentice scheme.

4. FINANCIAL AND STAFFING IMPLICATIONS

- 4.1 As at 31 December 2009 the decisions taken by Cabinet and the overspends in Adult Social Services, Children & Young People, Regeneration and Technical Services, if realised, would reduce the balance at 31 March 2010 by £3.1 million (from £6 million down to £2.9 million). The relevant Directors are looking at actions to address the projected overspends.

Details	£million	£million
Projected General Fund balance at 31 March 2010 when setting the budget for 2009/10		6.0
Cabinet decisions		
25 June - Financial out-turn for 2008/09 showed an overspending and reduction in balance	-0.2	
23 July - Energy contract renewal enabled the release of the agreed policy option to general balance	+0.2	
1 October - Libraries retained with budget increased	-0.8	
5 November - Pay inflation reduced for 2009/10 and 'one-off' VAT recovery both added to balance	+2.1	
26 November - Balance Sheet Management review added to balance	+0.2	+1.5
Projected variances / potential overspends		
Overspend		
Adult Social Services	+2.5	
Children & Young People	+1.0	
Regeneration	+1.0	
Technical Services	+0.8	
Underspend		
Finance	-0.7	-4.6
General Fund balance at 31 March 2010 based upon the latest projections		2.9

- 4.2 There are no staffing implications arising directly from this report.

5. EQUAL OPPORTUNITIES IMPLICATIONS

- 5.1 There are none arising directly from this report.

6. HUMAN RIGHTS IMPLICATIONS

- 6.1 There are none arising directly from this report.

7. LOCAL AGENDA 21 IMPLICATIONS

- 7.1 There are none arising directly from this report.

8. COMMUNITY SAFETY IMPLICATIONS

- 8.1 There are none arising directly from this report.

9. PLANNING IMPLICATIONS

9.1 There are none arising directly from this report.

10. LOCAL MEMBER SUPPORT IMPLICATIONS

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

11. BACKGROUND PAPERS

11.1 None were used in the preparation of this report.

12. RECOMMENDATION

12.1 That the contents of the financial monitoring statement be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

FNCE/5/10

WIRRAL COUNCIL

FINANCIAL MONITORING STATEMENT 2009/10

POSITION AS AT 31 DECEMBER 2009

Department	ORIGINAL BUDGET			MONITORING				Forecast	COMMENTS
	Saving Target	Policy Option	Agreed Budget	Saving Target	Policy Option	Variations Agreed Projected			
Expenditure	£000	£000	£000			£000	£000	£000	
Adult Social Services	3,777	-	86,098	✓	-	-	+2,500	88,598	Community care costs & income targets from non-residential / residential care charges give pressures of £3m. Actions will now realise £0.5m savings giving £2.5m forecast overspend.
Children & Young People (including Schools)	1,380	970	77,914	✓	✓	-	+1,000	78,914	Residential childcare costs due to increased placements still remain the key concern. Others (transport and staffing) being partially offset by grants with £1m the projected overspend.
Corporate Services	-	310	5,649	-	✓	-	-	5,649	No issues identified.
Finance / Treasury Mgt	2,950	360	28,834	✓	✓	-	-700	28,134	Treasury Management activities affected by the markets but investment income projecting a surplus and savings on borrowing costs.
Law, HR and Asset Mgt	212	-	2,479	✓	-	-	-	2,479	Reduced income from managed properties and coroners but increased costs currently being managed within the budget.
Regeneration	3,464	50	46,512	X	✓	+1,630	+1,000	49,142	The agreed variations are libraries and WNF/Apprentices. Reduced income from sports centres / cemeteries plus employee pressures resulted in projected overspend of £1m.
Technical Services	966	180	41,921	✓	✓	-180	+750	42,491	Agreed variation is street lighting contract/ option not needed. Income closely monitored with car parking not likely to reach targets and winter maintenance overspend of £0.350m.
Travel	-	-	26,305	N/a	N/a	-	-	26,305	Fixed amount - no change.
Local Pay Review	-	-	1,177	N/a	N/a	-	-	1,177	
Contribution from Balances	-	-	(3,193)	N/a	N/a	-	-	(3,193)	For SAR and Children's care services.
LABGI / LAA grants	-	-	(1,600)			-	-	(1,600)	LABGI grant confirmed. No changes approved by Cabinet.
Budget Requirement	12,749	1,870	312,096			+1,450	+4,550	318,096	
Income									
Revenue Support Grant	-	-	28,643	N/a	N/a	N/a	N/a	28,643	Fixed amount - no change
Area Based Grant	-	-	31,038	N/a	N/a	+800	N/a	31,838	Additional £0.8m of Working Neighbourhood Fund.
National Non Domestic Rate	-	-	124,094	N/a	N/a	N/a	N/a	124,094	Fixed amount - no change
Council Tax	-	-	129,008	N/a	N/a	N/a	N/a	129,008	Fixed amount - no change
Collection Fund Deficit	-	-	(687)	N/a	N/a	N/a	N/a	(687)	Fixed amount - no change
Total Income			312,096			+800		312,896	
Statement of Balances									
As at 1 April	-	-	8,507	-	-			6,001	Opening balance – forecast for 1 April 2010.
Contributions from Balances	-	-	(3,193)	-	-			-	No changes approved by Cabinet.
Contributions from Reserves	-	-	687	-	-			-	No changes approved by Cabinet.
Contributions to Reserves	-	-		-	-	+2,450		180	23 July - Street lighting Policy Option not required.
								2,100	5 November - reduced pay inflation and one-off VAT reclaim.
								170	26 November - review of Balances.
Cabinet decisions	-	-	-	-	-	-200		-200	25 June - 2008/09 Accounts showed net £0.2 fall in balance.
								-	26 November – WNF used to support Apprentice Scheme.
Variations – Agreed Cabinet			-	-	-	-830		-830	1 October – Libraries decision.
Variations – Projected	-	-	-	-	-		-4,550	-4,550	Based on the departmental projections – not approved.
BALANCES			6,001			+1,420	-4,550	2,871	Projected balance at start / end of year
Key = No concern for item ✓ (Green) Key = Some concern for item * (Amber) Key = Concern for item X (Red)									

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

1 FEBRUARY 2010

REPORT OF THE DIRECTOR OF FINANCE

GENERAL FINANCIAL MATTERS

1. EXECUTIVE SUMMARY

- 1.1. This report provides information on the treasury management position, monitoring of the prudential indicators, the position regarding Council Tax, National Non Domestic Rate, general debt and cash income collection and the payment of benefits.

2. CURRENT ECONOMIC ENVIRONMENT

- 2.1. Inflation figures for November 2009 are CPI 1.9% and RPI 0.3%. These figures are likely to increase further over the next few months as VAT reverts back to 17.5% and the recent increase in oil prices starts to take affect. It is possible that the Governor of the Bank of England will have to write a letter to the Chancellor to explain why the 3% target for CPI has been breached. However, this increase should only be a temporary spike. The spare capacity in the economy will ensure that higher inflation should not be an issue in the near future.
- 2.2. The Bank of England (BoE) base rate remains at 0.5% and is forecast to remain at this level throughout 2009 and 2010. The BoE now plans to inject a total of £200 billion into the economy through the Quantitative Easing (QE) programme to try and increase bank lending and stimulate growth. This need to stimulate growth will mean that the base rate will have to remain low until the economy shows real signs of prolonged and stable growth.

3. THE COUNCIL TREASURY POSITION

- 3.1. Treasury Management in Local Government is governed by the CIPFA Code of Practice on Treasury Management in the Public Services and in this context is the "management of the Council's cash flows, its banking and its capital market transactions; the effective control of the risks associated with those activities and the pursuit of optimum performance consistent with those risks". This Council has adopted the Code and complies with its requirements.

- 3.2. The Treasury Management Strategy, including the Annual Investment Strategy and Prudential Indicators, was approved by Cabinet on 19 March 2009.

Table 1: Summary of Treasury Position

Investments	Balance at 30 Sep 2009 £m	%	Maturing Investments £m	New Investments £m	Balance at 31 Dec 2009 £m	%
Internal managed investments	104	100	172	176	108	100
TOTAL INVESTMENTS	104	100			108	100

Borrowings	Balance at 30 Sep 2009 £m	%	Maturing Borrowings £m	New Borrowings £m	Balance at 31 Dec 2009 £m	%
Long-term fixed rate	274	100	0	0	274	100
Long-term variable rate	0	0	0	0	0	0
Temporary borrowing	0	0	0	0	0	0
TOTAL BORROWING	274	100	0	0	274	100

NET BORROWING	170				166	
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4. INVESTMENTS

- 4.1. The Treasury Management Team can invest money for periods varying from 1 day to 10 years, in accordance with the Treasury Management Strategy, to earn interest until the money is required by the Council. These investments arise from a number of sources including:-

- General Fund Balances
- Reserves and Provisions
- Grants received in advance of expenditure
- Money borrowed in advance of capital expenditure
- Schools' Balances
- Daily Cashflow/ Working Capital

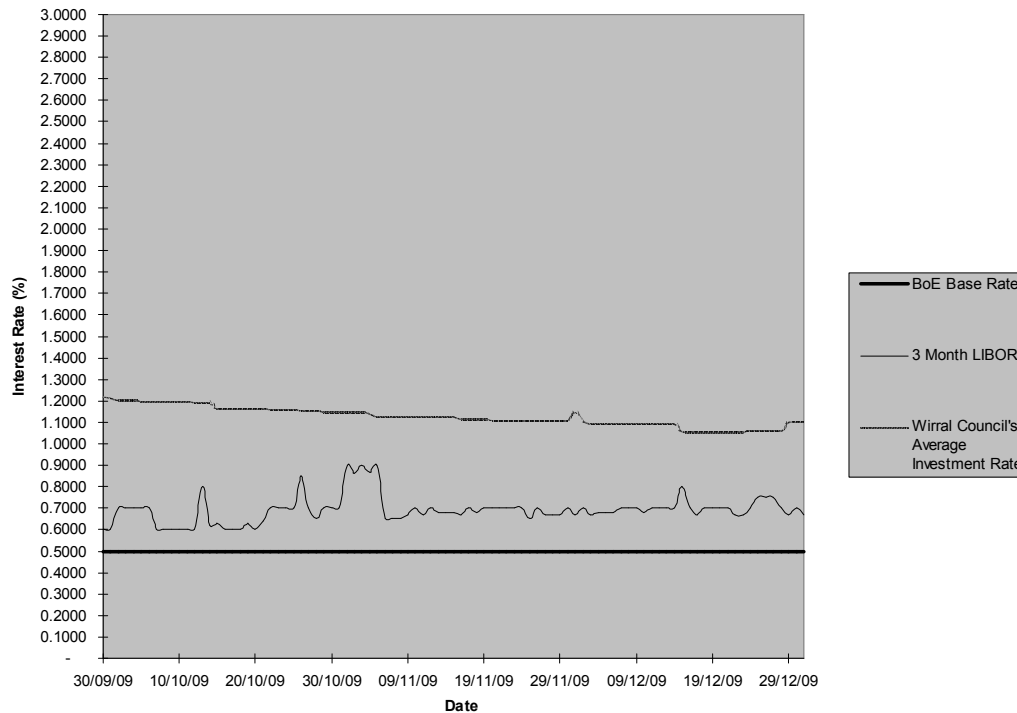
- 4.2. As at the 31 December 2009 the Council held investments of £108m. The table below details these investments;

Table 2: Investments as at 31 December 2009

Investments with:	£m
UK Banks	76
Building Societies	17
Money Market Funds	14
Gilts	1
TOTAL	108

- 4.3. Of the above investments £48m is invested in instant access funds, £56m is invested for up to 1 year, £2m is invested for up to 2 years and £2m is invested for up to 5 years.
- 4.4. The average rate of return on 2009/10 investments as at 31 December 2009 was 1.45%. The graph below shows the Treasury Management Team rate of return against the Bank of England base rate and the 3 month LIBOR (the inter bank lending rate);

Chart 1: Investment Rate of Return in 2009/10



- 4.5. The rate at which the Council can invest money has fallen considerably over the year, in line with the falling BoE base rate.
- 4.6. Since November 2008 the Council has maintained a more restrictive policy on new investments by only investing in UK institutions AA- rated or above that have received Government guarantees of support, if required. The Council also continues to invest in AAA rated money market funds and the Debt Management Office (DMO).
- 4.7. The 2009/10 investment income budget has been reduced to £1.3m to reflect the low interest rates that are anticipated to continue throughout the financial year. With low interest rates it is unlikely that the Authority will achieve the large surpluses that have been made in the past few years.
- 4.8 The security of the investments always takes priority over the returns.

Icelandic Investment

- 4.9. The Council had deposits of £2m with Heritable Bank and Members have received regular updates regarding the circumstances and the current situation. In March 2009 an Audit Commission report confirmed that Wirral Council had acted, and continues to act, prudently and properly in all its investment activities.
- 4.10 Based on present information, the Administrator projects a base case return to creditors of between 70-80 pence in the pound. If conditions improve over this period the final recovery could be higher than the base case and I remain confident that the money will be repaid in full.

- 4.11. If, however, Heritable Bank is unable to repay in full I have also made a pre-emptive claim against Landsbanki Islands HF for the difference. When the Council originally invested with Heritable Bank it did so with Landsbanki Islands HF providing a guarantee to reimburse the Council should Heritable be unable to repay. Hence, I have considered it prudent to make a pre-emptive claim. It should be noted that Landsbanki Islands HF is also in administration.
- 4.12. A second payment from the Administrator of £266,650 was received on 18 December 2009. This, combined with the payment received in July 2009, takes the total amount returned to £606,319, 28.8% of the deposit and accumulative interest. Further regular payments are expected in the near future.

5. BORROWING

- 5.1. The Council undertakes borrowing to help fund capital expenditure. In 2009/10 the capital programme requires borrowing of £28m. However, to date no additional borrowing has been undertaken. The table below shows the total borrowing of the Council as at 31 December 2009.

Table 3: Borrowing as at 31 December 2009

Borrowing	£m
PWLB	100
Market Loans	174
TOTAL	274

- 5.2. The Council is able to borrow from two main sources, either from the Public Works Loan Board (PWLB), which is effectively borrowing from the Government, or from the Market, i.e. direct from the banks.
- 5.3. As the year progresses an assessment will be made as to the best time to borrow money. Currently, as the rate of return from investments has diminished and the perceived risk of investments has increased, it has become more appropriate to reduce the level of investment.
- 5.4. By not reinvesting money as investments mature I am able to use this money to temporarily fund capital expenditure. This, therefore, temporarily reduces the need to undertake new long term borrowing and also alleviates the difficulty and risk in finding a safe counterparty to invest with.
- 5.5. This strategy produces savings as borrowing money long term to fund the capital programme would currently be at an interest rate of approximately 4.5% while investments currently only earn approximately 0.5%. By using investments to fund the capital programme in the short term the Council loses 0.5% in investment income but saves 4.5% normally paid on borrowing, thereby, making a net saving of 4.0%.

- 5.6. The downside to this strategy is that investments are not permanent surplus money, but, rather, money set aside for a specific future reason. By using these investments to fund the capital programme there will come a time when the Council may encounter cashflow problems. However, this problem can be rectified by temporarily borrowing money as and when required. Short term temporary borrowing currently costs 0.5%, significantly less than long term borrowing.
- 5.7. This strategy has been adopted in the short term as a reaction to complex and unique market conditions. The Treasury Management Team will continue to monitor the situation to ensure that, as the economic conditions change, the strategy is adjusted accordingly.

6. MONITORING OF THE PRUDENTIAL CODE INDICATORS

- 6.1 The introduction of the Prudential Code in 2004 gave Local Authorities greater freedom in making capital strategy decisions. The prudential indicators allow the Council to establish prudence and affordability within its capital strategy.
- 6.2 Below is a selection of prudential indicators which demonstrate that the treasury management decisions are in line with the capital strategy, which is prudent and affordable.
- 6.3. Net External Borrowing and Capital Financing Requirement (CFR) Indicator
- 6.3.1. The CFR measures the underlying need to borrow money to finance capital expenditure. The Prudential Code stipulates that net external borrowing should not exceed the CFR for the previous year plus the estimated additional CFR requirement for the current and next two financial years. Table 4 below shows the accumulative CFR and net borrowing of the Council.

Table 4: Net External Borrowing compared with CFR

	£m
CFR in previous year (2008/09 actual)	320
additional CFR in 2009/10 (estimate)	14
additional CFR in 2010/11 (estimate)	12
additional CFR in 2011/12 (estimate)	8
Accumulative CFR	354
External Borrowing as at 31 Dec 2009	274

- 6.3.2. Net external borrowing does not exceed the CFR and it is not expected to in the future. This is a key indicator of prudence.
- 6.4. Authorised Borrowing Limit and Operational Boundary Indicators
- 6.4.1. The Authorised Borrowing Limit is the amount determined as the level of borrowing which, while not desired, could be afforded but may not be sustainable. It is not treated as an upper limit for borrowing for capital purposes alone since it also encompasses temporary borrowing. An unanticipated revision to this limit is considered to be an exceptional event and would require a review of all the other affordability indicators.

6.4.2. The Operational Boundary is the amount determined as the expectation of the maximum external debt according to probable events projected by the estimates and makes no allowance for any headroom. It is designed to alert the Authority to any imminent breach of the Authorised Limit.

Table 5: Authorised Limit and Operational Boundary Indicator

	Oct 09 £m	Nov 09 £m	Dec 09 £m
Authorised Limit	475	475	475
Operational Boundary	460	460	460
Total Council Borrowing	274	274	274

6.4.3. The table above shows that neither the Authorised Limit nor the Operational Boundary was breached between October and December 2009. This is a key indicator of affordability.

6.5. Interest Rate Exposures Indicator

6.5.1. The Prudential Code also requires Local Authorities to set limits for the exposure to the effects of interest rate changes. Limits are set for the amount of borrowing/ investments which are subject to variable rates of interest and the amount which is subject to fixed rates of interest. Table 6 shows the interest rate exposure as at 31 December 2009.

Table 6: Interest Rate Exposure:

Interest Rate Exposure	Fixed Rate of Interest	Variable Rate of Interest	Total
Borrowings	£274m	£0m	£274m
Proportion of Borrowings	100%	0%	100%
Upper Limit	100%	50%	
Investments	£4m	£104m	£108m
Proportion of Investments	4%	96%	100%
Upper Limit	100%	100%	
Net Borrowing	£270m	£-104m	£166m
Proportion of Total Net Borrowing	163%	-63%	100%

6.5.2. The table above shows that borrowing is mainly at fixed rates of interest and investments are mainly at variable rates of interest. This was considered to be a good position while interest rates were rising as the cost of existing borrowings have remained stable and the investments, at variable rates of interest, have generated increasing levels of income.

6.5.3. As the environment has changed to one of falling/low interest rates the Treasury Management Team is working to adjust this position. This work is unfortunately restricted by a number of factors:

- the level of uncertainty in the markets makes investing for long periods at fixed rates of interest more risky and, therefore, the Council continues to only invest short term at variable rates of interest;

- Many of the Council loans have expensive penalties for early repayment or rescheduling which makes changing the debt position difficult.

6.5.4. The Treasury Management Team will continue to work to improve the position within these limiting factors.

6.6. Maturity Structure of Borrowing Indicator

6.6.1. The maturity structure of the borrowing has also been set to achieve maximum flexibility with the Authority being able to undertake all borrowing with a short maturity date or a long maturity date. Table 7 shows the current maturity structure of borrowing.

Table 7: Maturity Structure of Borrowing

	Borrowings Maturity (years)	31 Dec 09	31 Dec 09
		£m	%
Total Short Term Borrowing	Less than 1 year	4	2
Long Term Borrowing	Over 1 year under 2 years	15	6
	Over 2 years under 5 years	56	20
	Over 5 years under 10 years	34	12
	Over 10 years	165	60
Total Long Term Borrowing		270	98
Total Borrowing		274	100

7. REVENUES COLLECTION

7.1. The following statement compares the amount collected for **Council Tax** in the period 1 April 2009 to 31 December 2009 with the amount collected in the same period in 2008/09.

	Actual 2009/10 £	Actual 2008/09 £
Cash to Collect	122,369,914	119,392,736
Cash Collected	104,457,703	100,767,460
% Collected	85.4%	84.4%

7.2. The following statement compares the amount collected for **National Non-Domestic Rates** in the period 1 April 2009 to 31 December 2009 with the amount collected in the same period in 2008/09.

	Actual 2009/10 £	Actual 2008/09 £
Total Collectable (including arrears)	70,619,359	64,467,332
Amount Outstanding	15,120,910	10,113,424
% Outstanding	21.41%	15.69%
Amount Collectable 2009/10	63,431,587	64,486,478
Net 2009/10 Cash Collected	53,464,477	54,253,293
% Collected	84.29%	84.13%

- 7.3. Despite the current economic climate Council Tax payment is currently better than 2008-9 levels. Direct Debit is used by 79% of taxpayers, which is one of the highest percentages in the North West and the most economic payment method for both the Council and the Taxpayer. The 100% level for empty Business Rates on properties above a rateable value of £15000, the revised port assessments and the current economic climate continue to have a detrimental effect on Business Rate collection levels. The improved percentage collection for 2009-10 is due in part to some rescheduling of instalments that are taking effect during the later months of the year and to some large reductions in rateable value that have recently taken place.
- 7.4. The following statement provides information concerning collection of local taxes from 1 April 2009 to 31 December 2009.

	Council Tax	Business Rates
Reminders/Final Notices	53,686	3,335
Summonses	16,413	742
Liability Orders	11,271	634
Recovery action in progress		
Attachment of Earnings	1,264	
Deduction from Income Support	3,245	-
Accounts to Bailiff	8,089	165
Pre-Committal Warning Letters	4,530	-
Committal Orders Issued	18	0
Debtors Committed	0	0

Current Status of Agent Work in respect of Committals for 1 April 2009 to 31 December 2009.

Warrants of Arrest issued by Court (Bail and No Bail)	88
Warrants of Arrest (Bail) to Warrant officer	71
Warrants of Arrest (No Bail) to Warrant officer	30
Returned successful (Bail)	47
Returned successful (No Bail)	28
Returned other reasons (Bail)	15
Returned other reasons (No Bail)	2

7.5. Insolvency cases to 31 December 2009

The following information concerns Council Tax recovery work which involves cases where Insolvency action or charging orders against properties are used.

Bankruptcy cases	276
Charging orders	105
Winding up orders	3

New cases from 1 April 2009 to 31 December 2009

Bankruptcy	24
Charging orders	27
Winding up orders	1
	<u>436</u>

Status of Insolvency cases at 31 December 2009

Winding-up paid	1
Charging orders granted	43
Winding up Order	1
Supporting other petitions	3
Cases paid	83
Bankruptcy orders	96
Cases closed	101
Ongoing cases	<u>56</u>
	<u>384</u>

7.6. Fees and Charges

7.6.1. The following budgets and income received relate to other sources of cash income generated by the Council:

	2008/09 Budget	Income to 31-Dec-08	2009/10 Budget	Income to 31-Dec-09
i. School Meals	£1,578,400	£1,156,492	£1,607,800	£1,040,244
ii. Sports Centres	£3,579,300	£2,250,951	£3,867,300	£2,952,578
iii. Golf Courses	£885,600	£613,462	£912,200	£695,460
iv. Burials and Cremations	£2,429,200	£1,597,004	£2,429,200	£1,571,072
v. Building Control Fees	£796,700	£418,100	£494,900	£489,100
vi. Land Charges	£470,100	£155,600	£358,300	£216,600
vii. Car Park (Pay and Display)	£2,424,200	£1,781,900	£2,496,900	£1,585,100
viii. Car Park (Penalty Notices)	£1,149,800	£715,000	£1,149,800	£643,800

7.6.2. Further explanation on the above budgets and income collection performance is provided below:

- (i) School Meals: It is expected that budgeted income will be achieved.
- (ii) Sports Centres: This is a volatile area and income is being monitored closely.
- (iii) Golf Courses: It is anticipated that income in this area will underachieve against budget by £100,000. The budget target for income in Golf has not been achieved for at least the last three years and an underachievement of this size has become the norm.
- (iv) Burials and Cremations: Income levels are down when compared to this time last year. It is anticipated that income will underachieve against budget by around £90,000.
- (v) Building Control Fees: It is anticipated that the income will be achieved.
- (vi) Land Charges: It is anticipated that the income will be closely in line with budget.
- (vii) Car Parks Income (Pay and Display Tickets). It is anticipated that the year end income will be unachieved by approximately £180,000.
- (viii) Car Park Income (Penalty Notices): It is anticipated that the year end income will be unachieved by approximately £100,000.

7.6.3. Sundry Debtors

	Actual 2009/10	Actual 2008/09
Amount Billed in last 12 months as at 31.12.09	£80,012,168	£80,652,753
Total outstanding as at 31.12.09	£20,635,106	£23,159,421
Net Arrears at 31.12.09	£11,172,762	£14,186,074
Number of invoices in arrears at 31.12.09	12,268	11,969
Number of reminders 01.04.09 to 31.12.09	20,335	25,650

8. HOUSING BENEFITS

8.1. The following statement details the number of claimants in respect of benefit and the expenditure for Private Tenants and those in receipt of Council Tax Benefit up to 31 December 2009.

	2009/10	2008/09
Number of Private Tenant recipients	29,134	26,165
Total rent allowance expenditure	£91,656,653	
Number under the Local Housing Allowance scheme (<u>included in the above</u>)	7,419	2,678
	£27,253,922	
Number of Council Tax Benefit recipients	38,304	35,053
Total Council Tax Benefit expenditure	£29,751,946	
Total expenditure on benefit to date	£121,408,599	

8.2. The following statement provides information concerning the breakdown according to client type as at 31 December 2009

	Private Tenants	Owner Occupiers
Working age and in receipt of J.S.A.	15,065	1,868
Elderly and in receipt of J.S.A.	7,164	5,682
Working age and not receiving J.S.A.	4,967	1,049
Elderly and not in receipt of J.S.A.	1,938	3,178
Total	29,134	11,777

There are **40,911** benefit recipients in Wirral as at 31 December 2009.

8.3. Housing Benefit Fraud and Enquiries

	To 31 December 2009
New Cases referred to Fraud team in period	1,629
Cases where fraud found and action taken	119
Cases investigated, no fraud found and recovery of overpayment may be sought	617
Cases under current investigation	162
Surveillance Operations Undertaken	0
Cases where fraud found and action taken:	
Administration penalty	20
Caution issued and accepted	83
Successful prosecution	16
Summons issued for prosecution purposes	5

8.4. Discretionary Housing Payments

8.4.1 Discretionary Housing Payments (DHP) may be awarded to provide short term financial assistance to Housing and Council Tax Benefit claimants who are experiencing difficulty meeting a shortfall in their rent or Council Tax because maximum benefit is not being paid.

8.4.2 DHP is not a payment of Housing/Council Tax Benefit and is funded separately from the main scheme. The Government contribution for 2009/10 is £310,919 with an overall limit of £777,298 which the Authority must not exceed. To date I have paid £99,055.

9. STAFFING IMPLICATIONS

9.1. There are none arising from this report.

10. EQUAL OPPORTUNITIES IMPLICATIONS

10.1. There are none arising directly from this report.

11. HUMAN RIGHTS IMPLICATIONS

11.1. There are none arising directly from this report.

12. LOCAL AGENDA 21 IMPLICATIONS

12.1. There are none arising directly from this report.

13. COMMUNITY SAFETY IMPLICATIONS

13.1. There are none arising directly from this report.

14. PLANNING IMPLICATIONS

14.1. There are none arising directly from this report.

15. LOCAL MEMBER SUPPORT IMPLICATIONS

15.1. There are none arising directly from this report.

16. BACKGROUND PAPERS

16.1. None were used in the preparation of this report.

17. RECOMMENDATION

17.1. That the report be noted.

IAN COLEMAN
DIRECTOR OF FINANCE

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

1 FEBRUARY 2010

REPORT OF THE DIRECTOR OF FINANCE

BUDGET PROJECTIONS 2011-2014

1. EXECUTIVE SUMMARY

1.1. With the release of the Chancellor of the Exchequer's Pre-Budget Report on 9 December 2009 it is now possible to revise the estimate of the projected budgets for the years from 2011 to 2014.

2. ASSUMPTIONS UNDERPINNING THE PROJECTIONS

2.1. Inflation – HM Treasury is assuming a return to a long term inflation rate of 2%. Therefore prices are assumed to increase by 2% per annum with income to continue to increase by 3% per annum. Pay awards will be limited to 1% per annum for 2011-13.

2.2. Capital Financing – HM Treasury is assuming that the level of capital investment will reduce by 50% between 2009-10 and 2013-14. The annual increase in capital financing charges has therefore been reduced to £2.0m.

2.3. Pension Fund – the Department for Communities and Local Government (DCLG) has yet to finalise the basis on which the 2010 pension fund revaluation will be undertaken and also the proposed cost sharing arrangements. In advance of this information the increase is projected at 1.5% or £2m per annum. In addition the outsourcing of the highways and engineering services contract is likely to increase the contributions by £0.2m per annum.

2.4. Waste Disposal – the increase in the levy will be dependent on delivery of the waste disposal strategy. The Landfill Tax will increase by £8 per ton per annum, an increase of 50% between 2010-11 and 2013-14. The levy is assumed to increase by 8% per annum.

2.5. Merseytravel – the levy is assumed to continue to increase by 3% per annum.

2.6. Private Finance Initiative – the latest projections are included.

2.7. Benefits – the Department for Work and Pensions is estimating an annual increase of 1.7%.

2.8. Schools – it is assumed that the Schools Budget will vary in line with the Dedicated Schools Grant.

- 2.9. Adult Social Services Reform – the Reform Grant of £1.9m will cease in 2011-12 with the assumed implementation of the personalisation agenda, from which the Department of Health is assuming efficiencies of upto 7%. I have only assumed that the removal of the Reform Grant will not impact on the net budget.
- 2.10. National Care Service – the proposed introduction from October 2010 is estimated to cost £1.9m in 2011-12 net of grant receivable.
- 2.11 Learning and Skills Council – it is assumed that the transfer of responsibilities to the Authority will be on a full cost basis.
- 2.12. Carbon Reduction Commitment – payment of £1.0m commencing in 2011-12. It is assumed that the Authority will reduce the carbon footprint sufficiently to recover these payments.
- 2.13. National Insurance – increase by 1% from April 2011 costing £1.2m .
- 2.14. Learning Disability – it is assumed that the transfer of responsibility from the PCT to the Authority from 2011-12 will be on a full cost basis.
- 2.15. Other Unavoidable Growth – a number of items of unavoidable growth of less than £0.2m will arise. These usually total about £1m per annum.
- 2.16. Efficiency Investment – in order to continue to deliver efficiencies in future years it will be necessary to continue to invest and therefore I have assumed a budget of £2m per annum.
- 2.17. Government Grants – the target for overall growth in public expenditure has been reduced from 1.8% in the Budget 2008 to 1.2% in the Pre-Budget Report to 0.7% in the Budget 2009. After allowing for debt repayments, an increase in welfare benefits of 1.7%, and no reduction in the NHS budget, the rest of the public sector will face an annual reduction of 2.9%.
- 2.18 Council Tax – Council Tax increases are likely to be limited to no more than 3%.

3. GRANT NEGOTIATIONS

- 3.1. The Government has agreed to the following elements of the Local Government Finance Settlement being reviewed as part of the 2011 settlement:-
- a. Area Cost Adjustment
 - b. Highways Maintenance
 - c. Day Visitors
 - d. Income Support/Tax Credits
 - e. Students
 - f. Concessionary Fares

- g. Coast Protection/Flood Defence
- h. Capital Financing
- i. Dedicated Schools Grant
- j. Housing Benefit
- k. Local Government Pension Scheme

3.2. There is a possibility that the Local Government Finance Settlement to be announced in December 2010 will only cover 2011-12 as it may not be possible to conclude a Comprehensive Spending Review in 2010.

4. FINANCIAL IMPLICATIONS

4.1. The assumptions outlined above are reflected in the budget projections in the Appendix.

5. STAFFING IMPLICATIONS

5.1. There are none arising directly from this report.

6. EQUAL OPPORTUNITY IMPLICATIONS

6.1. There are none arising directly from this report.

7. COMMUNITY SAFETY IMPLICATIONS

7.1. There are none arising directly from this report.

8. HUMAN RIGHTS IMPLICATIONS

8.1. There are none arising directly from this report.

9. LOCAL AGENDA 21 IMPLICATIONS

9.1. There are none arising directly from this report.

10. PLANNING IMPLICATIONS

10.1. There are none arising directly from this report.

11. MEMBER SUPPORT IMPLICATIONS

11.1. There are none arising directly from this report.

12. BACKGROUND PAPERS

12.1. Medium Term Financial Strategy 2010-13 – September 2009
Provisional Formula Grant Settlement 2010-11 – DCLG – November 2009
Estimates 2009-10 – March 2009
Budget – HM Treasury – April 2009
Pre-Budget Report – HM Treasury – December 2009

13. **RECOMMENDATIONS**

13.1. That the budget projections be kept under review.

13.2. That further efficiencies be sought through the delivery of the strategic change programme, the further extension of that programme and by specific service efficiencies.

IAN COLEMAN
DIRECTOR OF FINANCE.

FNCE/3/10

WIRRAL COUNCIL

BUDGET PROJECTIONS 2011-2014

	2011-12 £M	2012-13 £M	2013-14 £M
Base Budget	333.9	330.0	328.5
Increased Requirements			
Pay Inflation	1.7	1.7	3.5
Price Inflation	3.7	3.7	3.8
Capital Financing	2.0	2.0	2.0
Pension Fund	2.2	2.2	2.2
Waste Disposal	1.4	1.5	1.5
Merseytravel	0.8	0.8	0.8
Private Finance Initiative	0.2	0.2	0.2
Benefits	2.4	2.4	2.5
National Care Service	1.0	-	-
National Insurance	1.2	-	-
Other Unavoidable Growth	1.0	1.0	1.0
Efficiency Investment	<u>2.0</u>	<u>2.0</u>	<u>2.0</u>
	353.5	347.5	349.3
Reduced Requirements			
Income Inflation	-1.0	-1.1	-1.1
Benefits Subsidy	<u>-2.2</u>	<u>-2.2</u>	<u>-2.3</u>
	350.3	344.2	345.9
Resources			
Grants	193.1	187.5	181.9
Council Tax	<u>132.9</u>	<u>136.9</u>	<u>141.0</u>
Forecast Resources	326.0	324.4	322.9
Shortfall	24.3	19.8	23.0
Council Tax Increase	4.0	4.1	4.2
Efficiencies Required	20.3	15.7	18.8

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WIRRAL COUNCIL

COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE

1 FEBRUARY 2010

REPORT OF THE DIRECTOR OF FINANCE

MANAGING FRAUD

1. EXECUTIVE SUMMARY

- 1.1. Internal Audit has conducted a review of the systems in operation across the Council to manage the risk of fraud. This has involved undertaking a detailed exercise to examine the counter fraud policies that the Council has in place and an evaluation against current best practice contained in the 'Managing the Risk of Fraud – Actions to Counter Fraud and Corruption' publication produced by CIPFA for use by Local Authorities.
- 1.2. A report has been prepared for Chief Officers that identifies the findings of the review including actions required to improve some of systems in operation (Appendix 1). All of the actions identified and a timetable for implementation have been agreed with the relevant Chief Officers.
- 1.3. This report was presented to the Audit and Risk Management Committee on 18 January 2010 who requested that it be referred to this Committee.

2. BACKGROUND

- 2.1. The CIPFA Managing the Risk of Fraud – Actions to Counter Fraud and Corruption (Red Book) was published in September 2006 and described what action was needed for an organisation to be effective in countering fraud and corruption. Wirral Council adopted this in the same year.
- 2.2. The publication was further developed and re-released in October 2008 (Red Book 2) and now identifies more detailed definitions, explanations and examples of the different types of fraud. Red Book 2 has been produced by the CIPFA Better Governance Forum Counter Fraud Advisory Panel following wide ranging consultation and contributions from practitioners. It is acknowledged as being current best practice and is supported by the National Fraud Strategic Authority, considered within the Comprehensive Area Assessment, and used in NHS Performance Indicators.

2.3. Red Book 2 identifies best practice arrangements across 56 different areas relating to the following five categories:

- Adopting the Right Strategy
- Accurately Identifying the Risks
- Creating and Maintaining a Strong Structure
- Taking Action to Tackle the Problem
- Defining Success

2.4. In September 2009 the Audit Commission launched a national report entitled 'Protecting the Public Purse: Local Government Fighting Fraud' which considers the key fraud risks and pressures facing local authorities and identifies good practice in fighting fraud.

3. **WORK UNDERTAKEN AND FINDINGS**

3.1. A self assessment exercise has been undertaken by Internal Audit across all departments of the Council evaluating the effectiveness of the arrangements in place for all of the 56 areas identified.

3.2. An internal audit report and action plan has been prepared identifying detailed findings for each of the five categories identified in the Red Book 2. A copy of this is attached at Appendix 1. The findings of the exercise indicate that there are many areas of good practice currently in evidence at Wirral that include:

- Well trained professional Fraud Investigators with an agreed Code of Ethics and standardised sanctions in the Housing Benefit Fraud Team,
- Excellence in fraud reduction as recognised by the achievements of the Risk Management and Insurance Team in achieving national awards,
- Established Service Level Agreements between the Housing Benefit Fraud Team and external agencies such as the Department for Work and Pensions and Merseyside Police,
- Active involvement in the National Fraud Initiative and National Anti Fraud Network and the purchase of licenses to utilise interrogation software on Council computer systems capable of detecting potential fraud,
- An Internal Audit Section which demonstrates a commitment to counter fraud through the inclusion of an Anti Fraud Team in the Section and regular representation at regional and national anti fraud events,
- Written policies on Whistleblowing, Anti Fraud and Corruption, Money Laundering, Benefit Investigation, and Gifts and Hospitality, a Code of Conduct for all staff and a Code of Corporate Governance,
- Some Pre-Employment Screening.

3.3. The review did identify a number of activities where the existing arrangements could be improved to comply with the latest best practice, these include:

- Redrafting the Anti Fraud policy to reflect a zero tolerance to fraud and a commitment to reducing losses, the introduction of a Fraud Awareness campaign covering all aspects of fraud including online or face to face training, production of target specific leaflets and the inclusion of an anti fraud slot in the Corporate Induction programme
- The visible endorsement of the redrafted policy by Chief Officers and Members and the requirement for fraud and corruption to be considered when drawing up any new Council policies,
- The inclusion of fraud in the Corporate Risk Register and the establishment of some means of measuring and monitoring all fraudulent activity across the Council,
- A Code of Ethics, refresher training and clarification over rights of access for all Nominated and Investigating Officers,
- The pursuit of opportunities to forge greater links between Wirral and external counter fraud professionals in bodies such as Merseyside Police and the NHS.
- The designation of a central point for monitoring potential fraudulent acts including the identification of trends and possible emerging control weaknesses and the management of communications with senior officers of the Council in relation to any preventative measures to take.

3.4. Actions required to develop and implement systems to address the issues identified and ensure compliance with this guidance have been agreed with the relevant Chief Officers and significant progress has been made to date to implement them. This is identified in more detail in the attached Internal Audit report.

3.5. A checklist provided by the Audit Commission to accompany the 'Protecting the Public Purse' report has been completed by Internal Audit as part of this exercise and any issues identified included within the attached Internal Audit report and action plan. A report on this was presented to the Audit and Risk Management Committee on 25 November 2009.

4. FINANCIAL AND STAFFING IMPLICATIONS

4.1. There are none arising from this report.

5. LOCAL MEMBER SUPPORT IMPLICATIONS

5.1. There are no local member support implications.

6. LOCAL AGENDA 21 STATEMENT

6.1. There are no local agenda 21 implications.

7. PLANNING IMPLICATIONS

7.1. There are no planning implications.

8. EQUAL OPPORTUNITIES IMPLICATIONS

8.1. There are no equal opportunities implications.

9. COMMUNITY SAFETY IMPLICATIONS

9.1. There are no community safety implications.

10. HUMAN RIGHTS IMPLICATIONS

10.1. There are no human rights implications.

11. BACKGROUND PAPERS

11.1. CIPFA Managing the Risk of Fraud – Actions to Counter Fraud & Corruption (Red Book and Red Book 2). September 2006/October 2008

11.2. Audit Commission – Protecting the Public Purse: Local Government Fighting Fraud – September 2009

11.3. Anti-Fraud Self Assessment – Internal Audit – October 2009.

12. RECOMMENDATION

12.1. That the report be noted.

IAN COLEMAN
DIRECTOR OF FINANCE.

Internal Audit Report

Anti Fraud Self Assessment

Authority Wide

October 2009

Distribution List:		
For Action		
1.	David Garry	Chief Internal Auditor
2.	Frank Games	Human Resources Officer
3.	Paul Finch	Human Resource Project Manager
For Information		
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System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference	AFC/1.8	Auditor	Beverley Edwards

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Assignment Control:	
Draft Report Issued	October 2009
Closure Meeting	October 2009
Management Response to Draft Report Received	October 2009
Final Report Issued	November 2009

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference	AFC/1.8	Auditor	Beverley Edwards

1. Introduction

- 1.1 An audit has been undertaken to assess the approach to fighting fraud across the whole Authority. The purpose of the review was to evaluate the adequacy of controls present by a comparison with best practice as put forward in the CIPFA publication, 'Managing the risk of Fraud, actions to counter fraud and corruption'.
- 1.2 This report details the findings and recommendations emanating from this work. The content of the report reflects and summarises the points discussed at the end of audit with Frank Games and Paul Finch from the department of HR Law and Asset Management and the Director of Finance.
- 1.3 Please consider the report and complete the shaded sections of the appropriate recommendations, in consultation with other managers as appropriate, and return a copy to Beverley Edwards by 30 November 2009, being aware of the following:
- If a recommendation is not to be implemented, it will be assumed that the associated potential implications have been accepted. However, any medium and high priority recommendations not accepted will be reported at the next meeting of the Audit and Risk Management Committee, which you may be asked to attend to explain your reasons for non-acceptance.
 - Please ensure that your Departmental Management Team is notified of the findings identified as "High priority" within the Report, so that consideration can be given to their inclusion in the Corporate or relevant Departmental Risk Register.
- 1.4 The Internal Audit Section is keen to provide a quality service to all its clients. This report includes a Customer Satisfaction Survey which provides an opportunity to give feedback on the service you have received. Please ensure that the survey is completed, providing any additional comments, so as to assist our continuous improvement. A manager from Internal Audit may contact you to discuss the responses.
- 1.5 Thank you for your help and co-operation during the audit. Do not hesitate to contact Beverley Edwards if you should wish to discuss any aspect of this report further.

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2. Objectives of the Audit

- 2.1 To appraise the effectiveness of counter fraud and corruption controls authority wide.
- 2.2 To ensure that identified controls are working effectively and are adequate to mitigate the risks identified in the system.

3. Scope of the Audit

- 3.1 The audit considered the Authority's approach to countering fraud and corruption in the areas of
 - Adopting the Right Strategy
 - Accurately Identifying the Risks
 - Creating and Maintaining a Strong Structure
 - Taking Action to Tackle the Problem
 - Defining Success

This was achieved by answering the 56 self assessment questions set out in the CIPFA publication '**Managing the Risk of Fraud, Actions to counter fraud and corruption**' (also widely referred to as 'The Red Book.')

- 3.2 The audit focused on the following:
 - How closely policies practices and procedures in Wirral mirror those identified as best practice by CIPFA
 - Where Wirral deviates from prescribed best practice, how adequate the alternative arrangements are at mitigating risk

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4. Audit Opinion

- 4.1 Every Internal Audit report provides management with a clear assurance opinion on how effectively the system of control manages the risks in the area under review.
- 4.2 In our opinion, from the work carried out in this audit and the evidence obtained, the control environment as currently designed and operated provides a **two** star level of assurance.
- 4.3 In determining the assurance rating issued in an audit assignment, consideration is given to the number and priority of observations and recommendations raised. Four categories of rating are used:

Rating	Explanation
****	There is an excellent system of control in operation designed to ensure the achievement of the service or systems business objective.
***	There is a good system of control in operation that is performing well but improvements are required to demonstrate that all of the objectives of the service or system are being met.
**	There is an adequate system of control in operation, that is getting the basics right, however opportunities exist to enhance this further to ensure that weaknesses do not put the service or systems objectives at risk.
*	The system of control in operation is in need of improvement as existing controls do not meet minimum standards and are currently placing the service or system's business objectives at risk.

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5. Findings

5.1 Areas of Good Practice

A significant number of controls were found to be in place including the following:-

5.1.1 The authority has an armoury of policies codes and procedures to assist in the fight against fraud, such as:

- Financial Procedure rules
- Contract procedure rules
- A Whistle-blowing policy
- An Anti Fraud and Corruption policy
- A Fraud Investigation plan
- Code of Conduct for all officers of the council
- Code of Governance for all officers over PO1 grade
- Gifts and Hospitality policy
- Pre employment screening procedures
- A Money Laundering Policy
- Prosecution Policy (For benefit Fraud)
- A Fraud Hotline for Benefit and Insurance Frauds
- Disciplinary Procedures
- Members Code of Conduct
- Annual Conflict of Interest declarations
- Members' Declaration of Interest procedures
- Enforcement Officers for Blue badge abuse

5.1.2 The Housing Benefit Fraud team hold professional investigation qualifications (PINS) have adequate authority to fulfil their role and act in accordance with a code of ethics. The Housing Benefit Fraud team sign up to the Code of Ethics. Ongoing and refresher training of the Housing Benefit Fraud team ensures that they are fully competent.

5.1.3 The Authority utilises analytical intelligence techniques such as participating in the Audit Commission's National Fraud Initiative and also utilises data analysis software (IDEA) (which facilitates 100% testing) to identify anomalies which require further investigation.

5.1.4 There have been publicity campaigns in conjunction with the DWP (Benefits) and the Loss adjuster (Insurance) to deter would be fraudsters.

5.1.5 The Insurance team have won an ALARM (Association of Local Authority Risk Managers) award for their work to reduce fraudulent claims and are also participants in CUE (Claims and Underwriting Exchange)

5.1.6 The Director of Finance has explicit responsibility to 'develop and maintain anti fraud and anti corruption policies'.

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- 5.1.7 The Council operates a system of pre-employment screening for all temporary and permanent staff, to comply with the Immigration, Asylum and Nationality Act 2006 to ensure that applicants have the right to work in UK. Where workers are employed through an agency the Council obtains assurance from those agencies that all pre employment screening has been undertaken.
- 5.1.8 All documentation relating to appointments is returned to corporate Human Resources in order that pre-employment screening can be monitored.
- 5.1.9 The Housing Benefit Fraud team have service level agreements with Merseyside Police and the DWP as well as being involved in the National Anti Fraud Network.
- 5.1.10 The Service Level Agreements referred to in 5.1.9 include reference to practicalities about joint working.
- 5.1.11 The council has a Counter Fraud Audit Team whose remit includes implementing the findings of this review to establish an anti fraud culture involving deterrence, prevention, detection, investigation, sanctions and redress. In addition, specific anti fraud testing is included in the audit plan for the main council functions.
- 5.1.12 General misconduct Investigations (Including Gross misconduct which may or may not be fraud) are undertaken in a timely manner with a deadline imposed for the completion of investigations.
- 5.1.13 The Council tax team operate a rolling programme of reviewing all discounts.

5.2 **Key Areas for Development and Improvement**

However a number of areas have been identified where improvement would ensure that Wirral continues to operate to current best practice. These are detailed on the following pages.

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5.2.1

Risk and potential implications

(This risk incorporates the whole ethos of the Red Book)

The Authority does not have robust anti fraud arrangements leading to the potential for the Council to suffer financial loss as a result of fraud.

Finding

Wirral currently has in place a system whereby Housing Benefit Fraud is investigated by a team of professionally qualified Investigators working to a code of ethics who comply with PACE and RIPA and who impose clearly defined sanctions and recovery procedures.

All other fraud is investigated, along with other misconduct, by officers within the departments in which the incident occurs. These investigating officers conduct investigations as an adjunct to their day job. They are appointed by Nominated Officers and they undergo a two day training course.

In other Local Authorities there is a dedicated team of Professional Fraud Investigators responsible for all aspects of Fraud.

Recommendation

Consideration should be given to establishing one central team of skilled professionally trained Fraud Investigators whose remit includes

- the production and communication of policies,
- the linking of policy and operational work
- delivery of fraud awareness training,
- receipt of fraud referrals,
- conduct of Investigations,
- execution of recovery procedures
- maintenance of fraud related statistics and
- monitoring of outcomes such as source of referrals, consistency of sanctions and success of recovery

However, if it is not deemed appropriate to instigate such large scale change, the recommendations attached to the following risks (5.2.2-5.2.17) identify ways in which the existing arrangements can be improved to ensure that Counter Fraud measures at Wirral are as robust as possible.

Priority Level (See Section 6 for explanation)

High

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To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Central Anti Fraud team to be established within Internal Audit Section, utilising existing resource. Remit to include all aspects identified.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
Comments:			
Follow Up Report Date:			

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5.2.2

Risk and Potential Implications

(Red Book reference 1.1, 1.2, 1.5, 1.6, 3.2)

The authority does not have a clear, up to date counter Fraud and Corruption Policy that

- can be clearly linked to the Authority's overall strategic objectives
- has been endorsed at the highest political and executive level,
- is aimed at reducing losses to fraud and corruption to an absolute minimum and
- covers all areas of fraud and corruption across the Authority,.

This may result in the strategy proving impossible to implement and could weaken the fight against fraud.

Finding

Although a Counter Fraud and Corruption Policy does exist (including the Fraud Investigation Plan) it has become slightly out of date and does not explicitly spell out that the Council is committed to reducing losses to fraud and corruption to an absolute minimum covering all areas of the Council. The policy was written before the 2006 Fraud Act came into force and so does not contain a definition of fraud.

The Fraud Investigation Plan also refers to relationships between Internal Audit and Merseyside Police which no longer exist and the inclusion of this statement in the Fraud Investigation Plan could lead to confusion about who is responsible for the Investigation of fraud.

Best practice identified an authority where the re-launch of the Counter Fraud Policy was endorsed by the highest level officer and politician and a considerable publicity campaign drew attention to this fact. In another authority a periodic fraud newsletter, circulated to all staff and displayed in public buildings, carries a message from the Chief Executive in each edition. Wirral's anti fraud policy does have committee approval but there is no signed statement by the leader/chief executive and there is no fraud newsletter.

Recommendation

- The Anti Fraud and Corruption Strategy (Including the Fraud Investigation Plan) should be reviewed to ensure that the policy is up to date and adequately aligns with the objectives of the Council.
- The policy should address the six areas of counter fraud activity ie deterrence, prevention, detection, investigation, sanctions and redress.
- The policy should make reference to the Fraud Act 2006 and contain a clear definition of fraud.
- The highest level of Political and Executive backing should be sought for the revised policy.
- The policy should be launched amid maximum publicity.

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Priority Level (See Section 6 for explanation)

High

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Anti Fraud and Corruption Policy to be updated by new Internal Audit Anti Fraud Team and presented to Members and Chief Officers for approval and endorsement.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
Comments:			
Follow Up Report Date:			

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5.2.3

Risk and Potential Implications

(Red Book reference

1.3,1.4,2.2,2.3,4.13,4.21,4.22,4.25,4.26,4.28,4.29,4.30,4.31,4.32,4.34)

The Council's counter fraud arrangements are disjointed and as a result

- Trends cannot be identified
- The nature and scale of losses cannot be monitored
- Systems weaknesses which enabled the fraud to occur may not be identified or remedied
- Sanctions may be applied in an inconsistent manner in different departments
- The usefulness of sanctions and recovery procedures cannot be monitored
- Policy work (to develop a counter fraud culture) and operational work (to detect and investigate fraud) may be inadequately linked
- Identified fraud risks may not be communicated to all departments

Finding

Responsibility for the investigation of any level of misconduct, including general fraud under the heading of Gross Misconduct, rests with the management of that department. Each department has a small number of Nominated Officers who appoint an Investigating Officer to complete an investigation into any level of alleged misconduct (which may or may not be fraud). Investigating Officers are therefore carrying out these investigations as an adjunct to their 'day jobs'. Human Resources officers have sight of reports appertaining to Gross Misconduct but only to ensure that the disciplinary procedure has been applied appropriately.

Departmental Nominated Officers receive advice about appropriate sanctions and recovery procedures from Human Resources officers but it is the Nominated Officers who make the final decision about the action to take.

There is no method in place to identify the nature and scale of losses to general fraud and as a consequence the effectiveness of actions in reducing losses year on year cannot be measured and counter fraud resources cannot be targeted at the areas of greatest need.

There is no mechanism in place to monitor the effectiveness of sanctions in reducing losses year on year.

There is no mechanism in place whereby trends can be identified. Systems weaknesses which gave rise to a fraud in one department may be evident in another but there is no mechanism in place to ensure that lessons learned in one department are shared with another.

There is no mechanism to ensure the consistent application of sanctions or recovery procedures. Moreover the Fraud Investigation Plan states that

'The DoF will make the final decision about whether to refer a case to the Police'

However, the system currently in operation means that the DoF is not always aware of investigations that are taking place.

With regard to countering General fraud, the Council conducts policy and operational work separately. That is to say, operational work is conducted as detailed above while policy work, to develop an anti fraud culture is taking place through the Internal

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Audit Section (through undertaking this assessment for example) In addition, policy work appertaining to the Confidential Reporting (Whistle-blowing) policy and the disciplinary procedure takes place in the corporate Human Resources division of the HR Law and Asset Management department.

In contrast, the Housing Benefit Fraud team have a clearly defined Prosecution Policy which is consistently applied. This results in appropriate recovery action being taken and leads to criminal proceedings where appropriate.

Housing Benefit Fraud statistics are prepared and monitored and reported to members.

Recommendation

Consideration should be given to having all fraud investigation reports returned to Internal Audit to ensure that there is a consistent approach to countering fraud across the Council and to ensure that any lessons learned are communicated to all departments. Returning reports to audit will also enable the identification of the source and scale of losses and facilitate year on year comparison of fraud losses.

Priority Level

High

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Internal Audit Anti Fraud Team to develop a system to ensure that all fraud investigation reports are returned to Internal Audit Anti Fraud Team.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
Comments:			
Follow Up Report Date:			

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5.2.4

Risk and Potential Implications

(Red Book reference 4.15)

There are no effective Whistleblowing arrangements in place and consequently Fraud cannot be reported to professional investigators.

Finding

The Council does have a Whistleblowing policy (now entitled the Confidential Reporting (Whistle-blowing) Policy.) The policy is on the intranet on the Human Resources Handbook and is advertised periodically in the 'One Council' staff magazine. A contact officer is identified for each department on the Intranet. These officers are not trained counter fraud specialists but they do provide a point of contact to which fraud can be reported. However for workers with no access to the Intranet the Whistle-blowing policy may be difficult to locate. It is several years since the policy was last publicised through posters.

Housing Benefit fraud can be reported on the Fraud Hotline which goes straight through to the Housing Benefit Fraud Investigation team (with an answer machine for out of office hours referrals). Collaborative poster campaigns have been undertaken in the past, between the DWP and the Council (for Housing Benefit cheats) and the loss adjuster and the Council (for Insurance fraudsters). However during the audit it was established that not all One Stop Shops still have the posters displayed. Similarly credit card sized leaflets which advertise the benefit fraud hotline, are not available in all One Stop Shops.

Recommendation

- A poster campaign should be undertaken to maximise awareness of the Whistleblowing policy
- It may be appropriate to utilise advertising space on payslips to further advertise the policy
- Where Insurance and Benefit fraud posters have been removed from One Stop Shops these should be replaced and the credit card sized leaflets placed on the counters

Priority Level (See Section 6 for explanation)

Medium

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>IA Anti Fraud Team to liaise with the Head of Human Resources to facilitate the implementation of this recommendation.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

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Verification of Implementation

To be completed by auditor at follow up audit:			
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Progress:	Implemented/ Partially/ Not Implemented		
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Follow Up Report Date:			

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5.2.5

Risk and Potential Implications

(Red Book reference 1.3,1.4, 4.1, 4.11)

The Council does not adopt a targeted, holistic, fully integrated approach to countering fraud which includes deterrence, prevention, detection, investigation, prosecution and recovery of losses.

Finding

The council has in the past produced deterrent material such as the DWP and Loss Adjuster posters referred to elsewhere in this report. Where the Council has taken fraudsters to court, proceedings are sometimes reported in local press. However where the judge has been lenient this may be viewed as counter productive. However the fact that the Council did prosecute does send a deterrent message to would be fraudsters. Preventative action includes having sound systems of internal control which are continuously reviewed by Internal Audit.

Would-be insurance fraudsters are detected through the use of the CUE system. Housing Benefit fraud is generally identified through the Fraud Hotline, DWP referrals or NFI data matching. General Fraud may be detected through the Whistle-blowing policy, audit testing, including extensive use of interrogation packages, NFI data matches or some other means. The Council's use of fair processing notices ensures that information held can be used for the prevention and detection of fraud.

Investigation of benefit fraud is undertaken by the Fraud team. General fraud, along with any other form of misconduct, is investigated in departments. Prosecution and recovery of losses will always ensue where housing benefit fraud is proven. HR always advise Nominated Officers to prosecute and recover losses. However this advice may not always be heeded.

With the clear exceptions of Housing Benefit and Insurance fraud, the overall impression with regard to the six aspects of an integrated approach to countering fraud is that of a disjointed process.

Many of the Councils presented as demonstrating good practice in the Red Book, have a central team of professionally trained fraud investigators (who have had PINS training) who address all aspects of counter fraud work.

Recommendation

If the current system of Investigating and Nominated Officers continues there is a need to ensure that those officers involved in investigations are well briefed on all aspects of the counter fraud process including the Council's commitment to recovery of losses wherever possible.

Priority Level (See Section 6 for explanation)

Medium

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To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Internal Audit Anti Fraud Team to liaise with the Head of Human Resources with regard to this recommendation.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
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Progress:	Implemented/ Partially/ Not Implemented		
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5.2.6

Risk and Potential Implications

(Red Book reference 2.1)

Fraud and corruption risks are not considered as part of the Authority's Risk Management arrangements. The potential implication is that the Authority will take action to counter fraud that is not based on the perceived risk of fraud i.e. a risk based approach to fraud will not be adopted.

Finding

The Authority's Risk Management Strategy does make reference to fraud as a potential risk. However the risk of fraud is not included in either any departmental or the Corporate Risk Register. Similarly the risk of failing to promote a counter fraud culture is not included in the risk registers.

Recommendation

Consideration should be given to including fraud and corruption as a risk in the risk registers.

Priority Level (See Section 6 for explanation)

High

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Internal Audit Anti Fraud Team to liaise with Risk Manager to consider this recommendation and take any appropriate action.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
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5.2.7

Risk and Potential Implications

(Red Book reference 3.1)

Those charged with countering Fraud and Corruption do not have the necessary authority to pursue their remit. Without authority to access information/people /places investigators may fail to obtain evidence. (Similarly officers successfully accessing financial and personal records without explicit authority to do so could pose a security threat for the Council)

Finding

Housing Benefit Fraud Investigators do have the necessary authority to pursue their remit. The Financial Regulations of the Council (section 4.3.6) give Internal Audit a right of access to all staff/documents/meetings/data and events of the Council. Investigating Officers who carry out investigations after being asked to do so by a Nominated Officer are referred to in section 4 of the Fraud Investigation Plan but do not have the explicit rights of access referred to in the Financial Regulations which are uniquely afforded to Internal Auditors. Currently Investigating Officers do request access to records/ systems etc but should any officer of the council refuse to give information there is no authority laid down to ensure that the information is forthcoming. Similarly having non-audit officers accessing all records of the Council also undermines the rights of Internal Audit.

Recommendation

Where there is a suspicion of a financial irregularity, consideration should be given to having Nominated Officers, who instigate an investigation required to first log the investigation with Internal Audit. The investigation could then be allocated an identification number and Internal Audit could be advised of which officers are involved in the investigation and record this in a central log, against the investigation number. In this way any officer of the Council who is approached for information could be referred to Internal Audit to ensure that the officer asking for information is acting on a legitimate investigation and has been approved to do so by the Nominated Officer. (Where the financial aspect of the allegation is significant, the investigation will be conducted by professionally trained Fraud Investigators from Internal Audit)

Priority Level (See Section 6 for explanation)

High

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Internal Audit Anti Fraud Team to liaise with the Head of Human Resources to explore all of the implications of this recommendation.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

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5.2.8

Risk and Potential Implications

(Red Book reference 3.4, 3.5)

Those undertaking fraud and corruption investigations are not professionally trained for the role. Without professional training there is a risk that mistakes will be made which will hinder the investigation and may lead to inadmissible evidence if the case should proceed to court.

Finding

Officers investigating Housing Benefit fraud, have all undertaken appropriate (PINS) training. However officers investigating other alleged misconduct (including fraud) in departments have no formal Fraud training. There is a two day Investigating officer course which concentrates on interview techniques but which makes no reference to the preservation of evidence, Police and Criminal Evidence (PACE), the Proceeds of Crime Act (POCA), Regulation of Investigatory Powers Act (RIPA) or sanctions and recovery arrangements. The training is not assessed. Moreover the number of trained investigating officers is high and as a result any one officer may have forgotten all that they learn on the course by the time they have to put their training into practice.

Currently refresher training for Investigating Officers is only available on request. Nominated Officers have a separate training course. This does not include any instruction on POCA or PACE. A questionnaire circulated to all Nominated Officers confirmed that not all of them have completed the training.

Recommendation

- Investigating Officer and Nominated Officer training should be reviewed to ensure that it adequately prepares the officers for their roles.
- All Nominated Officers should attend the Nominated Officer training
- All training should have a shelf life which triggers Refresher training for all officers involved in Investigations

Priority Level (See Section 6 for explanation)

High

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Internal Audit Anti Fraud Team to liaise with the Head of Human Resources to explore all of the implications of this recommendation.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

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5.2.9

Risk and Potential Implications

(Red Book reference 3.6)

Officers do not work to a clear ethical framework with excellent standards of personal conduct.

Finding

Whilst the Housing Benefit Fraud Investigators subscribe and adhere to a Code of Ethics and auditors subscribe to their personal professional body's code of practice (CIPFA Code of Practice for Internal Audit in Local Government/ IIA Code of Ethics) there is no such code for Investigating or Nominated Officers. All officers of the council subscribe to a Code of Conduct and all officers over the grade of PO1 have to adhere to the Code of Corporate Governance and while these documents do refer to integrity and honesty there is nothing explicit about the conduct of an investigation.

Recommendation

A Code of Ethics should be drawn up for all Investigating and Nominated Officers, which they are required to sign prior to beginning an investigation.

Priority Level (See Section 6 for explanation)

High

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Internal Audit Anti Fraud Team to liaise with the Head of Human Resources to implement this recommendation.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
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Follow Up Report Date:			

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5.2.10

Risk and potential implications

(Red Book reference 4.16)

External information about potential frauds is not acted upon, resulting in financial loss to the Authority and criticism from External Auditors.

Finding

Wirral participates in the Audit Commission's National Fraud Initiative which is a sophisticated data matching exercise that aims to detect fraud.

Matches identified by the 2008 exercise have been available for the officers responsible to follow up since February 2009. Many of the responsible officers are diligent in their commitment to follow up all matches identified by the NFI exercise. Other responsible officers have not engaged with the follow up exercise at all, leading to whole areas of matched data which has yet to be opened for investigation.

Recommendation

Consideration should be given to the quarterly monitoring of NFI follow up by Internal Audit to be reported to DMT and where necessary any non-compliance reported from there to COMT.

Priority Level (See Section 6 for explanation)

High

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Internal Audit to add an additional category, 'NFI Progress', to the report which is already presented to DMT on a monthly basis.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
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Follow Up Report Date:			

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Department	Authority Wide	Date	October 2009
File Reference		Auditor	Beverley Edwards

5.2.11

Risk and Potential Implications

(Red Book reference 3.7,3.8)

Adequate pre employment screening may not be undertaken leading to the employment of individuals who do not have the qualifications they purport to hold.

Finding

Pre- employment screening is undertaken and following a recent audit, candidates are now asked to produce **original** (not photocopied) certificates at interview. However neither the memorandum sent to the panel nor the M22 successful candidate checklist refers to the need for **original** documents to be viewed and the panel could therefore accept photocopies.

Recommendation

The memorandum sent to the interview panel should remind them that all applicants must produce original certificates where this is an essential requirement of the post.

Priority Level (See Section 6 for explanation)

Low

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Internal Audit Anti Fraud Team to liaise with the Head of Human Resources to facilitate the implementation of this recommendation.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
Comments:			
Follow Up Report Date:			

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference		Auditor	Beverley Edwards

5.2.12

Risk and Potential Implications

(Red Book reference 3.7, 3.8)

Wirral Council may be employing people who do not have a right to work in UK

Finding

Pre-employment screening is carried out for everyone who started working for the Council after the introduction of the right to work in UK legislation. However people employed before that date have not been checked and may not have the right to work in UK.

Recommendation

Where existing staff who have not previously undergone 'Right to Work in UK' screening, change jobs within the council, consideration should be given to asking them to prove their right to work in UK, in the same way that external applicants do.

Priority Level (See Section 6 for explanation)

Medium

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Internal Audit Anti Fraud Team to liaise with the Head of Human Resources to facilitate the implementation of this recommendation</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
Comments:			
Follow Up Report Date:			

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference		Auditor	Beverley Edwards

5.2.13

Risk and Potential Implications

(Red Book reference 4.2, 4.8, 4.9, 4.10)

There is no specific programme of work to create and publicise a real anti fraud and corruption and zero tolerance culture which tells the fraudster that there is a professional team at work dedicated to thwarting their efforts, therefore the message is lost.

Finding

The Council does have Whistle-blowing and Anti Fraud and Corruption policies. However, these are not communicated very publicly or frequently to all staff and clients of the Council. There has been no specific fraud awareness training for officers of the Council.

Recommendation

There should be a programme of work undertaken aimed at ensuring that the counter fraud message is communicated effectively. This should include but not be limited to

- The redrafting of the Counter Fraud and Corruption policy which will spell out that the honest majority will not tolerate the fraudster and draw attention to the professionalism of the investigators and the sanctions and redress which the council will take to punish offenders and recuperate losses.
- The message should also be delivered through **online fraud awareness training**, (Meritec and LRI have been identified by Internal Audit as potential providers of this service)
- Face to face awareness sessions for those staff members who do not have access to the intranet,
- Special arrangements for schools staff and
- Presentations at the corporate Induction day.
- In addition the Whistle-blowing posters referred to elsewhere in this report would give publicity to the campaign.
- A periodic Fraud Newsletter could carry details of the number of fraud referrals/prosecutions etc Payslips could be used to maximise publicity.
- The most important thing is that Counter Fraud professionals have a high profile within the Authority. They should be visible and accessible.

Priority Level (See Section 6 for explanation)

High

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments: <i>Internal Audit Anti Fraud Team to fully implement all aspects of this recommendation.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference		Auditor	Beverley Edwards

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
Comments:			
Follow Up Report Date:			

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
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5.2.14

Risk and Potential Implications

(Red Book reference 4.3, 4.4, 4.5)

There is no measurement of how many of the Council's employees are fraud aware or how well the anti fraud culture is developing throughout the Council. Training may therefore be misdirected leading to potential waste of council resources while other areas of the Council's operation could be susceptible to fraud.

Finding

There is currently no counter fraud awareness training for staff.

Recommendation,

Following the introduction of online and other fraud awareness training, statistics should be kept to identify the percentage of staff that have undergone the training and identifying where these people are based. The success of the training should also be monitored using pre and post awareness training questionnaires. The take up of fraud awareness training could be reported in a periodic fraud newsletter.

Priority Level (See Section 6 for explanation)

Medium

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>Internal Audit Anti Fraud Team to develop a database system to maintain relevant statistics to fully implement this recommendation.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
Comments:			
Follow Up Report Date:			

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference		Auditor	Beverley Edwards

5.2.15

Risk and Potential Implications

(Red Book reference 4.16)

Data analysis techniques are not used to their full effect which is a waste of Council resources and may result in fraud being allowed to continue.

Finding

The Council has 6 licences for the use of IDEA data analysis software. However not all officers with access to the software have received training in its use.

Recommendation

Internal Audit should continue to include IDEA testing on all main systems of the Council and when requested to do so provide IDEA advice to other user departments.

Priority Level (See Section 6 for explanation)

Medium

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: <i>Sept 2009</i>			
Client Comments:			
<i>This recommendation has been implemented by Internal Audit who have developed a system to ensure that detailed testing is undertaken periodically of all the main financial systems utilising the IDEA software. A number of user departments are also currently being trained in its use..</i>			
Manager Name:	<i>DOF</i>	Signature	
Date:	<i>Dec 2009</i>		

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
Comments:			
Follow Up Report Date:			

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference		Auditor	Beverley Edwards

5.2.16

Risk and Potential Implications

(Red Book reference 4.18 and 4.19)

There are no arrangements in place to ensure that suspected cases of fraud or corruption are reported promptly to the appropriate person for further investigation to allow a disciplined investigation within a prescribed timescale

Finding

There are several sources of advice on the intranet which spell out the arrangements to be adopted to ensure that suspected frauds are investigated. Whilst they do not completely contradict each other they are slightly confusing as the fraud policy says the first point of contact should be the line manager, Chief Officer or Internal Audit or that the Whistle-blowing policy should be used. The Whistle-blowing policy says that the line manager, Chief Executive, departmental Chief Officer, departmental Confidential Reporting Officer or Internal Audit should be notified and the Fraud Code states that, 'Any financial irregularity or suspected irregularities should be reported to the Departmental Chief Officer to enable a report to be made to the Director of Finance in accordance with standing order 62(4) or if this is not possible direct contact can be made with Internal Audit.' In addition the Fraud Investigation plan refers to established links with MPA and states that the DoF will make the final decision about whether to refer a case to the Police.

In reality the procedure which is adopted is that described in the Human Resources Handbook under Disciplinary Procedure where a Nominated Officer appoints a trained Investigating Officer to investigate the allegation and then hears the case.

In addition there are clear instructions on the intranet and internet about how to report a housing benefit fraud ie via a national or local hotline number or via e-mail.

Once an investigation has been instigated there ARE clear guidelines about timescales to be adopted.

Recommendation

- After the Anti Fraud and Corruption policy has been reviewed an exercise should be completed to ensure that there is no conflicting advice on the intranet and to ensure that one simple approach to reporting a suspicion is widely advertised.
- The exercise should also ensure that there can be no ambiguity about how to raise a concern by cross referencing all the relevant policies.

Priority Level (See Section 6 for explanation)

Medium

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference		Auditor	Beverley Edwards

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>The Internal Audit Anti Fraud Team will review all existing policies and procedures for accuracy, consistency and the provision of clear guidance for reporting concerns.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
Comments:			
Follow Up Report Date:			

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference		Auditor	Beverley Edwards

5.2.17

Risk and Potential Implications

(Red Book reference 4.23)

Officers undertaking investigations do not have the necessary authority to do so in law and/or internal policies and procedures.

Finding

(See also 5.2.6 regarding internal authority)

Wirral Council uses surveillance and in so doing is subject to review by the office of the Surveillance Commissioners. An Internal Audit following up on a review of the Commissioner found that many of the recommendations of the Commissioner's report of July 2007 had not been implemented and there was a danger that, as a consequence, evidence obtained through surveillance may be inadmissible in court.

Recommendation

The findings of the Internal Audit into the Regulation of Investigatory Powers Act should be implemented.

Priority Level (See Section 6 for explanation)

High

To be completed by client:			
Recommendation agreed?			Yes
Target date for implementation: 31/03/2010			
Client Comments:			
<i>The Internal Audit Anti Fraud Team will liaise with the Head of Legal and Member Services to facilitate the implementation of this recommendation. This will include undertaking a further Follow Up audit to confirm implementation of all outstanding recommendations.</i>			
Manager Name:	DOF	Signature	
Date:	Dec 2009		

Verification of Implementation

To be completed by auditor at follow up audit:			
Follow Up Audit Date:		Auditor:	
Progress:	Implemented/ Partially/ Not Implemented		
Comments:			
Follow Up Report Date:			

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference	AFC/1.8	Auditor	Beverley Edwards

6. Recommendation Summary

In order to assist management in using our reports, we categorise our recommendations according to their level of priority:

High	Medium	Low
Fundamental and material to the system of internal control for the area under review.	Improvements in control needed to reduce the risk of loss, error, irregularity or inefficiency.	Matters that merit attention and would improve the overall control levels.

5.2 Ref.	Recommendation	Priority Level	Responsible	Agreed Y/N (To be completed by client)
1	<p>Consideration should be given to establishing one central team of skilled professionally trained Fraud Investigators whose remit includes:</p> <ul style="list-style-type: none"> the production and communication of policies, the linking of policy and operational work delivery of fraud awareness training, receipt of fraud referrals, conduct of Investigations, execution of recovery procedures maintenance of fraud related statistics and monitoring of outcomes such as source of referrals, consistency of sanctions and success of recovery 	High	Director of Finance	Y
2	<ul style="list-style-type: none"> The Anti Fraud and Corruption strategy (including the Fraud Investigation Plan) should be reviewed to ensure that the policy is up to date and adequately aligns with the objectives of the council. The policy should address the six areas of counter fraud activity ie deterrence, prevention, detection, investigation, sanctions and redress. 	High	Director of Finance	Y

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference	AFC/1.8	Auditor	Beverley Edwards

5.2 Ref.	Recommendation	Priority Level	Responsible	Agreed Y/N (To be completed by client)
	<ul style="list-style-type: none"> The policy should make reference to the Fraud Act 2006 and contain a clear definition of fraud. The highest level of Political and Executive backing should be sought for the revised policy. The policy should be launched amid maximum publicity. 			
3	Consideration should be given to having all fraud investigation reports returned to Internal Audit to ensure that there is a consistent approach to countering fraud across the Council and to ensure that any lessons learned are communicated to all departments. Returning reports to audit will also enable the identification of the source and scale of losses and facilitate year on year comparison of fraud losses.	High	Director of Finance	Y
4	<ul style="list-style-type: none"> A poster campaign should be undertaken to maximise awareness of the whistle-blowing policy. It may be appropriate to utilise advertising space on payslips to further advertise the policy. Where Insurance and Benefit fraud posters have been removed from One Stop Shops these should be replaced and the credit card sized leaflets placed on the counters. 	Medium	Head of Human Resources Director of Finance	Y Y
5	If the current system of investigating officers and nominated officers continues there is a need to ensure that those officers involved in investigations are well briefed on all aspects of the counter fraud process including the Council's commitment to recovery of losses wherever possible.	Medium	Head of Human resources	Y

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
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5.2 Ref.	Recommendation	Priority Level	Responsible	Agreed Y/N (To be completed by client)
6	Consideration should be given to including fraud and corruption as a risk in the risk register.	High	Director of Finance	Y
7	Where there is a suspicion of a financial irregularity, consideration should be given to having Nominated Officers, who instigate an investigation required to first log the investigation with Internal Audit. The investigation could then be allocated an identification number and Internal Audit could be advised of which officers are involved in the investigation and record this in a central log, against the investigation number. In this way any officer of the Council who is approached for information could be referred to Internal Audit to ensure that the officer asking for information is acting on a legitimate investigation and has been approved to do so by the Nominated Officer. (Where the financial aspect of the allegation is significant, the investigation will be conducted by professionally trained Fraud Investigators from Internal Audit)	High	Director of Finance And Head of Human Resources	Y
8	<ul style="list-style-type: none"> Investigating Officer and Nominated Officer training should be reviewed to ensure that it adequately prepares the officers for their roles. All Nominated officers should attend the Nominated Officer Training All training should have a shelf life which triggers Refresher training for all officers involved in Investigations 	High	Head of Human Resources	Y
9	A code of ethics should be drawn up for all Investigating and Nominated officers, which they are required to sign prior to beginning an investigation.	High	Head of Human Resources	Y
10	Consideration should be given to the quarterly monitoring of NFI follow up by Internal Audit to be reported to DMT and where necessary any non-compliance reported from there to COMT.	High	Director of Finance	Y

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference	AFC/1.8	Auditor	Beverley Edwards

5.2 Ref.	Recommendation	Priority Level	Responsible	Agreed Y/N (To be completed by client)
11	The memorandum sent to the interview panel should remind them that all applicants must produce original certificates where this is an essential requirement of the post	Low	Head of Human Resources	Y
12	Where existing staff who have not previously undergone 'Right to Work in UK' screening, change jobs within the council, consideration should be given to asking them to prove their right to work in UK, in the same way that external applicants do.	Medium	Head of Human Resources	Y
13	<p>There should be a programme of work undertaken aimed at ensuring that the counter fraud message is communicated effectively. This should include but not be limited to:</p> <ul style="list-style-type: none"> The redrafting of the counter fraud and corruption policy which will spell out that the honest majority will not tolerate the fraudster and draw attention to the professionalism of the investigators and the sanctions and redress which the council will take to punish offenders and recuperate losses. The message should also be delivered through online fraud awareness training, (Meritec and LRI have been identified by Audit as providers of this service) Face to face awareness sessions for those staff members who do not have access to the intranet, Special arrangements for schools staff and Presentations at the corporate induction day. In addition the whistle-blowing posters referred to elsewhere in this report would give publicity to the campaign. A periodic fraud newsletter could carry details of the number of fraud referrals/prosecutions etc Payslips could be used to maximise publicity. The most important thing is that Counter Fraud professionals have a high profile within the Authority. They should be visible and accessible. 	High	<p>Director of Finance</p> <p>Director of Finance</p> <p>“</p> <p>“</p> <p>“</p> <p>“</p> <p>Head of Human R</p> <p>Director of Finance</p>	<p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p> <p>Y</p>

System	Anti Fraud Self Assessment		
Department	Authority Wide	Date	October 2009
File Reference	AFC/1.8	Auditor	Beverley Edwards

5.2 Ref.	Recommendation	Priority Level	Responsible	Agreed Y/N (To be completed by client)
14	Following the introduction of online and other fraud awareness training, statistics should be kept to identify the percentage of staff that have undergone the training and identifying where these people are based. The success of the training should also be monitored using pre and post awareness training questionnaires. The take up of fraud awareness training could be reported in a periodic fraud newsletter.	Medium	Director of Finance	Y
15	Internal Audit should continue to include IDEA testing on all main systems of the Council and when requested to do so provide IDEA advice to other user departments.	Medium	Director of Finance	Y
16	<ul style="list-style-type: none"> After the Anti Fraud and Corruption policy has been reviewed an exercise should be completed to ensure that there is no conflicting advice on the intranet and to ensure that one simple approach to reporting a suspicion is widely advertised. The exercise should also ensure that there can be no ambiguity about how to raise a concern by cross referencing all the relevant policies. 	Medium	Director of Finance Director of Finance and Head of Human Resources	Y Y
17	The findings of the Internal Audit into the Regulation of Investigatory Powers Act should be implemented.	High	Head of Legal and Member Services	Y

For Audit Use Only	
File Reference	AFC/1.8
Auditor	B Edwards
Date of Report	October 2009
Date Received	

7. Customer Satisfaction Survey

Audit of: Anti Fraud Self Assessment – Authority Wide

I am responsible for providing you with a quality Internal Audit Service and I want to ensure that your audit continues to be effective. A number of performance indicators have been adopted and one of the most important of these is your view of the service you receive.

Please spare the time to complete and return this form. This is an opportunity for you to provide your views on the level of service you received during your recent audit. Your answers will help me to develop and maintain the highest level of service possible.

THANK YOU FOR YOUR HELP.

David A Garry C.P.F.A
Chief Internal Auditor

QUESTIONNAIRE			
WERE YOU SATISFIED WITH:	<u>Yes</u>	<u>No</u>	<u>Comments</u> (please continue overleaf if you wish)
1. <u>TIMING:</u>			
• Advance notice of the audit?			
• Duration of the audit?			
2. <u>COMMUNICATION:</u>			
• Courtesy of the auditor(s)?			
• Level of auditor(s) knowledge?			
• Consultation on the findings?			
• Method of report delivery?			
3. <u>AUDIT REPORTS:</u>			
• Format of the report?			
• Speed of production of the report?			
• Relevance of the recommendations?			
• Value of the recommendations?			
• Audit opinion?			
4. <u>QUALITY OF SERVICE:</u>			
• Usefulness of the audit?			
• Professionalism of the audit?			
• Professionalism of the auditor?			

If you would like to comment further on the conduct, outcome or how you feel I could improve the Internal Audit Service please do so overleaf, or telephone me on 666 3387.

Completed by: Signed: Date:

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Commissioning and Procurement Review

Wirral Metropolitan Borough Council

Audit 2008/09

December 2009



Contents

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Status of our reports

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

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

Introduction

- 1 The Local Government and Public Involvement in Health Act 2007 introduces a clear focus on local public sector partners working together to provide better outcomes for local communities. A key means of delivering these better outcomes will be through the use of commissioning and procurement.
- 2 Commissioning and procurement are terms without commonly accepted definitions across the public sector. The terms are currently used differently both across and within sectors, and on occasions are used interchangeably. For the purpose of this review, the definitions of commissioning and procurement will be those used in the Audit Commission's 2007 report 'Hearts and Minds: Commissioning from the Voluntary Sector'.
- 3 Commissioning is defined as the entire cycle of assessing the needs of people in a local area, designing services and then securing them.
- 4 Procurement is defined as covering the specific activities within the commissioning cycle that focus on the process of buying services, from the initial advertising through to the final contract arrangements.
- 5 In all sectors, commissioning and procurement are critical mechanisms for delivering value for money (VfM) and sustainable outcomes for communities. Collaboration, partnerships and shared services are becoming more commonplace and while they offer more potential for value for money, there are considerable risks.

Background

- 6 The 2005 Corporate Assessment stated in respect of Wirral that "the approach to modern procurement is becoming more established, with a good revised procurement strategy very recently agreed; there is considerable activity by the corporate procurement unit to develop the contribution that procurement makes to improvement and efficiency."
- 7 The annual audit and inspection letter issued in March 2008 referred to two issues in respect of procurement. Firstly, issues had arisen regarding tendering compliance with EU procurement directives identified during the audit of four final ERDF claims. The second reference was in respect of the Council tendering exercise for the award of the schedule of rates contracts, particularly in respect of the electrical maintenance contract.
- 8 The Use of Resources assessment 2007/08 found some good examples of procurement in Wirral as it continues to enhance its procurement practices and deliver savings both through its own services and also through working with other authorities across Merseyside. However, the use of resources assessment 2008/09 will be more focussed on achievement of outcomes that focus on quality services and supplies, respond to local need and deliver sustainable outcomes and value for money.

Scope and objectives

- 9 The scope of this review is on procurement and commissioning as defined in the background section above.
- 10 We have examined the corporate arrangements for procurement during the period to 31 March 2009, then tested their application using two tracers from within specific services.
- 11 Our work has included the following.
 - The extent to which the Council has a clear vision of intended outcomes for local people which shapes its commissioning and procurement, and is based on an ongoing understanding of needs.
 - Examined the extent to which local people, partners, staff and suppliers were involved in the commissioning of tracer services.
 - Whether improvements to customer experience, quality and value for money have resulted from the procurement exercises reviewed.
 - The extent to which the Council has redesigned services and maximised the use of IT alongside the procurement exercises reviewed.
 - The extent to which the Council understands the supply market and uses this information in the decision making process.
 - Examined the extent to which the Council adheres to its procedures and evaluates options for procuring services and supplies.
 - Evaluated the Council's understanding of the competitiveness of services and achieves value for money while meeting wider social, economic and environmental objectives.

Audit approach

- 12 We have interviewed key staff within the corporate procurement team and managers within relevant service departments.
- 13 We have selected two contracts: one from highways and one from social care services and examined the working paper files.
- 14 We have taken into account any relevant evidence from other inspectorates. For example, the Care Quality Commission assesses commissioning adult social services in its Annual Performance Assessment.

Key messages

- 15 The Council has invested resources to continue to develop its corporate arrangements for procurement and is actively involved in both regional and sub-regional collaborative ventures. Procurement has resulted in financial savings but it is too early to fully assess the impact on sustainable outcomes for local people. There is a need to drive procurement forward more to maximise the benefits across the organisation.
- The Council has a high level awareness of intended outcomes for local people based on an understanding of needs which shapes its commissioning and procurement. At a more detailed level opportunities exist to develop the involvement of stakeholders in the commissioning and procurement of services.
 - There is mixed involvement of local people, partners, staff and suppliers in commissioning and procurement.
 - Improvement in customer experience, quality and VfM has either not been fully evaluated or more time is needed for the benefits to materialise.
 - Redesign of services and use of IT is being used alongside procurement. There has been significant investment in ICT by the Council which provides the platform for e-procurement. However, the system is under-utilised and therefore the benefits are not being maximised.
 - The Council has an adequate understanding of the supply market and uses this to inform procurement strategy and tendering. This should be enhanced once a new system for sourcing and contract management is implemented. Wirral is the last council in the Merseyside collaboration to implement the system.
 - Although the Council has generally put in place a sound framework of policies and procedures these are not always followed or fully comprehensive.
 - The Council evaluates options for procuring services and supplies. Corporate Procurement Procedures incorporate best practice techniques, including option appraisals.
 - The Council is developing its understanding of the competitiveness of services and VfM while meeting wider social, economic and environmental objectives.

Main conclusions

- 16 The Council has put in place corporate arrangements that provide a sound foundation for basic procurement practice across the organisation. Resources have been invested by the Council to develop its arrangements for procurement. This has increased capacity through the creation and subsequent development of a Corporate Procurement Unit (CPU). The CPU has led the implementation of a Corporate Procurement Strategy (CPS), supported with detailed procedures and guidelines. The Council also has other guidelines relevant to the governance of procurement, such as policy on Code of Conduct by officers and Conflict of Interest procedures.
- 17 However, there is a need to drive procurement forward more to maximise the benefits across the Council, including schools. The Procurement Strategy is not supported with an action plan with milestones to provide the basis for effective performance monitoring. Hence there is no clear basis for effectively monitoring delivery of the CPS.
- 18 Also, commissioning and procurement are currently seen as separate and therefore not fully integrated. This is a missed opportunity to align commissioning with procurement to produce synergy which should ultimately help to achieve better outcomes for service users and improved VfM. The CPS should include a clear link between commissioning and procurement activity to ensure consistency.
- 19 The Council evaluates options for procuring services and supplies. Corporate Procurement Procedures incorporate best practice techniques such as Gateway Reviews. Also, price and quality evaluation models are routinely used to award contracts, which is a sound basis for decision making. Other techniques such as option appraisals and whole life approach are also routinely used. This ensures options for procuring goods and services are identified and reviewed.
- 20 The Council is actively involved in both regional and sub-regional collaborative ventures, facilitated through the Improvement and Efficiency Partnerships. This provides the opportunity to take advantage of joint procurement initiatives and sharing of intelligence, with consequential financial savings and other benefits. Significant financial savings are envisaged from this work, for instance £8m is expected to be delivered during 2008-2011 by the Merseyside Collaboration. To date, savings of £20m has been achieved by Merseyside authorities through collaborative procurement working.
- 21 The Council has an adequate understanding of the supply market and uses this to inform procurement strategy and tendering. Collaboration through the Improvement and Efficiency Partnerships will provide access to electronic solutions for sourcing and contract management, such as the 'Due North' initiative. Once implemented this will provide access to regional wide contracts which should result in substantial financial savings. There are also other benefits, such as enhancing the Council's existing knowledge of the supply market and providing access to data for benchmarking. Wirral is one of the last councils in Merseyside to implement 'Due North'. However, this has recently been brought forward from April 2010 to December 2009.

Main conclusions

- 22 The 'Due North' initiative will also enable existing and potential suppliers to have better access to contract opportunities. This will support the Council's objective of sustainable procurement. Also this initiative and others such as the 'Construction Employment Integrator' are designed to encourage the use of local labour, which directly links to the Council's priorities. To date, the achievement of targets relating to local labour content within relevant contracts has been mixed.
- 23 More needs to be done to align collaboration work with the development of the CPS, to clearly show how procurement activity will be addressed in the medium to longer term. This will help to embed collaboration work within day to day procurement activity, thereby helping to ensure the Council's resources are effectively managed, with efficiencies maximised and overlap minimised.
- 24 The Council has a high level awareness of intended outcomes for local people based on an understanding of needs which shapes its commissioning and procurement. The Sustainable Community Strategy (SCS) is kept up to date with priorities intended to reflect the inequalities and diversity of local communities. The Council's Corporate Plan is developed using a needs analysis and is aligned with the SCS. The objectives in the Corporate Plan are cascaded to departmental plans which broadly inform delivery and commissioning activity. Also, the Procurement Strategy has been mapped against the Council's priorities to ensure alignment.
- 25 At a more detailed level opportunities exist to develop the involvement of stakeholders in the commissioning and procurement of services. Our detailed work found mixed involvement of local people, partners, staff and suppliers in commissioning and procurement. Strengthening involvement of stakeholders would ensure the links between corporate priorities and procurement are sound. Also it should help to formulate timely performance measures which can subsequently be used to monitor delivery of outcomes. The Council will then be better able to demonstrate improvement in customer experience, quality and ultimately VfM.
- 26 Post contract evaluation of envisaged benefits is part of routine procurement procedures. This should demonstrate improvement in customer experience, quality and VfM. However, this needs to be more robust and used consistently. Our detailed work found improvement has either not been fully evaluated or more time is needed for the benefits to materialise.
- 27 Although there is evidence of procurement resulting in financial savings and better services for local people there remains significant opportunity to improve performance. Greater focus on delivery of sustainable outcomes and better VfM is required, rather than purely financial savings. As stated above clearer deliverables need to be identified during the commissioning and procurement of services to provide a sound basis for subsequent evaluation of outcomes for local people and VfM.

- 28 Redesign of services and use of IT is being used alongside procurement. There has been significant investment in ICT by the Council which has provided i-procurement functionality as part of implementing the 'One Business' Oracle based system. This provides the platform for the Council to obtain the many benefits of e-procurement, such as corporate contracts and lower transactional costs. Also, ICT facilitates redesign of processes which can result in better services and efficiencies. Our detailed work confirmed the Council is using procurement to support service redesign, both back office and customer facing. Also, better use of ICT alongside procurement is being used to bring about improvement and deliver savings.
- 29 However, the i-procurement system is under-utilised, hence the benefits are not being maximised. Analysis of expenditure shows too much procurement is processed outside the system. More work is needed to ensure compliance and reduce spend where no order has been raised or manual systems have been used.
- 30 Although the Council has generally put in place a sound framework of policies and procedures these are not always followed or fully comprehensive. Our work found some examples where there was non-compliance, such as notes of meetings not being recorded during tender exercises. Also, some procedures lacked clarity eg separation of duties relevant to in-house bids.
- 31 The importance of compliance with procurement procedures and governance more generally needs to be strengthened to ensure the Council promotes the right culture. This is necessary to ensure the risk of external challenge is managed and the benefits of procurement initiatives are not put at risk. Compliance with procedures alongside robust governance are fundamental requirements of effective procurement. Weaknesses could jeopardise the achievement of benefits resulting from good procurement.
- 32 Operational departments such as social care, technical services, and leisure undertake a significant proportion of procurement within the Council using their own purchasing staff. There are 44 nominated Purchasing Co-ordinators based in seven departments who undertake this work. This can have an adverse effect on consistency and compliance with procedures. There is a significant volume of payments where no order has been created or manual systems used. The role of CPU regarding compliance with procedures and governance is not clear and where appropriate needs to be strengthened.
- 33 The Council is developing its understanding of the competitiveness of services and VfM while meeting wider social, economic and environmental objectives. Competitiveness of services and achievement of VfM is assisted by tendering procedures using quality as well as price to determine contract award. Also this is reinforced by post contract reviews to ensure financial and non-financial benefits are delivered.

Main conclusions

- 34 Expenditure continues to be collected using a proprietary database tool. This is helping to improve the consistency of data which should assist benchmarking, and support performance management and checks on compliance with procedures. There has only been relatively limited benchmarking of procurement to date, albeit with evidence of savings eg benchmarking of franking machines has delivered £80k. By strengthening the use of benchmarking the Council will be more able to evaluate the competitiveness of services and demonstrate achievement of VfM.
- 35 A policy on sustainable procurement has been approved by Cabinet and is being implemented as part of routine procurement procedures. Also, the Council is aware of equality and diversity issues and is taking action on an incremental basis to incorporate this agenda into routine procurement procedures and practice.

Detailed report

The review has focussed on the following areas.

- Procurement strategy.
- Corporate procurement arrangements.
- E-procurement.
- Collaboration.
- Training.
- Highways and Engineering Services Procurement Exercise (HESPE).
- Assistive technology.

The following section identifies the main issues and findings in these areas.

Procurement Strategy

- 36** The Council has an approved Corporate Procurement Strategy (CPS) but it is not clear how implementation will be monitored. The CPS was approved by Cabinet in December 2003. The strategy has since been updated in October 2005 and September 2008 when the current strategy was approved. This covers the period 2008-2011. The updated strategy is designed to move the procurement activity of the Council forward to achieve efficiencies and savings. However, it is not clear from the strategy how this will be achieved. A key weakness of the Council's strategy is not being supported with an action plan and milestones. Hence there is no clear basis to monitoring delivery of the CPS effectively.
- 37** Despite this the Procurement Strategy provides for monthly progress reports to the Director of Finance (DoF), and monthly reporting of relevant performance indicators (PIs) within the performance management system along with progress against 'Procurement Key Priorities'. Also, there is provision for quarterly reporting of progress to the Corporate Improvement Group (CIG), and six-monthly reporting to Committee detailing the number and type of contracts which have been let and progress against the key priorities. Some but not all of these reporting requirements are being satisfied. Also, there is less focus on procurement through the CIG than in the past when the Strategic Procurement Board operated. However, the current arrangement may be more cross cutting. Reporting and monitoring arrangements need to be re-visited to ensure responsibility for monitoring delivery of the CPS is clear and effective.
- 38** The Council is aware of intended outcomes for local people at a high level. The Sustainable Community Strategy (SCS) is kept up to date with priorities intended to reflect the inequalities and diversity of local communities. The Council's Corporate Plan is developed using a needs analysis and is aligned with the SCS. The objectives in the Corporate Plan are cascaded to departmental plans which broadly inform delivery and commissioning activity.

Detailed report

- 39 Also, the relationship between the Council's Corporate Objectives and Procurement Objectives has been set out in the current CPS to demonstrate alignment. Also, the strategy is based on best practice eg takes account of the sustainability agenda. The CPS refers to the government's procurement agenda but this is not mapped across and therefore may not be fully aligned.
- 40 Also, the current Procurement Strategy does not have an effective link to commissioning. The two themes are currently seen as separate rather than recognising the potential synergy between commissioning and procurement. Future updates of the CPS need to provide clarity on the Council's approach, with a view to helping deliver better outcomes for service users and VfM. This should include facilitating closer working between CPU and commissioning activity.
- 41 CPU has worked more closely with DASS and Children's Service more recently. This has helped to integrate corporate procurement and commissioning activity and provide a greater focus on governance and commercialism. Both DASS and Children's Services have their own Contracts Teams.
- 42 Reference to the Third Sector is included in the Procurement Strategy approved by Cabinet. This is seen as a first step for the Council with further development ongoing. A similar approach is being used for equalities eg the Head of Procurement will be doing training for equalities as part of a wider equalities assessment within the Council. This follows a task group on equalities and diversity in procurement, which resulted in a policy that Equality Impact Assessments be conducted on all relevant procurement contracts.
- 43 The Procurement Strategy includes expanding the scope of Prince 2 and includes the principles of Gateway Procedures, where appropriate, for high cost and/or high risk procurement projects. Options appraisals are highlighted as key elements of procurement within the Procurement Strategy. This helps to ensure options for procuring services and supplies are identified and reviewed. Our detailed work confirms these techniques are being adopted in practice.
- 44 Post contract monitoring is stated as essential in the Procurement Strategy. The use of output specifications is designed to put the onus on the contractor to take responsibility for the end product, and Best Value clauses in contracts mean that the contractor is responsible for a continuous improvement in service. However, there is no specific requirement to undertake formal post contract evaluation reviews to ensure the benefits of procurement exercises are delivered.
- 45 The development and use of performance measures are promoted as part of the Procurement Strategy. It is intended that procurement PIs be used for regional and sub-regional benchmarking. Performance information will be used to improve and measure procurement outcomes and reported on accordingly. These arrangements are still in the course of being implemented and developed.

Recommendation

- R1** Update the Corporate Procurement Strategy (CPS) to address the following.
- Create an action plan with milestones to drive the implementation of the strategy and provide the basis of subsequent performance monitoring.
 - Ensure procurement and commissioning are aligned to optimise outcomes for service users and deliver better VfM, and facilitate closer working between CPU and commissioning activity.
 - Map the CPS against the government's procurement agenda to ensure alignment.
 - Ensure there are robust performance measures for subsequent performance reporting, including delivery of sustainable outcomes and VfM.
 - Specify the requirements for reporting progress and responsibility for monitoring implementation of the CPS.
 - Require robust post contract evaluations to be undertaken, for contracts over a pre-determined value, to ensure envisaged benefits are delivered.

Corporate procurement arrangements

- 46** The Procurement Strategy states that the corporate procurement function will be developed to act as the centre of expertise in procurement, and support a structured approach to education, training and development for all members and officers with procurement responsibilities. Also to underpin the strategy with operational procedures and guidance documents that reflect good practice, provide sufficient flexibility to ensure best value, provide adequate control and are communicated to all those involved in procurement. This has been achieved by developing a suite of policies and procedures with supporting guidelines and placing these on the intranet/internet. The Council also has other guidelines relevant to the governance of procurement, such as policy on Code of Conduct by officers and Conflict of Interest procedures.
- 47** The Leader of the Council is the lead member for commissioning and procurement and acts as champion. This helps to ensure there is support for procurement related matters. The Director of Finance (DoF) has responsibility for the development and delivery of the CPS.
- 48** Resources have been invested by the Council to develop its corporate arrangements for procurement. Up to 2003 the Council used the Wirral and North Wales Purchasing Consortium. When this organisation was disbanded some of the staff transferred to Wirral Council. Also, the current Head of Procurement joined the Council in November 2003. This was in line with a recommended 'way forward' proposed by the Institute of Public Finance (IPF), who had been commissioned to provide advice to the Council. At this stage the Corporate Procurement Unit (CPU) was primarily responsible for providing support rather than operational. Since then the department has increased resources and developed their role eg corporate contracts are 'owned' by the CPU.

Detailed report

- 49 The CPU was made responsible for delivery of the Procurement Strategy at the same time as the strategy was approved in 2005. CPU has been developed over time from an initial four staff to now 16 with a mix of specialist, qualified staff and trainees. The department has also been restructured and merged with Payments to form the Procure to Pay Section within Finance department. This has been done alongside implementation of the Oracle procurement and payments system.
- 50 Operational service departments still undertake a significant proportion of the procurement activity within the Council using their own purchasing staff eg social care, construction and leisure. Over time CPU have been able to exert more influence over purchasing in service areas. This was helped approximately three years ago when all Chief Officers were instructed to circulate relevant reports through the Head of Procurement before going to committee. This has helped CPU to be more aware but there is still an issue over advice and guidance by CPU, regarding what is deemed mandatory by service departments. The role and authority of CPU across the Council needs to be clearer. This would help to address fundamental issues such as responsibility for creation and retention of tender documentation e.g. to enable the Council to refute challenge from external bodies, such as contractors who question award of contract decisions.
- 51 Equality and diversity issues are specifically contained within the Procurement Strategy and human rights to a lesser extent. The use of partnership working is also taken into account within the Strategy.
- 52 Equality and Diversity in Procurement was reported to Cabinet in April 2009 which shows the Council is aware and taking incremental action to ensure these themes are incorporated into its procurement procedures.
- 53 Sustainability and whole life approach are included in the Procurement Strategy. Also the Council has adopted a policy on sustainable procurement as part of its contract procedures. The policy which was approved at the end of 2004 is supported by sustainable procurement objectives and guidance notes. The Corporate Procurement procedures include a Supplier Questionnaire as part of the tender process. Section 9 of the questionnaire, paragraph F, covers Environmental Matters. This includes relevant questions other than impact of CO2. The information is used within the quality part of the tender evaluation.

Recommendations

- R2** Clarify the role and authority of CPU regarding provision of advice and guidance to service areas.
- R3** Clarify responsibility for creation and retention of contract documentation, pre and post contract award.
- R4** Continue to embed sustainable procurement, alongside the development of equality and diversity within procurement procedures and practice.

E-procurement

- 54 The implementation of the 'One Business' Oracle based system provided both i-procurement and i-payment functionality across the Council. This included the introduction of on-line catalogues which have been developed over time. The implementation of i-procurement required processes to be redesigned as services moved from using various systems to one single corporate ICT system. As a result the new system provided the opportunity for more consistency. To assist the change a Purchasing Co-ordinator role was created. They can raise non-catalogue orders using the system, in addition to designated 'requisitioners' who can order items using the on-line catalogues.
- 55 The rollout of 'One Business' has provided the platform to obtain the many benefits of e-procurement. However, it is recognised that the Council needs to get better at using the system. The level of take-up ie use of the Oracle e-procurement system is below expectation and therefore the benefits are not being maximised.
- 56 There are 44 Purchasing Co-ordinators based in seven departments. This can have an adverse effect on consistency and compliance with procedures. An analysis of transactions highlights there is a significant volume of payments to suppliers where no orders have been created or manual systems are still being used. To address this corporate control over the co-ordinator function is proposed, starting with a pilot scheme in Finance. The date of the pilot has not yet been agreed. All non-compliant areas will be identified and, where appropriate, incorporated into the on-line catalogue process. Other areas of high volume non-catalogue spend will be targeted and contracts put in place. This should address 'maverick' spend in Finance. The results of the pilot will then be considered in relation to the rest of the Council.
- 57 Spikes Cavell is an online database containing expenditure data that is used as a standard analysis tool. The 'Observatory' as the database is known delivers tools, intelligence and procurement data needed to reduce costs, realise collaboration opportunities, improve contract compliance, and drive continuous improvements in spend and supplier management. This is intended to help realise the benefits of reduced maverick purchasing, increased use of corporate contract arrangements, and transactional savings from use of electronic catalogues.
- 58 To date only limited benchmarking has been undertaken by CPU such as fuel, car leasing and mobile phones. Positive outcomes have been achieved in milk and bread, furniture, first aid supplies and franking machines eg saving of £80k pa.
- 59 Two years of financial data has been collected using the Spikes Cavell database with 2008/09 available soon. This will provide increasing volumes of accurate and consistent data covering comparable years. This should help to increase the level of benchmarking of performance eg year on year, and enable comparison with other authorities in the region and sub-region.

Detailed report

- 60 A report on procurement co-ordination and control by the Procure to Pay Section issued to the CIG on 22 July 2008 highlighted the need to increase the level of transactions through the i-procurement system. Also, the level of 'maverick' spend ie outside authorised contracts and multiple suppliers was reported to the CIG on 14 May 2008. This highlighted the need for further work to increase the level of orders/spend processed through the i-procurement system. Under-utilisation of the system is still an issue.
- 61 Internal Audit has raised issues with recommendations for improving the use of i-procurement as part of their routine audit work in DASS.
- 62 There is a clear expectation in the Procurement Strategy that effective strategies will be in place to enable, support and encourage schools to become informed, effective purchasers of services. Also, the Council will ensure that the procurement skills of schools are developed and supported, promoting their capacity to choose, buy and evaluate services independently and effectively within the context of Best Value.
- 63 Schools do not make use of the Council's e-procurement system. This follows a pilot exercise in some primary schools during November 2007. This concluded that the technical issues were so significant that to overcome them would require a comprehensive review of the technology used in schools. However, a joint evaluation with Sefton Council is currently in progress to assess the possible use of the OPEN (Online Procurement for Educational Needs) e-procurement system.

Recommendations

- R5** Routinely monitor expenditure to ensure orders, wherever appropriate, are processed using the Oracle procurement system to ensure the benefits of using e-procurement are maximised across the Council, including schools.
- R6** Investigate and take relevant action, where appropriate, to address expenditure which has not been processed through the Oracle procurement system.
- R7** Establish targets for the utilisation of Oracle to form the basis of performance monitoring to help maximise the use of e-procurement.
- R8** Continue to develop benchmarking as a tool for improving procurement and basis of monitoring performance.

Collaboration

- 64 The Council is actively working in partnership with other relevant bodies across Merseyside and the wider region. This is helping to increase procurement capacity and secure VfM. However, there needs to be greater clarity over the role of collaboration as a means of using procurement to deliver efficiency and other benefits to the Council.
- 65 The North West Improvement and Efficiency Partnership (NWIEP) and Merseyside Improvement and Efficiency Partnership (MIEP) are supporting procurement collaboration, including funding, across relevant bodies including Wirral Council. The collaboration has resulted in additional resources to concentrate on joint procurement initiatives.

- 66 The regional wide partnership includes 47 bodies supported by the MIEP sub-regional body. Progress to date and future plans at a regional and sub-regional level are not fully incorporated into the CPS. Collaboration should be reflected in the next refresh of CPS to help embed this within day to day procurement activity, thereby ensuring the Council's resources are effectively managed, with efficiencies maximised and overlap minimised.
- 67 Collaboration originally commenced in 2004 when Wirral and four other Merseyside councils formed the Merseyside Procurement Group (MPG). Other authorities such as fire have now joined the group which has been renamed Merseyside Authorities Procurement (MAP). Progress was initially facilitated by the North West Centre of Excellence and subsequently by NWIEP and MIEP. The MAP members including Wirral are represented at NWIEP and MIEP by Knowsley Council. Wirral's Chief Executive is the portfolio holder for procurement on NWIEP.
- 68 Major pieces of work are being undertaken, for instance implementing the 'Due North' platform with regional wide contracts eg consultancy contracts. This should also provide greater understanding of the supply market to build on the Council's existing knowledge. Wirral are one of the last councils in the sub-region to implement 'Due North' with rollout planned for April 2010. However, 'Go Live' has now been brought forward to 1 December 2009.
- 69 The 'Due North' initiative will also enable existing and potential suppliers to have better access to contract opportunities. This will support the Council's objective of sustainable procurement. Also this initiative and others such as the 'Construction Employment Integrator' are designed to encourage the use of local labour, including 'hard to reach' people. This directly links to the Council's priorities. To date, the achievement of targets related to local labour content within relevant contracts awarded by Technical Services has been mixed.
- 70 Cashable savings are one of the key deliverables of the procurement collaboration. For the period 2008-2011 the Merseyside sub region has a saving target of £108m which is expected to be delivered from procurement. During this period £20m has been submitted by the collaboration for projected procurement savings. This is related to local initiatives and other sources such as the Office of Government Commerce. Of this amount £8m is reported as directly attributed to the Merseyside Collaboration. To date, savings of £20m has been achieved by Merseyside authorities through collaborative procurement working.

Recommendation

- R9** Clarify the financial and other benefits of collaboration, including impact on the Council's procurement arrangements, including resources. This should be used to inform the CPS and to monitor progress and delivery of outcomes.

Training

- 71 During 2008/09 procurement staff attended various courses covering a range of training requirements. This included 27 corporate courses such as Prince 2, equal opportunities and diversity, health and safety, staff induction etc. Professional training was provided to nine staff members along with training related to continuing professional development. Relevant training has also taken place within Children's Service, DASS, and Technical Services.
- 72 Three supplier events have been held this year either locally or regionally eg 'Boost your Business'. A further two events are planned, including training as part of the implementation of 'Due North'.
- 73 Procurement Co-ordinators have been provided with training as part of the initial roll out of the Oracle system. The need for refresher training should be considered to ensure users are fully utilising the benefits of the system, in addition to reinforcing compliance with procedures.
- 74 There has been limited training regarding procurement for members. Also there has only been limited interest in the Procurement Strategy by members. It is recognised that training needs to be increased to achieve greater member involvement in procurement.

Recommendations

- R10 Consider providing refresher training to users of the i-procurement system to ensure the full benefits of the system are utilised, in addition to reinforcing compliance with procedures.
- R11 Provide relevant members with training regarding procurement.

Highways and Engineering Services Procurement Exercise (HESPE)

- 75 The HESPE contract provides the Council with an opportunity to improve services at the same time as delivering financial savings. The tender process has employed best practice techniques and contemporary contracting practice. It is too early to determine if the envisaged benefits will be realised although procedures are being refined to ensure this is monitored.
- 76 The Council's objectives and priorities have been specifically recognised as part of the HESPE procurement process. This is to ensure the new contract contributes to the achievement of the Council's aims going forward. The new contract is intended to make best use of available resources and achieve an enhanced and responsive customer focused service. The contract covers various aspects of maintenance work on highways, drainage and coastal infrastructure. It is too early to confirm that the contract is delivering improvement to customer experience, quality and VfM.

- 77 An important part of the HESPE procurement process has been the consolidation of various packages of work delivered through a number of contracts into one single contract. This was intended to provide more competitive contract pricing, along with internal efficiencies resulting from streamlined contract management arrangements. Relevant budgets have been reduced to reflect anticipated financial savings resulting from the new contract which commenced in April 2009.
- 78 A Project Initiation Document (PID) has been used to provide a structured basis for managing the HESPE procurement process. Also, Gateway Reviews have been undertaken throughout the project to ensure the process was in line with best practice and identify lessons learnt. Gateway Reviews were previously used on the revised environmental waste services contract.
- 79 The HESPE procurement exercise has taken account of various potential contract strategies. This was the basis of the decision to move from a traditional contract to a partnering form of contract. An outline business case was prepared along with other supporting documentation, including an options appraisal. External consultants were employed to ensure a comprehensive review was undertaken, including taking into account the arrangements used by other councils.
- 80 Where relevant consultants have continued to be used to supplement lack of capacity within the Council. Additional external resources have been used during the early stages of the procurement process and subsequent tender exercise following agreement of the contract strategy. Also consultancy support is being used during the early part of the contract management stage following commencement of the contract. This requires the ordering, delivery and management of services to be redesigned.
- 81 The HESPE tender exercise included a comprehensive quality element in addition to consideration of cost. Method statements were used to assess the quality of bids, including use of ICT to provide a better customer service, plus use of innovation and technology to drive continuous improvement.
- 82 Expressions of interest leading to submission of tenders were received from a number of external contractors. An in-house bid was also submitted by the Operational Services Department (OSD). A price and quality 'model' was used to evaluate the tenders received. A 70 per cent cost and 30 per cent quality split was used to support the award of contract decision. The winning bid from Colas was clearly better than the others in terms of both cost and quality.
- 83 Governance was given specific attention during the HESPE process. For instance a reporting hierarchy was created to link the Project Team to members via a Project Board. Internal Audit were commissioned to undertake reviews of the process and made permanent members of the Project Team. Detailed procedures were also created such as separate arrangements for evaluating the cost and quality elements of tenders. Also specific governance arrangements were approved by Cabinet for the in-house bid. However, our work has found examples where procedures lacked clarity eg separation of duties relevant to the in-house bid or there was non-compliance eg notes of meeting not being created. Compliance with procedures and robust governance are fundamental requirements of effective procurement. This is necessary to ensure the risk of external challenge is managed. Weaknesses could jeopardise the achievement of benefits resulting from good procurement.

Detailed report

- 84** Risk management has been undertaken as part of the HESPE procurement process. Also, risk management has been rolled forward to the contract management stage following contract award. Both high level risks and detailed commercial risks are being addressed. These risks are to be routinely reported to the Colas/Wirral Partnering Board meeting which is held on quarterly basis. Detailed risk management issues are considered at the monthly Colas/Wirral Liaison meeting.
- 85** The performance of the HESPE contract in providing a responsive service to meet statutory obligations and customer requirements is to be monitored and driven through the Performance Management Framework with Key Performance Indicators (KPIs) under four headings: Planned Work, Reactive Work and Emergency Response, Contract Management and Customer Focus.
- 86** The first five KPIs come into effect from the 1 July 2009 and cover reactive elements, emergency works, Priority 1 and 2 work. These PIs will be monitored in detail each week and then feed into the monthly Liaison Meeting with the contractor. Other PIs are subsequently to be developed as part of contract management. This should ensure there is a focus on improving relevant highway condition Best Value/National Indicators. At present it is too early to determine whether the contract will deliver the envisaged improvements.
- 87** Colas are to be invited to give a presentation on the first six months of the HESPE contract to the Sustainable Communities Overview and Scrutiny Committee.
- 88** A benefits realisation process is an integral part of the HESPE procurement exercise. A procedure has been drafted to ensure there is a formal methodology in place for measuring the delivery of anticipated benefits during the life of the contract. An external consultant is providing additional capacity during the initial contract management stages.
- 89** Part of this work includes firming-up the project objectives to establish measurable targets to enable a robust evaluation of benefits to be undertaken. Ownership of specific aspects of the benefits realisation programme is also being assigned. This includes action by the client, where applicable, to enable Colas to deliver benefits eg upgrade of ICT systems, timely agreement of budgets and specification of works by the Council to enable jobs to be planned and packaged efficiently by Colas.

Recommendations

- R12** Ensure the HESPE contract is routinely evaluated to ensure the financial and other benefits are delivered over the life of the contract. Ensure attention is given to the role of the client, in addition to the contractor, to ensure benefits are delivered.
- R13** Continue to develop risk management as part of the contract management arrangements for the HESPE contract, in particular risk associated with delivery of financial and other benefits.
- R14** Ensure the performance management arrangements for the HESPE contract are fully implemented.
- R15** Strengthen the governance arrangements relevant to procurement activity and ensure compliance, in particular clarify roles and ensure full compliance with policies and procedures.

Assistive technology

- 90 The Assistive Technology contract is not clearly linked to the key priorities of the Council at corporate level or the DASS transformation programme at service level. However, the initiative is clearly in line with government policy. A review of financial savings resulting from using this technology has been undertaken but outcomes for service users have not been fully evaluated to date.
- 91 The Assistive Technology service provides telecare to enable service users to remain independent. This was initially funded for two years by the Preventive Technology Grant between 2006-2008 but is now funded through the mainstream DASS budget. Also, the Assistive Technology contract is partly funded by Wirral PCT. Furthermore a request for funding from Merseyside Fire & Rescue Service (MF&RS) has been made to cover a potential over-commitment of the budget.
- 92 Procurement strategy options were considered as part of the Preventive Technology Plan 2006/08. The extent to which partners were involved in the commissioning process are not clear. Also, there is no evidence of involvement by service users.
- 93 An options appraisal has been undertaken for the Assistive Technology procurement in the form of a project evaluation in 2007. This helps to demonstrate the Corporate Procurement Strategy regarding use of options appraisals is followed in practice. Also, the Assistive Technology contract makes reference to Human Right, Equal Opportunities & Information which is also part of the Procurement Strategy.
- 94 A good response was received to the invitation to tender. However, of the 24 providers who expressed an interest only four submitted completed tenders. A scoring mechanism was used to assess the tenders. The winning bid was first for quality and second for price but with the best overall weighted score. The contract is for a three year period commencing 1 April 2008. However, the contract was only formally signed retrospectively in September 2008.
- 95 The impact of the Assistive Technology project was reviewed along with lessons learnt within the Project Evaluation in 2007. During the contract progress reports have been presented to Senior Leadership Team (SLT) within DASS to enable the Assistive Technology project to be monitored. Also, a cost benefits analysis has been undertaken to support assumptions regarding notional savings. However, it is not clear what service redesign has resulted from the project.
- 96 Reports to SLT include details of service 'take-up'. This shows that the rate of installation has exceeded targets. Also, efficiency hypothesis in the proposals for the service have been reviewed. This has been based on outcome evaluation forms completed by ordering officers. Much of the evaluation is based on notional savings and professional opinion rather than an exact science. Despite this performance reports have been able to identify on a case by case basis some actual savings i.e. preventing increases or supporting reductions in individual care packages. However, a number of factors have mitigated against being able to provide comprehensive evaluation of savings, such as data not being entered on the SWIFT IT system used by DASS, and SWIFT not being able to report on potential savings i.e. services that have not been provided as a result of telecare.

Detailed report

- 97** A cost/ benefits evaluation has been undertaken which concludes that proposed potential efficiencies to the Health & Social Care system of approximately £470k by the end of 2011 will be achieved in the first year (2008/09). However, the outcomes for service users have not been evaluated which is a key weakness. As a result we are unable to determine whether customer experience and quality have improved. Therefore it is unclear whether financial savings have also resulted in better VfM.
- 98** Performance measures should have been determined during the procurement exercise in order to provide a basis to monitor the delivery of outcomes. This should seek to demonstrate achievement of VfM while meeting wider social, economic and environmental objectives.

Recommendations

- R16** Ensure all relevant contracts make provision for performance measures to subsequently monitor the delivery of outcomes. This should include outcomes for service users in addition to financial savings in order to demonstrate VfM, while meeting wider social, economic and environmental objectives.
- R17** Review the delivery of financial and other outcomes resulting from the current Assistive Technology contract.

Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Agreed Date
14	<p>R1 Update the Corporate Procurement Strategy (CPS) to address the following.</p> <ul style="list-style-type: none"> • Create an action plan with milestones to drive the implementation of the strategy and provide the basis of subsequent performance monitoring. • Ensure procurement and commissioning are aligned to optimise outcomes for service users and deliver better VfM, and facilitate closer working between CPU and commissioning activity. • Map the CPS against the government's procurement agenda to ensure alignment. • Ensure there are robust performance measures for subsequent performance reporting, including delivery of sustainable outcomes and VfM. • Specify the requirements for reporting progress and responsibility for monitoring implementation of the CPS. • Require robust post contract evaluations to be undertaken, for contracts over a pre-determined value, to ensure envisaged benefits are delivered. 	H	<p>Corporate Procurement Manager</p> <p>Chief Executive</p> <p>Corporate Procurement Manager</p> <p>Corporate Procurement Manager</p> <p>Corporate Procurement Manager</p> <p>Corporate Procurement Manager</p>	<p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p> <p>Agreed</p>	<p>Will amend CPS to show baseline and set milestones to achieve priorities to measure performance.</p> <p>This will be taken forward through COMT</p> <p>Match Government agenda with CPS to ensure alignment and identify progress.</p> <p>We will identify performance measures and reporting protocols to incorporate within the CPS.</p> <p>To be reviewed and reinforced.</p> <p>Include benefits realisation process within CPS for high value, high risk projects and monitor to ensure compliance.</p>	<p>31 December 2009</p>

Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Agreed Date
15	R2 Clarify the role and authority of CPU regarding provision of advice and guidance to service areas.	H	Director of Finance	Agreed	Written instructions will be issued.	31 December 2009
15	R3 Clarify responsibility for creation and retention of contract documentation, pre and post contract award.	H	Corporate Procurement Manager	Agreed	In concert with R2 above, Corporate Procurement to oversee, produce checklists and retain central files.	31 December 2009
15	R4 Continue to embed sustainable procurement, alongside the development of equality and diversity within procurement procedures and practice.	L	Corporate Procurement Manager	Agreed	In progress.	31 December 2010
17	R5 Routinely monitor expenditure to ensure orders, wherever appropriate, are processed using the Oracle procurement system to ensure the benefits of using e-procurement are maximised across the Council, including schools.	H	Corporate Procurement Manager	Agreed	Action plan to include identification of non system transactions and bringing onto system were appropriate. Measure progress against target.	31 June 2010
17	R6 Investigate and take relevant action, where appropriate, to address expenditure which has not been processed through the Oracle procurement system.	H	Corporate Procurement Manager	Agreed	In concert with R5.	31 March 2010
17	R7 Establish targets for the utilisation of Oracle to form the basis of performance monitoring to help maximise the use of e-procurement.	H	Corporate Procurement Manager	Agreed	In concert with R5 and R6.	31 December 2009
17	R8 Continue to develop benchmarking as a tool for improving procurement and basis of monitoring performance.	M	Corporate Procurement Manager	Agreed	In progress, CIPFA/KPMG Benchmarking Club. Progress other areas through Merseyside/Northwest IEPs.	30 June 2010

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Agreed Date
18	R9 Clarify the financial and other benefits of collaboration, including impact on the Council's procurement arrangements, including resources. This should be used to inform the CPS and to monitor progress and delivery of outcomes.	M	Corporate Procurement Manager	Agreed	Progress with Merseyside partners and report. To be incorporated within the CPS and action plan.	31 December 2009
19	R10 Consider providing refresher training to users of the i-procurement system to ensure the full benefits of the system are utilised, in addition to reinforcing compliance with procedures.	L	Corporate Procurement Manager	Agreed	In progress, fourth training course since September 2009 and continuing timetable for 2010 being produced	31 December 2010
19	R11 Provide relevant members with training regarding procurement.	L	Corporate Procurement Manager	Agreed	Within action plan for CPS.	31 December 2010
21	R12 Ensure the HESPE contract is routinely evaluated to ensure the financial and other benefits are delivered over the life of the contract. Ensure attention is given to the role of the client, in addition to the contractor, to ensure benefits are delivered.	M	Head of Streetscene & Waste Services	Agreed	The delivery of the qualitative and quantitative benefits for the contract as set out in the Benefits Management Strategy approved by the Colas Wirral Partnering Board in February 2009 will be monitored via formal Annual Review reports to the Council's Cabinet and Overview & Scrutiny Committee and supported by a formal OGC Gate 5 Benefits Realisation Review in summer 2010.	With immediate effect
21	R13 Continue to develop risk management as part of the contract management arrangements for the HESPE contract, in particular risk associated with delivery of financial and other benefits.	M	Head of Streetscene & Waste Services	Agreed	Risk management arrangements have been strengthened as part of the revised Partnership Management and Governance Arrangements approved by the Partnering Board in November 2009 and risk reports to the Partnering Board now include explicit links to the Benefits Management Strategy.	With immediate effect

Appendix 1 – Action plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Agreed Date
21	R14 Ensure the performance management arrangements for the HESPE contract are fully implemented.	M	Head of Streetscene & Waste Services	Agreed	The Performance Management Framework for the contract approved by the Colas Wirral Partnering Board in February 2009 is monitored via regular Liaison and Partnering Board meetings and forms part of the Benefits Management Strategy to be monitored formally on an annual basis as described in R12	With immediate effect
21	R15 Strengthen the governance arrangements relevant to procurement activity and ensure compliance, in particular clarify roles and ensure full compliance with policies and procedures.	H	Director of Technical Services/ Corporate Procurement Manager	Agreed	In concert with R2 above, Corporate Procurement to strengthen arrangements and ensure compliance in collaboration with Internal Audit.	31 December 2009
23	R16 Ensure all relevant contracts make provision for performance measures to subsequently monitor the delivery of outcomes. This should include outcomes for service users in addition to financial savings in order to demonstrate VfM, while meeting wider social, economic and environmental objectives.	M	Director of Adult Social Services Corporate Procurement Manager	Agreed Agreed	New contracts for Residential/Nursing, Personal Support and Supported Living to be developed in 2010, to focus on outcomes and better value. Corporate Procurement to produce guidance, policies and procedures for departments and, monitor through the electronic contracts management process	31 December 2010 30 June 2010
23	R17 Review the delivery of financial and other outcomes resulting from the current Assistive Technology contract.	M	Director of Adult Social Services	Agreed	Contract evaluation completed in 2009 in terms of outcomes and efficiencies. This will now be benchmarked against national pilots - with proposal to submit a joint 'Invest -to-save bid' across Health and Social Care to be completed by January 2010.	31 January 2010

The Audit Commission

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

Our work across local government, health, housing, community safety and fire and rescue services means that we have a unique perspective. We promote value for money for taxpayers, auditing the £200 billion spent by 11,000 local public bodies.

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

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Council Excellence.

UPDATES FROM 19TH NOV ARE IN RED

AGREED WORK PROGRAMME.

This is a new, cross cutting committee. In order to bring all the elements together, it is suggested that the work programme is designed around the four themes of the Comprehensive Area Assessment, which is how Council Excellence will be judged in future. This is a much broader inspection regime than the CPA, and looks at all the public sector in Wirral and how it is contributing to the well being of Wirral Residents.

There are four key themes:

1. Sustainability, (which is not just environmental but social and economic as well.)
2. Tackling inequality, disadvantage and discrimination.
3. People whose circumstances make them vulnerable
4. Value for money.

The three key questions the inspectors will ask are:

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

They will use (sparingly) a red and green flag system to flag up where we are doing well and where we have real problems that need attention.

I would suggest we approach the work programme like this:

1. Ask the Audit Commission for an explanation of how the Comprehensive Area Assessment will work, and in particular what they understand each key theme to mean, any immediate problems they are aware of, and what work they believe it would be useful for the committee to do in monitoring progress. Also ask for any examples of best practice the committee could look at.
2. Ask the officers to do a SWOT analysis on each theme (Strengths, weaknesses, opportunities and threats – these reports may lead to further reports and perhaps some subcommittee working.)
3. Ask for a presentation from key partners on their contribution to the Comprehensive Area Assessment and the way in which they would like to be working with the Council.
4. Arrange visit/s to other authorities to learn from best practice.
5. In the last meeting of the year, assess progress against each theme, highlighting any problems that need to be tackled, or any major successes or gains that with a bit of a push could gain excellence for the people of Wirral.

Report

UPDATED REPORT FOR THE SCUTINY BOARD WHICH INCLUDES PROGRESS MADE AT MEETING 19th NOVEMBER – UPDATES ARE IN RED.

MONITORING REPORT FOR COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME 2009/2010

Date of New item	Topic Description	How the topic will be dealt with	Comments on Progress	Complete?
JULY	<ol style="list-style-type: none"> 1. <u>Equality session</u> 2. <u>Comprehensive Area Assessment Members to agree work programme based on four themes</u> <ol style="list-style-type: none"> a) Sustainability b) Tackling inequality, disadvantage and discrimination c) People whose circumstances make them vulnerable d) Value for Money 	<p>Circulation of LGIU briefing.</p> <p>Presentation by Audit Commission covering key themes, key questions and any suggestion for areas to be considered by committee.</p>	<p>LGIU briefing distributed.</p>	
16TH SEPT	<ol style="list-style-type: none"> 1. <u>Presentation by Audit Commission</u> Covering key themes, key questions and any suggestion for areas to be considered by committee. 	<p>Sustainability Bill Norman (Sustainability Unit) Jim Wilkie (Social and Economic sustainability)</p> <p>Tackling inequality, disadvantage and discrimination. (Choose officer following first meetings presentation/training etc.)</p> <p>People whose circumstances make them vulnerable (John Webb/Alan Stennard?)</p> <p>Value for Money – Ian Coleman</p>	<p><u>Presentation on the Comprehensive Area Assessment by Peter Forrester of the Audit Commission</u></p> <p style="text-align: center;"><u>Minutes:</u></p> <p>Mr P Forrester of the Audit Commission gave a presentation on the Comprehensive Area Assessment (CAA), which was the new way of assessing how well people were being served by their local public services.</p> <p>It would look at how public services worked together and would focus on local, as well as national priorities, to provide a robust, but proportionate assessment of local services that would be reported directly to the public in</p>	

2. **SWOT analysis of each of the four CAA themes.**

Officers to report on a Strengths, Weaknesses, Opportunities and Threats analysis of each theme and identify further work that could be undertaken by the committee or specialist subcommittees to improve the council's performance

Members to decide on further areas of work arising from above.

straightforward language. It was intended that improved accountability would strengthen local democracy and a two way relationship would assist in the scrutiny function.

He outlined the factors that contributed to the area and organisational assessments, which were now in progress and commented that the final assessments would be shared with local partners in September/October 2009. Any remaining reviews would be resolved in early November and on 10 December 2009 a new website, 'oneplace', would be operational with the first set of CAA reports published in straightforward, jargon-free language.

Resolved –

1. **That the presentation be noted.**
 2. **That the presentation be circulated to members of the Committee.**
-

SWOT Minutes:

Further to minute 12 (1 July 2009), the Deputy Chief Executive/Director of Corporate Services reported that officers had considered how best to develop the Committee's work programme and were at present undertaking a piece of work in relation to a **SWOT analysis** on each theme of the CAA assessment, which it was proposed to present to the next meeting of the Committee.

Resolved – That a further more detailed report be presented to the next meeting.

1. Joint or individual presentation from partners on their contribution to CAA, their relationship with the Council and any joint working to improve results.

(Through Local Strategic Partnership or LAA Board?)

2. Members to decide on areas to monitor and ways to improve joint working and possible connections with other Scrutiny Committees.

Partner members to report on their contribution to CAA. Possibly include LAA targets at this point? Information for members on what to monitor and how to improve joint working.

The Deputy Chief Executive/Director of Corporate Services gave a presentation in relation to an Evaluation of the four underpinning themes in Comprehensive Area Assessment (CAA), which were included in the scrutiny work programme of the Council Excellence Overview and Scrutiny Committee:

- Sustainability
- Tackling Inequality
- Protecting the vulnerable
- Value for Money

The CAA placed a focus on self-assessment for the Council and the Partnership and he outlined what had been learned from the evaluation exercise, including the need to –

- Ensure the capture of local knowledge;
- Ensure that the voice of the community is represented in plans and in feedback to the public;
- Improve communication of partnership successes;
- Ensure a proactive approach to sharing learning on joint commissioning across the partnership;
- Continue to improve performance management of shared partnership objectives and targets.

19th NOV			<p>He proposed that the outcomes of CAA would be reported to Council Excellence on 1 February 2010, together with an action plan to address CAA area outcomes and findings of partnership evaluation. The delivery of the activity could be the subject of scrutiny by Council Excellence, with a particular focus on the underpinning themes agreed as part of the work programme. In response to comments from Members in relation to the availability of the full version of the Council's self assessment, the Director agreed to consider how best to disseminate information to Members in advance of it being made available publicly on the Audit Commission website. He agreed also to investigate the information contained within press releases copied to Members.</p> <p>Resolved – That the presentation be noted.</p>	
FEB	<p>3. Review progress on each theme, highlighting successes and problems.</p> <p>This should be set against the earlier SWOT analysis to demonstrate tangible results</p>	<p>Each officer to report on their own theme, highlighting progress made, key achievements, problems still to be tackled.</p>		
	<p><u>Throughout the year visit/s to be arranged to examples of best practice</u></p>	<p>Facilitator Ian Coleman</p>		

<p>JULY</p>	<p><u>TRAINING</u></p>	<p>Facilitator - Jacqui Cross (Equality and Diversity Officer), Ged Smyth (NRAC Auditor) and Steve Talbot (Staff Development Manager)</p> <hr/>	<p><u>TRAINING</u></p> <p><u>Equality Impact Assessments</u></p> <p>Recognising People's Different Needs through the Use of Equality Impact Assessments</p> <hr/>	
<p>SEPT</p>		<p>Facilitator Ian Coleman</p> <hr/>	<p><u>Finance Training</u></p> <p>Minutes:</p> <p>The Chair referred to Finance training that had been arranged by the Director of Finance on <u>30 September and 7 October 2009</u>. Although all members of the Council had been invited, the training was of particular relevance to members of this Committee and she urged members to attend if it was possible for them to do so.</p> <hr/>	
<p>NOV</p>		<p>Corporate Equality and Cohesion Manager</p>	<p>Community Cohesion</p> <p>The presentation focused on "what must happen in all communities to enable different groups of people to get on well and live well together".</p>	

Report 2

SUGGESTIONS FOR ADDITIONS TO WORK PROGRAMME FOR COUNCIL EXCELLENCE OVERVIEW AND SCRUTINY COMMITTEE WORK PROGRAMME 2009/10

Topic Description	Topic suggested by	How the topic will be dealt with	Estimated Completion Date
Office Accommodation element of the Strategic Asset Review	Council Excellence Scrutiny Committee on 19/11/09.	Officer report to Council Excellence meeting on 01/02/10.	

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