



Audit and Risk Management Committee

Date:	Wednesday, 18 March 2015
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

Contact Officer: Andrew Mossop
Tel: 0151 691 8501
e-mail: andrewmossop@wirral.gov.uk
Website: <http://www.wirral.gov.uk>

AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

2. MINUTES (Pages 1 - 10)

To approve the accuracy of the minutes of the meeting held on 27 January, 2015.

3. OFFICER DECISION NOTICES PERMITTED UNDER THE COUNCIL'S CONTRACT PROCEDURE RULES (Pages 11 - 16)

4. CORPORATE RISK MANAGEMENT POLICY (Pages 17 - 64)

5. CORPORATE RISK REGISTER (Pages 65 - 102)

6. CORPORATE RISK AND INSURANCE MANAGEMENT (Pages 103 - 108)

7. AUDIT COMMITTEE UPDATE & GRANT CERTIFICATION (Pages 109 - 126)

8. INTERNAL AUDIT ANNUAL PLAN (Pages 127 - 142)

9. ANNUAL GOVERNANCE STATEMENT (Pages 143 - 152)

**10. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR
(PART 1)**

**11. EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE
PUBLIC**

The public may be excluded from the meeting during consideration of the following items of business on the grounds that they involve the likely disclosure of exempt information.

RECOMMENDATION – That in accordance with section 100A (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following items of business, on the grounds that they involve the likely disclosure of exempt information as defined by the relevant paragraphs of Part 1 of Schedule 12A (as amended) to that Act. The public interest test has been applied and favours exclusion.

**12. ANY OTHER URGENT BUSINESS APPROVED BY THE CHAIR
(PART 2)**

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 27 January 2015

Present: Councillor J Crabtree (Chair)

Councillors RL Abbey M Patrick
J Hale A Sykes
S Kelly J Walsh
P Doughty

Deputies: Councillors L Fraser (In place of D Elderton)

41 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

No such declarations were made.

42 MINUTES

Resolved – That the minutes of the meeting held on 25 November, 2014, be approved.

43 INTERNAL AUDIT UPDATE

The Chief Internal Auditor presented a report which identified and evaluated the performance of the Internal Audit section. It included details of issues that had arisen from the actual work undertaken during the period 1 November to 31 December 2014 and provided specific details of four items of note, which were brought to the attention of the Committee:

- Creditor Payments
- Commissioning
- School Audits
- ICT Business Continuity

The Chief Internal Auditor provided details of outstanding Audit recommendations that had not currently been implemented and he commented that all were RAG rated as 'amber', which indicated that progress was being made to address the issues identified. He also drew the Committee's attention to developments within internal audit.

Responding to comments from Members, the Chief Internal Auditor stated that the Schools Audit was a statutory requirement. Some of the work identified in the appendix was not pre-programmed but rather additional to specific planned internal audits so the information provided might on occasion differ as to outcomes etc. Members should only be concerned if an item remained on the appendix of outstanding audit recommendations indicating that actions had not been taken by officers within agreed timescales.

In respect of 'Data Loss Prevention' he outlined the reasons for the re-scheduling of follow up work which had occurred as a result of significant transformation and high turnover of staff within the service area under review. The Council's Information Governance Board had subsequently assumed responsibility for overseeing a range of actions designed to improve the arrangements in place over data management and was currently raising awareness of this throughout the Authority. Significant improvement had been made on data storage and security including the development of policy and procedure and PSN compliance. All identified outstanding issues had now been included in a specific action plan and its implementation was being overseen by the board. More work was to be done but things were moving in the right direction. A report on this would be brought back to the March Committee including data on instances of data loss.

With regard to 'Commissioning' the Strategic Director of Transformation and Resources outlined the situation in respect of this specific case.

In the absence of the Director of Resources in August 2014 an E111 form (Business case to exceed contract by over 10% threshold) was forwarded to the Chief Executive in respect of a contract extension relating to work being undertaken by V4 Services Limited ('V4'). The Chief Executive aware of the requirement to authorise variations to contracts in advance of expenditure, was not prepared to sign the E111 form and requested further research of this matter.

The Strategic Director, Families and Wellbeing, as responsible officer for this contract, was informed of the Chief Executive's views and requested details of all invoices to gain assurances regarding the payments. The relevant Portfolio Holder was involved in the initial commissioning arrangements under her delegated authority. Following the tender process, she was alerted as soon as it became apparent that the threshold had been breached and then kept informed throughout. Following discussions with the Chief Internal Auditor, the Strategic Director of Transformation and Resources requested Internal Audit to formally undertake a review of payments to V4, covering what was commissioned by Council officers, what was actually spent, and whether officers had followed the Council's relevant rules.

The initial commissioning and subsequent tendering for the Transformation of Leisure Services was undertaken correctly but senior managers did not

comply with elements of the Council's Contract Procedure Rules (CPR) in that expenditure under the contract had exceeded the 10% threshold and this was a breach of the CPRs as prior approval had not been obtained. The approved spend was £97,500 but actual spend was £117,928, 11 per cent above the agreed 10 per cent CPR threshold. It was also incorrectly believed that a continuation of previously procured services from this company, through a national Procurement Framework for a separate programme of work, could be applied in relation to the Business Case for the Development of a Local Authority Trading Company for DASS Day Services. .

Whilst there was no inference of impropriety on behalf of any Council officer, it was crucial the Council's rules were fully complied with to ensure legality, demonstrate transparency, and protect reputation. The audit identified that management controls had not been as robust as they should have been; this included a lack of formal orders or contracts for the additional programme of work.

Moreover, commissioning a Review and Challenge Report via the company who had performed the work being subject to review had been accepted as the incorrect process to have followed. A review by a wholly independent body was in the process of being commissioned.

The breaches of the CPRs detailed in the Audit report had to be reported to this Committee under the terms of CPR E123.

The total gross payments to V4 were £193,620 in relation to Leisure Services and £91,912 in relation to DASS, an overall total of £285,532. It was the opinion of the relevant service areas involved that the company had enabled Leisure Services to reduce its costs and in relation to DASS, had helped realise the savings required as well as providing the necessary knowledge to design the implementation plan. The Strategic Director for Families and Wellbeing was satisfied with the results and conclusions of their work. Therefore there was no suggestion of any need for claw back of any funds from them.

However, there had been breaches of the Council's CPRs in the process of awarding and monitoring work with V4. There was no inference of impropriety against any Council officer but there had been examples of poor control which needed to be corrected.

The outcomes of this audit reinforced the need for the Council to give serious priority to the centralisation of payments processes and this was being taken forward through the development of the Transaction Centre. Appropriate training would be initiated for senior managers across the organisation as a result of the lack of awareness of the Council's CPRs.

In all, 11 recommendations had been made and they had all been accepted and agreed. These recommendations had been shaped into an appropriate action plan. Formal progress against this action plan would be monitored via the Council's internal Corporate Governance Group which reported into the Portfolio Holder for Governance, Commissioning and Improvement and SLT. Internal Audit would also continue to monitor and an update would be brought back to this Committee in the future.

The CPRs were currently under review to ensure they complied with the (draft) Public Contract Regulations 2015 that were anticipated to be laid before Parliament on or before 30 March 2015. Officers in Procurement and Legal Services would take the opportunity to review, improve and clarify procedures and practices to help ensure all reasonable steps were taken to mitigate a recurrence. Members would have the opportunity to review the revised CPRs before they were recommended to Council for approval.

Responding to comments from Members the Strategic Director restated that officers had been found to have breached the Contract Procedure Rules but no impropriety had been found. These officers had been reminded of their responsibilities and had received training. The end date of the contract extension was not tied down tightly enough and this had been acknowledged by Internal Audit. A central database of all contracts was held and when there were genuine reasons for a contract extension these needed to be explicit.

Resolved – That the report be noted.

44 **AUDIT COMMITTEE UPDATE**

Robin Baker, from (Grant Thornton UK LLP) introduced himself to the Committee, having taken over from Mike Thomas and outlined his role. He then introduced Chris Whittingham, Manager with Grant Thornton who presented the Audit Committee Update for the year ended March 2015. This provided a report on progress at January 2015 in the delivery of external auditor responsibilities. The report also included a summary of emerging national issues and developments that might be relevant to the Council and posed a number of challenge questions in respect of the emerging issues for the Committee's consideration.

Resolved – That the report be noted.

45 **INSURANCE FUND BUDGET 2015/16**

The Risk and Insurance Officer presented the report of the Head of Financial Services on the Insurance Fund Budget 2015/16. Under the provisions of the Local Government and Housing Act 1989, local authorities were allowed to set aside financial provisions to cover self-insured losses. By self-insuring, an authority avoided paying insurers' administration profit margins and Insurance

Premium Tax on predictable levels of claims and furthermore, only rarely did external insurers return any proportion of premium, irrespective of the profits generated by a policy. The Council had operated an Insurance Fund since its formation and was one of the first local authorities to adopt a high degree of self-insurance when large excesses on liability and material damage insurance were negotiated in the 1980s. Self-funding was a fundamental element of the Council's approach to managing risk and provided a greater incentive to deal with risk more effectively, as the Council benefited directly from any reduction in claims.

He provided details of the principal risks which the Council currently self-insured, together with the probable maximum sum the Council might have to pay for losses in any given financial year. Details were also given of the premiums charged in respect of the three principal risks covered by the Insurance Fund, which were, combined liability, material damage and business interruption and comprehensive motor.

He also set out relevant risks and provided details of the cost of the Risk and Insurance Section, which was charged to the Insurance Fund. The 2015/16 Budget of £3,080,000 represented an increase of £10,000 (0.3%) compared with the Budget 2013/2014.

In response to comments from Members the Risk and Insurance Officer stated that he would bring some more detailed information to a future meeting on the reduction in the amount paid out in claims.

Members also congratulated the officers on all their work on this report.

Resolved – That the Insurance Fund Budget 2015/16 be agreed.

46 **MANAGEMENT OF INSURANCE AND CORPORATE RISK**

Further to minute 39 (25 November 2014), the Risk and Insurance Officer presented the report of the Head of Financial Services which updated the Committee on the key actions to be taken in relation to corporate risk and insurance management during 2014/15. Risk and insurance management comprised two significant areas of activity –

- The provision of advice and support to Members and officers in developing the corporate risk management framework and processes.
- Risk financing, which incorporated insurance procurement, management of the Council's Insurance Fund and claims management.

The key actions to be implemented were included in the report to Committee on 18 March 2014 (minute 47 refers) and he provided a summary of progress since the last meeting in relation to –

- Tender for Litigation Services
- Risk management arrangements for programmes and projects
- Review of Corporate Risk Register
- Service Planning 2015/16
- Develop training and guidance for Members and officers
- Annual renewals of existing insurance contracts (April 2015)
- Future administration of liability claims
- Refresh of the Corporate Risk Management Policy
- Insurance Fund Budget 2015/16

Responding to comments from Members, the Risk and Insurance Officer stated that the contract extension in respect of litigation services was for two months until 31 May, 2015, on current rates. With regard to future administration of liability claims a business case would be made once any changes in responsibilities had been explored and whether or not they would lead to any change in remuneration.

The Strategic Director responding to comments on the reasons for contract extensions stated that there could be capacity issues either in the service department, legal services or procurement and he would tabulate this so that Members had a clear understanding of these issues.

Resolved – That the report be noted.

47 **CORPORATE RISK REGISTER**

The Risk and Insurance Officer presented the report of the Chief Executive, which advised that under the terms of the Council's Constitution, one of the functions of the Audit and Risk Management Committee was to provide independent assurance that the Council's Risk Management Framework was effective. He commented that a key output from the framework was the Corporate Risk Register and to support this Committee's work in considering the effectiveness of the framework, a report was now presented on a regular basis detailing the key risks facing the authority and how they were being managed.

Details were given of the existing 31 risks in an appendix to the report and of an additional risk which, following consideration by the Chief Executive Strategy Group (CESG), had been added to the register concerning the processing of 'Deprivation of Liberty Safeguarding Assessments'.

Councillor McLachlan had agreed that the Risk Register should be a standing agenda item for future Portfolio Holder Briefings and that a small number of the most critical risks would be examined in detail on each occasion.

He also reported upon consideration of the Risk Register by the Corporate Governance Group and that the CESHG would shortly be conducting the quarter three review of the register.

Responding to comments from Members the Risk and Insurance Officer stated that he would bring a more detailed action plan to the next meeting on the IT Disaster Recovery Plan. New servers had been introduced at Cheshire Lines and the Strategic Director reassured Members that the Corporate Governance Board who ensured overall governance received regular updates on progress. Plans were being put in place with asset management for the two main server areas to be separated by the end of the calendar year.

The Risk and Insurance Officer stated that he would circulate an update on the processing of Deprivation of Liberty Safeguarding (DoLS) assessments with additional resources being brought in to the DoLS team.

Resolved –

(1) That the summary of progress made in relation to the management of the existing corporate risks be noted.

(2) That further reports on the Corporate Risk Register be brought to future meetings of this Committee.

48 **REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)**

The Head of Legal and Member Services presented a summary of the use of covert surveillance by the Council, to detect evidence of criminal behaviour, between 1 September, 2014 and 9 January, 2015. During this period, an authorisation was approved by a magistrate to detect suspected criminal damage and harassment of Council staff at a public toilet.

Responding to comments from Members, the Head of Legal and Member Services stated that although he didn't have the exact figures to hand, approximately six service managers had authority to use covert surveillance, with these authorisations then requiring the further approval of a magistrate.

The authorisation was not now current as it had had to be cancelled because of an event which had made the toilets inoperable.

Resolved – That the report be noted.

49 **SUPPORTING PEOPLE CONTRACT EXTENSIONS - EFFICIENCY SAVING FROM SUPPORTING PEOPLE BUDGET 2014/15**

The Supporting Housing and Homelessness Manager presented a report from the Strategic Director: Regeneration and Environment which gave details

regarding the negotiation of all Supporting People contracts in order to deliver £2 million per year savings from 2014/15 and a further reduction of £150,000 from 2015/16. It identified a number of contracts that had been extended, under the Contract Procedure Rules and provided details of the revised Supporting People funding arrangements.

The savings had been realised whilst the Council and Providers continued to ensure that vulnerable clients received support which was tailored to meet their assessed need. Due to the contractual relationship between the Council and providers it was necessary to enter into new agreements during 2013/14 and 2014/15. All contracts were negotiated on the basis of a one year extension with an option to extend for a further year and in accord with CPRs these were approved by the Strategic Director: Regeneration & Environment and Director of Resources.

During the next 12/18 months officers would conduct a further strategic review of Supporting People services. Due to the timing of the original negotiations many contracts were now set to lapse and therefore further extensions had been approved by the Strategic Director Regeneration & Environment and Director of Resources based on the renegotiated values.

The report contained exempt information in an appendix as defined in Schedule 12A of the Local Government Act 1972. It was in the public interest to exclude the press and public under paragraph 3 'Information relating to the financial or business affairs of any particular person (including the authority holding the information)'. The information contained in the appendix was commercially sensitive.

Prior to agreeing a resolution on this matter, the Committee felt that it should have regard to the detailed information provided in the exempt appendix to the report (see minute 51 ante).

50 **EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

Resolved - That, in accordance with section 100 (A) (4) of the Local Government Act 1972, the public be excluded from the meeting during consideration of the following item of business on the grounds that it involves the likely disclosure of exempt information as defined by paragraph 3 of Part I of Schedule 12A (as amended) to that Act. The Public Interest test had been applied and favoured exclusion.

51 **EXEMPT APPENDIX - SUPPORTING PEOPLE CONTRACT EXTENSIONS SCHEDULE**

In considering the exempt Appendix to Item No. 9 on the agenda – Supporting People Contract Extensions – Efficiency Saving from Supporting People Budget 2014/15 (minute No. 49 refers), Councillors Abbey and Doughty

declared personal interests by virtue of their membership of the Leasowe Community Homes Management Board and the Beechwood and Ballantyne Community Housing Association respectively.

The Supporting Housing and Homelessness Manager responded to questions from Members on some of the details within the exempt appendix.

The Head of Legal and Member Services confirmed the role of the Committee and that the Contract Procedure Rules required that where contract extensions had been awarded these should be reported to the members of this Committee.

The Head of Financial Services confirmed that the decision had been taken by the Strategic Director and that under the CPRs this had to be reported to this Committee.

Resolved – That this Committee endorses the decisions of the Strategic Director: Regeneration and Environment and Director of Resources to award contract extensions as detailed in Appendix 1 to the report whilst achieving the required £2.15 million savings for 2014/15 and 2015/16.

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WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

18 MARCH 2015

SUBJECT	USE OF OFFICER DECISION NOTICES PERMITTED UNDER THE COUNCIL CONTRACT PROCEDURE RULES
WARD/S AFFECTED	ALL
REPORT OF	HEAD OF PROCUREMENT

1 EXECUTIVE SUMMARY

- 1.1 This report is to inform Committee of the range and number of contracts awarded which have been subject to Contracts Procedure Rules (“CPR”) E111 - Extension/Variation or Waiver and Rules E117 to E123 – Waiving the Rules, as required under the CPR.
- 1.2 The Appendix details the cases subject to the Extension/Variation or Waiver rules for the period 1 December 2013 to 31 December 2014 which under Contracts Procedure Rule E123 requires that all contracts which meet the following criteria are reported to Audit and Risk Management Committee:-:
- a) A contract is awarded the total value of which exceeds £500,000.
 - b) A variation or extension to a contract approved by the Director of Resources.
 - c) A variation or extension to a contract approved by the Director of Resources; and
 - d) A waiver or breach of the Contract Procedure Rules in relation to a contract which exceeds £50,000 in value.

2 BACKGROUND AND KEY ISSUES

- 2.1 The revised Contracts Procedure Rules came into effect on the 1 December 2013 significantly changed the rules and the way they are applied.
- 2.2 The rules placed the responsibility for the approval of contracts on officers of the Council and a new process of Officer Decision Notices (ODN’s) was introduced.
- 2.3 Each contract listed on the ODN directory has a corresponding ODN document which identifies the purpose and details of the contract and is signed by the authorised Designated Senior Manager, Procurement Officer or Director of Resources according to the nature and value of the contract.
- 2.4 Each contract is posted on the Council’s Contracts Register ‘The Chest’, which is the Regional e-Sourcing Portal for the North West local authorities.

2.5 A complete review of the Contract Procedure Rules is under way. This includes the adoption of the new EU Procurement Directives and any amendments required that have been identified during the past twelve months. The review will be subject to Member approval before implementation.

3.0 RELEVANT RISKS

3.1 There are none arising directly from this report.

4.0 OTHER OPTIONS CONSIDERED

4.1 The Council's Contract Procedure Rules require this report be presented to this Committee so no other options were considered.

5.0 CONSULTATION

5.1 There was no specific consultation undertaken in respect of this report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 There are no outstanding previously approved actions.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There was no specific consultation undertaken in respect of this report.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

8.1 The revised CPR's resulted in changing workloads in order to improve the efficiency and effectiveness of the Council's commissioning and procurement processes.

8.2 The ODN process includes assurances that the financial resources are available to fund the contracts and also achieves value for money prior to any approval being given.

9.0 LEGAL IMPLICATIONS

9.1 The Council must comply with its Contract Procedure Rules and relevant procurement legislation.

10.0 EQUALITIES IMPLICATIONS

10.1 This is a report for information so there is no requirement of an Equality Impact Assessment.

11.0 CARBON REDUCTION IMPLICATIONS

11.1 There are none arising from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising from this report.

13.0 RECOMMENDATION

13.1 That the report be noted.

14.0 REASON FOR RECOMMENDATION

14.1 To provide the Members with assurance that the Council is taking appropriate measures to comply with Contract Procedure Rules.

REPORT AUTHOR: Ray Williams
Head of Procurement
Telephone: 0151 666 3377
Email: raywilliams@wirral.gov.uk

APPENDIX

Officer Decision Notices Directory 2014

SUBJECT HISTORY

Council Meeting	Date
None	

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Appendix

Date	Project Status	Project Title	Directorate	Service Area	Project Description	Value	Departmental Contact	Signed By	Approved By
Extensions									
28/01/14	Extension	Property Valuation	Transformation & Resources	Merseyside Pension Fund	To extend an existing contract with Colliers to provide property valuation services for a further two years. In compliance with the Contract Procedure Rules for a sum of approx. £50,000 (0.004% of value of property portfolio).	100000.00	Property Manager	Head of Pension Fund	Strategic Director - Transformation and Resource
18/02/14	Extension	Property Adviser	Transformation & Resources	Merseyside Pension Fund	To extend an existing contract with CBRE to provide strategic property advice for a further two years. In compliance with the Contract Procedure Rules for a sum of approx. £50,000 (0.004% of value of property portfolio).	50000.00	Property Manager	Head of Pension Fund	Strategic Director - Transformation and Resource
27/02/14	Extension	Assistive Technology	Families and Wellbeing	Adult Social Services	To take up the extension option within the Assistive Technology, Falls Pick Up and Telehealth contract with Eldercare for one further year 2014/15 in compliance with Contract Procedure Rules.	1200000.00	QA Team Manager	Head of Procurement	Strategic Director - Transformation and Resource
06/03/14	Extension	Working Wirral	Regeneration & Environment	Housing	Extension contract with Involve Northwest to provide the supply of the Working Wirral Programme, in compliance with the Contract Procedure Rules	700000.00	Economic Policy Officer	Economic Policy Officer	Strategic Director Regeneration and Environment
14/03/14	Extension	Remodelling	Transformation & Resources	Chief Executive	To extend the Ernst & Young contract up to value of £250k, in compliance with the existing contact terms and conditions and Contract Procedure Rules.	250000.00	Business Analyst	Head of HR	Strategic Director - Transformation and Resource
14/04/14	Extension	Business Travel	Transformation & Resources	Procurement	To enter into a contract with Redfern to provide Travel Services in compliance with the Contract Procedure Rules for a sum of £104K. Within the existing contract, with Redfern Travel, an extension option is available to run from 1/9/2014 to 31/8/2015. This approval is to take up this option in compliance of the Contract Procedure Rules.	208000.00	Procurement Officer	Head of Procurement	Director of Resources
13/05/14	Extension - subject to Cabinet report	Public Health Contracts	Chief Executive	Performance, Business Intelligence and commissioning	Extension of multiple contracts CWPT, 57 GP etc. To exercise the option to extend Public Health contracts (service specifications updated) with a) the providers identified in the Cabinet paper (November 2013) b) Cheshire and Wirral Partnership Trust and 57 GP Practices (included in the paper but not identified as required service specification changes). Extension of current contracts with providers identified in the Cabinet paper (Table 2 and Appendix 1) for 2014/15 in compliance with the Contract Procedure Rules for a sum up to £7.9m (consists of £3.6m identified in the original paper plus £3.9m for CWP and £0.5m for health checks). A notice of extension is required to support a Cabinet paper submitted in November 2013 and relates to contracts subject to updated service specifications.	7900000.00	Head of Public Health	Head of Performance	Strategic Director - Transformation and Resource
13/06/14	Extension	Actuarial	Transformation & Resources	Merseyside Pension Fund	To compliantly extend, within existing provision, current contract with Mercer to provide actuarial services to MPF for a sum up to £750,000	750000.00	Head of Pension Fund	Head of Pension Fund	Strategic Director - Transformation and Resource
24/06/14	Extension	Domestic Furniture	Transformation & Resources	Revs and Bens	To extend current contract, within the existing provision, with David Phillips for the provision of furniture for welfare assistance to 31/03/15 for a sum of no more than £50,000	50000.00	Operations Manager	Operations Manager	Director of Resources
16/12/14	Extension	Povision of the human resources and payroll system	Transformation & Resources	Human resources	To approve the extension of the existing contract with Northgate HR Ltd for provision of the human resources and payroll system for 3 years in compliance with the contract terms and Contract Procedure Rules.	512618.00	HR Project Manager	Head of HR	Strategic Director - Transformation and Resource
Variations									
19/02/14	Variation	Hay Job Evaluation Scheme	Transformation & Resources	HR	To enter into a variation of the contract with Hay to implement Job E valuation for a sum up to £150k in compliance with Contract Procedure Rules.	150000.00	Principle HR Officer	Head of HR	Strategic Director - Transformation and Resource
13/06/14	Extension / Variation	Variation of Liquidlogic	Families and Wellbeing		To approve variation of current contract with Liquidlogic (NWCE-949VWF) to include the purchase of a Provider Portal a sum up to £80,000	80000.00	Project Manager	Interim Head of IT	Director of Resources
Waivers									

19/02/14	Waiver	Beers, wines and spirits	Regeneration & Environment	Cultural services	Direct award to Matthew Clark under framework. Matthew Clark currently provides Wirral with our Beer Wine and Spirits supply via the TUCO (The Universities Catering Organisation) framework. The Council's previous supplier entered administration and Matthew Clark were appointed to ensure continuity of supply late 2012 via a compliant procurement framework.	100000.00	Procurement Officer	Solicitor	Head of Procurement
24/02/14	Waiver	Mental Health Service	Families and Wellbeing	CHAMPS	To implement the agreement made at Nov 7 th cMmittee to commission CALM via the Public Health Collaborative Service but to retain the current provider as Liverpool Community Health NHS Trust and not to commission the CALM charity directly.	109703.00	Manager CHAMPS	Manager CHAMPS	Head of Legal / Head of Procurement
06/03/14	Waiver	Sprint 2 IT Call Off	Transformation & Resources	IT	To enter into a contract under sprint 2 framework of contracts for IT requirements for a sum up to £3m in compliance with Contract Procedure Rules. Wirral IT Services have access the Government Procurement Service (GPS) framework agreement to enable the purchasing of IT Equipment this framework is fully compliant with Contract Procedure Rules and EU Directives.	4000000.00	Interim Head of IT	Interim Head of IT	Chief Executive / Head of Legal / Head of Procurement
20/03/14	Waiver	Annual Entitlement (Schools)	Transformation & Resources	IT	SIMS AE with Capita. To enter into a contract with Capita to provide SIMS annual Entitlement (AE) for schools. In compliance with the Contract Procedure Rules for a sum of £138,081.92. Only provider for SIMS Annual Entitlement (AE). Wirral LA hold the SIMS licence for maintained schools, this attracts an annual entitlement charge covering support and upgrades, this is re-charged to schools. Wirral maintained schools will receive software upgrades to the SIMS system to comply with statutory regulations. The annual entitlement is from 1.4.14 to 31.3.15 and requires a 90 day termination period.	138081.92	IT Business Support Officer	Interim Head of IT	Head of Legal / Head of Procurement
28/04/14	Waiver	Printing	Transformation & Resources	IT	Use of framework. To join the Merseyside Collaborative Framework led by Halton Council for the Corporate Print Contract Framework Agreement. To enter into a contract with the suppliers on the framework to provide Print Services in compliance with the Contract Procedure Rules for a sum of approx. £250k per annum. Authorisation is requested for Wirral Council to join the Merseyside Collaborative framework for "Corporate Print Contract Framework Agreement" under E119 of the Contract Procedure Rules as part of E120 - Exemptions and Exceptions. "Call-offs under framework agreements, providing procedures are adopted which are broadly equivalent to these rules and compliant with national and EU legislation" This framework was subject to a full OJEU process.	500000.00	Interim Head of IT	Interim Head of IT	Chief Executive / Head of Legal / Head of Procurement
20/05/14	Waiver	School Catering	Transformation & Resources	Procurement	Adopting single source supply for school meals within existing Council framework contract and in compliance with Contract Procedure Rules. Saving £50,000. To enter into a contract with Brakes Group via a legally compliant TUCO framework, to provide all catering supplies to schools. The total value for this contract is estimated at £2,276,282. This is based on the latest historical figure of £1,371,955 spend for the period April 2013 to March 2014 (194 days). Plus an additional spend increase of £904,327 is anticipated for the increased uptake of school meals due to the national roll out of the Universal Infant Free School Meal Provision.	2276282.00	Sr Catering Officer	Sr Catering Officer	Head of Procurement
10/09/14	Waiver	To enter into a contract with North Meols Pharmacy	Families and Wellbeing	Public Health	Prescribe Nicotine Replacement Therapy, Emergency Hormonal Contraception & Alcohol Screening. Payment by results capped at £50,000.00. Sole provider	50000.00	Commissioning Manager	Director of Policy, Performance & Public Health	Head of Procurement
12/09/14	Waiver	To enter into contract with Logic Healthcare Ltd t/a Higher Bebington Pharmacy	Families and Wellbeing	Public Health	Prescribe Nicotine Replacement Therapy, Emergency Hormonal Contraception & Alcohol Screening. Payment by results capped at £50,000.00. Sole provider	50000.00	Commissioning Manager	Director of Policy, Performance & Public Health	Head of Procurement
15/09/14	Waiver	Office Supplies	Transformation & Resources	Procurement	Enter into a contract with Banner to provide office supplies. The current Stationery contract is due to expire on 30 September 2014. This is a collaborative contract with Merseyside members and Knowsley led on the Procurement. A collaborative approach identified that a Framework with CCS was the most appropriate option to use due to the success in the past of using this framework and the reduced timescales and resource required with using a Framework. Start date of new contract 1 October 2014.	320000.00	Procurement Officer	Head of Procurement	Director of Resources

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

18 MARCH 2015

SUBJECT	CORPORATE RISK MANAGEMENT POLICY
WARD/S AFFECTED	ALL
REPORT OF	STRATEGIC DIRECTOR OF TRANSFORMATION AND RESOURCES
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

1.1 This report confirms the process behind the development of a revised Corporate Risk Management Policy. It sets out the factors that have influenced its development, describes the main proposed changes from the current document and confirms a series of actions needed for its implementation. Committee are asked to endorse the Policy and refer it to Cabinet for approval.

2.0 BACKGROUND

INTRODUCTION

2.1 The Council, like all organisations, has to deliver its objectives in the face of a complex and increasingly dynamic environment. The uncertainty created by that environment presents it with both opportunities and threats. So having a robust and effective framework for addressing risk and uncertainty is vital to the authority's success.

2.2 A key element of the Council's vision for 2016 is that the organisation will be 'risk aware, not risk averse'. This objective makes the need for an effective approach to handling risk even more important.

2.3 The purpose of a risk management policy is to set out an organisation's overall attitude to risk and uncertainty, to confirm its commitment to managing risk, to provide a high level view of the risk management process itself and to set out corporate requirements around how risk is to be handled. It is a key element of any organisation's overall risk management framework.

2.4 A fundamental revision of the Council's policy was undertaken in 2013/14 leading to the current document which was adopted by Cabinet on 13 March 2014. Governance arrangements for the policy require it to be refreshed annually.

THE PROCESS

2.5 Under the governance structure for risk management any update to the Policy is considered by the Strategic Leadership Team (SLT) then by this Committee, before being put to Cabinet for formal adoption. Within the past year the Council has also formally established a Corporate Governance Group with a specific responsibility for proposing improvements to the Council's risk management framework

- 2.6 The Risk and Insurance Officer produced an initial draft version of the Policy for the Corporate Governance Group meeting on 12 February. This reflected recent changes in organisational practice and structure and took account of the output from a 2014 CIPFA national risk management benchmarking exercise in which the Council had participated. That exercise had confirmed that risk management was 'working' across the authority, but highlighted a number of areas where improvement was still needed. These areas had been discussed by the Group in November 2014.
- 2.7 The meeting also considered the recommendations contained in an Internal Audit investigation into the level of knowledge across the organisation of the Council's risk management Policy and processes and the degree of compliance with these. The conclusions from the Group's discussion were included in a revised draft of the document.
- 2.8 The revised document was considered by SLT on 24 February. Minor changes to the Roles and Responsibilities section of the Policy and the Action Plan were suggested and have been incorporated into the draft document appended to this report.

PROPOSED CHANGES

- 2.9 All amendments are highlighted in shaded text within the body of the document. The principle changes are:
- Narrative for 'Drivers for Change and Improvement' (page 4)
 - Governance structure includes the Corporate Governance Group and the Portfolio Holder - Governance, Improvement and Commissioning (page 8)
 - Addition of the risk scoring matrix (page 13)
 - Roles and Responsibilities include the Corporate Governance Group (page 26)
 - Narrative for desired level of capability (page 31)

ACTION PLAN

- 2.10 A number of areas for improvement were highlighted by the risk management benchmarking exercise. However the Corporate Governance Group recognised that there is not the corporate capacity to address all of these immediately. The following actions, contained within the draft policy, relate to the most significant areas:
- Work with Human Resources / Organisational Development to ensure that the cultural change programme supports the Council value of being 'risk aware, not risk averse'
 - Agree an approach for determining risk appetite and arrange for the Leadership to consider this as part of the development of the new Corporate Plan.
 - Complete business continuity plans and conduct an initial round of testing

- Update the risk management requirements for partnerships and determine how compliance will be assured
- Conduct a pilot of 'Concerto' for plans, performance and risk information and evaluate the results
- Agree requirements for reporting risk information to Policy & Performance committees
- Roll out E-Learning modules for managers and staff

NEXT STEPS

- 2.11 If endorsed by this Committee the Policy would be submitted to Cabinet for formal adoption on behalf of the Council. It would be signed by both the Leader of the Council and the Chief Executive in order to demonstrate commitment from the top of the organisation.
- 2.12 The Policy would be disseminated through presentations to Directorate Management teams publication on the Council Intranet and through the roll out of the E-learning courses.
- 2.13 The Policy will be reviewed annually. The review process will draw upon the output from the 2015 CIPFA national risk management benchmarking exercise further Internal Audit reports and wider developments in good risk management practice.

3.0 RELEVANT RISKS

- 3.1 Implementation of the policy could be frustrated by the limited capacity within the Risk & Insurance team. This risk will be mitigated in part by greater involvement from officers in other teams (for example Commissioning and Intelligence, Internal Audit and Organisational Development) in the delivery of key components of the policy.
- 3.2 If the management of risk is not considered as a standard part of the planning and delivery of services and programmes it would limit the benefits envisaged in the Policy. Commitment from the Council's political and executive leadership will help to avoid this. Compliance with the policy will be verified through regular audits. In the longer term the cultural change needed would be achieved at least in part through training for officers and Members.
- 3.3 The incorporation of risk management practice into all areas of Council business will inevitably place some additional demand on the capacity of officers and Members. The impact should be limited by incorporating risk management into existing Council processes wherever possible.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Changes within the Council and in good risk management practice make it appropriate to adopt a revised risk management policy.

5.0 CONSULTATION

5.1 Consultation undertaken in drafting the revised policy is as indicated in paragraphs 2.6 – 2.8.

6.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

6.1 Whilst there are no direct implications arising from this report implementation of the Policy should lead to better management of the risks presented by working with others.

7.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING AND ASSETS

7.1 As indicated in paragraph 3.3 implementation of the Policy will place some additional demands on officers and Members.

8.0 LEGAL IMPLICATIONS

8.1 Adoption of the Policy will support compliance with Regulation 4(2) of the Accounts and Audit (England) Regulations 2011.

9.0 EQUALITIES IMPLICATIONS

9.1 There are no implications arising directly from this report.

10.0 CARBON REDUCTION IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 RECOMMENDATION

12.1 That the draft Risk Management Policy be approved and referred to Cabinet for formal adoption on behalf of the Council.

12.2 That regular reports on progress towards implementation of the risk management action plan be brought to this Committee.

13.0 REASON FOR RECOMMENDATION

13.1 The adoption of a revised Risk Management Policy is a key element of the Council's improved approach to managing risk.

13.2 In line with the governance arrangements for risk management this committee needs to maintain an oversight of developments in the Council's risk management framework.

REPORT AUTHOR: Mike Lane
Risk & Insurance Officer
telephone: 0151 666 3413
email: mikelane@wirral.gov.uk

APPENDIX

Draft Corporate Risk Management Policy

SUBJECT HISTORY

Council Meeting	Date
Cabinet - Corporate Risk Management Policy	13 March 2014
Audit & Risk Management – Corporate Risk Management Policy	28 January 2014

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DRAFT – v0.4

RISK MANAGEMENT POLICY

Performing, Improving



Current Document Status					
Version	0.4	Approving Body	Cabinet		
Date	February 2015	Date of formal approval	To be confirmed		
Responsible officer(s)	Mike Lane	Review date	February 2016		
Document Location					
Version History					
Date	Version	Author/Editor	Comments		
February 2015	0.1	Mike Lane	First draft for consultation with Corporate Governance Group		
February 2015	0.2	Mike Lane	Second draft including initial comments from Corporate Governance Group		
February 2015	0.3	Mike Lane	Third draft including comments from Internal Audit		
February 2015	0.4	Mike Lane	Fourth draft including comments from SLT		
Equality Impact Assessment Record					
Date	Type of assessment conducted	Stage/level (where applicable)	Summary of actions taken/decisions made	Completed by	Impact Assessment review date
06/02/2015	Initial		None	Mike Lane (Risk & Insurance Officer)	29/02/2016
Corporate Quality Assessment Record					
Date	Insert date				
Completed by	Insert name(s)				
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Document retention period			Five years in hard and electronic copies		

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1. Policy Statement

We accept that uncertainty and risk are inevitable features of the environment in which the Council seeks to deliver its ambitious vision for Wirral. We believe that how successful we are at dealing with the risks we face can significantly impact on the achievement of our priorities and the trust placed in us by the community and we will work to manage these risks down to an acceptable level.

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

We also recognise that the increasing pace and complexity of the environment in which the Council operates could create combinations of events that cannot reasonably be envisaged. So we will also act to improve agility and organisational resilience.

Our goal is to become a risk aware organisation, in which risk management is fully embedded in all aspects of the Council's business.

We plan to achieve this goal by:

- Establishing clear roles, responsibilities and reporting lines within the Council for risk management;
- Encouraging maturity and candour in discussions between officers and members about the uncertainties associated with our objectives
- Incorporating risk management into the Council's decision making and operational management processes;
- Reinforcing the importance of effective management of risk through training and provision of opportunities for shared learning;
- Incorporating risk management considerations into Service and Business Planning, Commissioning, Shared Services, Project Management, Partnerships, Service Delivery Vehicles & Procurement Processes;
- Monitoring our risk management arrangements on a regular basis;

LEADER OF THE COUNCIL

ACTING CHIEF EXECUTIVE

CLlr Phil Davies

David Armstrong

Risk Management Policy

2. Background

In its Corporate Plan, the Council has set out an ambitious vision for the borough in the years ahead.

“Wirral should be a place where the vulnerable are safe and protected, where employers want to invest and local businesses thrive, and where good health and an excellent quality of life is within the reach of everyone who lives here”.

Everything we do is focused on achieving this vision and ensuring that we deliver the best possible outcomes for the community, whilst ensuring that we provide good value for our stakeholders.

Effective governance arrangements are essential to help us achieve that vision and risk management is a key element of those arrangements. How successful we are at dealing with the risks that we face has a major impact on our ability to deliver our Corporate Plan.

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

3 Drivers for Change and Improvement

Over the past two years, the authority has made significant progress with improving the incorporation of risk management into the governance of the Council. This point was evidenced in a 2014 CIPFA Risk Management benchmarking exercise, which concluded that risk management was “*working*” across the organisation. However, further improvements are needed to ensure that the Council keeps pace with developments in good practice and derives the maximum benefit from the time, energy and resource invested in managing risk.

In a local authority context, good risk management is largely concerned with helping Members and officers to make better strategic and tactical choices. The scale of the decisions which need to be taken in the coming years, about the very nature of our organisation, its role and how it relates to the community, make it more critical than ever for the Council to have a robust approach to addressing risk and uncertainty.

This corporate policy will ensure that there is clarity on what we are trying to achieve with, and through, risk management and an agreed corporate process by which risk management is carried out.

In revising this policy we have drawn on the guidance contained in the current British Standard for risk management, as well as output from Internal Audit reports and the 2014 CIPFA Risk Management benchmarking exercise.

4. Why we need a risk management policy

It is important that we have a clear policy so that -

- Everyone has a good understanding of what we mean by risk and risk management
- Everyone has a common understanding about the purpose, structure and approach to risk management
- Everyone is clear about their responsibilities in relation to risk management
- There is a consistent methodology to identify and assess the key risks and opportunities associated with our aims and objectives
- There is clarity around the arrangements for reporting information on risks
- Risk management is embedded into all our business processes.

5. What are the aims of our policy?

- To embed risk management into the culture of the Council.
- To support the Council's value of being 'risk aware, not risk averse'
- To integrate risk management with other management practices to ensure that risks are managed effectively at strategic and operational level and for all key programmes / projects and partnerships.
- To identify and effectively manage the key risks facing the Council.
- To maximise the opportunities for the achievement of objectives and minimise the risk of service failure.
- To ensure that we learn from risk failures to improve risk management awareness, systems and processes.
- To support Members and officers in carrying out their responsibilities.
- To support the decision making process at all levels within the Council.
- To ensure that effective risk management arrangements are in place to support the Annual Governance Statement and Corporate Governance arrangements.
- To support compliance with the requirements of the Account & Audit Regulations 2011.

6. What are the principles that underpin our policy?

- **Risk management should be systematic and structured:** The approach should be consistently applied within the Council. To help ensure that outputs are both reliable and comparable and to give managers increased confidence to make effective decisions.
- **Risk management should be based on the best available information:** The inputs should be based on available information sources such as experience, subject knowledge, expert judgement and projected forecasts. Managers should be aware of any limitations to the data or divergence of opinion among specialists.
- **Risk management should explicitly address uncertainty:** It should be used to help clarify the nature of uncertainty affecting decisions and how it might be treated.

- **Risk management should be part of decision making:** To help Members and Managers choose the option that is most appropriate for the Council in terms of its risk appetite and ability to manage risks effectively.
- **Risk management should take into account organisational culture, human factors and behaviour:** It should recognise the capabilities, perceptions and intentions of external and internal people that might hinder attainment of Council objectives.
- **Risk management should create and protect value:** It should contribute to the demonstrable achievement of objectives and maximize overall business and commercial benefits. It should support corporate governance, be integrated with management processes, provide assurance to stakeholders and reflect legislative and compliance requirements.
- **Risk management should be tailored:** It should be proportionate and scaled to address the internal and external circumstances.
- **Risk management should be transparent and inclusive:** Management and stakeholders should be actively involved so that risk management remains relevant and up to date.
- **Risk management should be dynamic, iterative and responsive to change:** It should continually identify and respond to changes effecting the operating environment by having an open, positive culture that encourages managers to disclose, discuss and respond to risk.

7. What benefits can we expect to see?

Improved business planning: through the use of risk-based decision making processes for establishing priorities and objectives

Enhanced corporate performance: by identifying and addressing threats to achievement there is an increased likelihood of achieving corporate objectives. More informed decision-making, added value across service areas and improved service delivery that matches organisational priorities, an increased number of targets achieved and improved internal controls

Improved financial performance: improved forecasting and support for a balanced approach to the setting of balances and reserves, more effective allocation and use of resources for risk treatment, providing value for money, assets safeguarded, reduced level of fraud and increased capacity through a reduction in decisions that need reviewing or revising

A more balanced approach to risk: as well as understanding and tackling the most significant threats to the Council's objectives, there would be a greater awareness of the opportunities which are available and an increased willingness and ability to exploit them fully

Better outcomes for the community: as risk management focuses us to consider potential impacts if the risk were to occur for the council and the wider Borough. So, if risks are successfully managed, this could lead to improved customer relations and increased public satisfaction, confidence and trust

Improved corporate governance and compliance: greater adherence to legal and regulatory requirements, fewer regulatory visits, reduction in legal challenges and an improved corporate governance statement

Improved insurance management: reduction in the number and costs of claims and uninsured losses, leading to a reduction in insurance premiums.

Improved organisational resilience: fewer disasters and surprises and an enhanced ability to recover quickly from those that might occur

More effective partnership arrangements: maximising the benefits from our relationships with public, private and voluntary sector partners

8. How Risk Management is Governed

Ultimate responsibility for the effective management of risk rests with Cabinet and the Leader of the Council as part of their wider responsibilities for effective corporate governance. The Cabinet Member for Governance, Commissioning and Improvement is responsible for improving the effectiveness of the risk management framework.

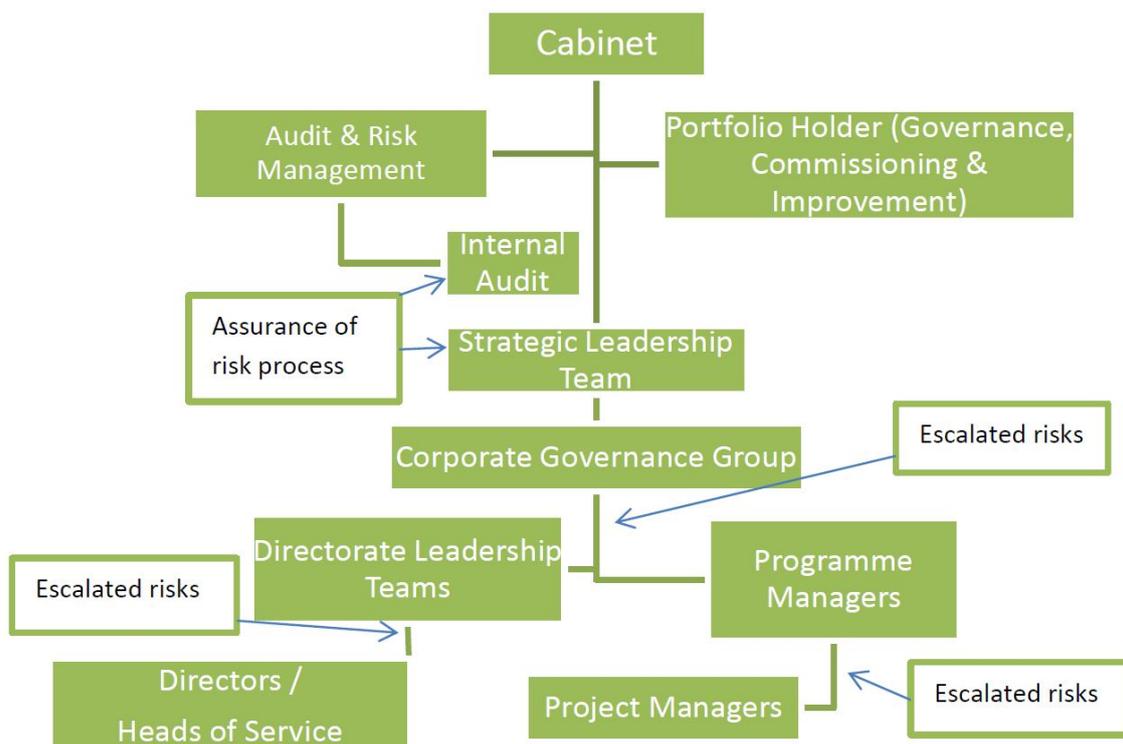
The Risk Management Policy and action plan are approved by the Strategic Leadership Team and by Audit & Risk Management Committee and are adopted by Cabinet on behalf of the Council. They are subject to review on an annual basis and will be communicated to all those with a responsibility for managing risk.

The Council’s Annual Governance Statement is informed by a review of the governance framework undertaken by Internal Audit, which includes a review of the effectiveness of the risk management framework. The Chief Executive and Leader of the Council endorse the statement and this is presented to the Audit and Risk Management Committee for approval. Strategic Directors comment on their risk management arrangements within the Assurance Statements required as part of the Annual Governance Statement Review.

Internal Audit undertakes an annual assessment of the Council’s risk management maturity using a CIPFA framework. The audit programme is directly informed by the Council’s key risks

Individual officers are responsible for managing the risks associated with their service or project objectives, but will escalate specific risks in accordance with the risk escalation criteria.

Cabinet maintains an overview of the Council’s risk profile.



9. Application of the Policy

This policy applies to Council Members and to Officers at all levels.

The management of risk applies to all of the Council's business processes and should inform all areas of activity, including, but not limited to:

- Setting strategic objectives → Corporate Plan
- Setting business objectives → Directorate and Service plans
- Budget setting process → investment and savings decisions, establishing levels of balances, evaluating bids for capital funding
- Developing policies and strategies
- Programme and project planning and management
- Establishing and managing partnerships and joint working arrangements
- Workforce planning
- Procurement exercises

10. The Risk Management Process

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



Communication and Consultation

The risk management process cannot exist without an appropriate level of communication between all internal and external stakeholders. This will require consultation with all those who have an interest in the risks to our objectives, at whatever level we are assessing. This may include the public, partners, project boards, sponsors, management teams and other specialists, whose assistance may be beneficial when identifying and evaluating risks. Communication and consultation should occur at all stages of the risk management process.

Establishing the Context

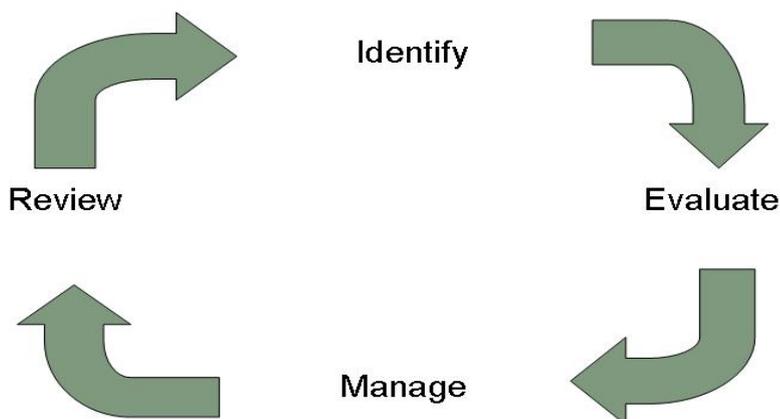
Establishing the context defines the basic parameters for managing risk and sets the scope and criteria for the rest of the process. This first stage is an essential precursor to core process. It should involve consideration of:

- The external and internal operating environment
- What we are looking at, strategic or service objectives, project or partnership objectives, budgets or policies, procurement or commissioning, options for decisions.
- Who will be involved, be they internal or external stakeholders. They should all be considered as they may have an interest in or a valuable contribution to add to the rest of the process
- Who will be responsible for the process: define responsibilities for review, monitoring and reporting
- The risk criteria and appetite, whether it is political, economic, legal, environmental, etc. The impact criteria to be included and how they will be measured
- If looking at partnership risk, which partner's processes will be adopted

The Core Risk Management Process

The Council has a four-stage process for managing risks, shown in the graphic below.

The Risk Management Process



This process provides Officers and Members with an improved understanding of the risks that could affect the achievement of their objectives and the adequacy and effectiveness of existing controls. It also provides the basis for decisions about the most appropriate approach to be used to tackle risks.

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

- Setting strategic and service objectives and priorities
- Creating business cases for programmes and projects
- Managing partnerships and shared service delivery
- Procuring and/or commissioning goods or services
- Setting of short and medium term budgets
- Establishing or refreshing policies and strategies

The core process should be dynamic and applied continuously.

Stage 1: Identification

The Council defines a risk as:

“An uncertainty that could have adverse or beneficial effects on the achievement of objectives”

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

Risk identification should be a continuous process. However, there are times when formal identification exercises should be undertaken. The table below indicates when they should be carried out, why they are necessary and who should undertake this task.

Activity	When	By Whom
Corporate Plan	A strategic risk analysis will be undertaken as part of a strategic options appraisal, to inform decisions about priorities and objectives.	Strategic Leadership Team
Directorate Plan	After directorate objectives have been set, the key threats to their delivery and corporate / directorate plan indicators will be identified.	Directorate Management Team
Service Plans	After service area objectives have been set, to establish the key threats to their delivery.	Head of Service
Establishment of programmes and projects	During the development of business cases the key risks to	Programme or project sponsor

	delivery of the project will be identified, to inform the decision as to whether to proceed.	
Development of partnerships and shared services	Prior to establishment, to inform the decision as to whether to proceed.	Officer(s) responsible for development
Alternative service delivery mechanisms	During the development of business cases, to inform the decision as to whether to proceed.	Officer(s) responsible for development
Procurement or commissioning exercises	During the development of business cases, to inform the decision as to whether to proceed and how the exercise will be conducted.	Officer(s) responsible for the exercise
Development/updating of policy or strategy	During the drafting of the document, to give decision-makers an understanding of the threats to its delivery	Officer responsible for producing the document
Resource allocation	During the development of options for investment or reducing resources, to inform decisions around which to select	Officer responsible for developing the options
Producing Committee reports on key decisions	Prior to drafting of the report, to give Members an understanding of the risks and benefits associated with different options.	Report author

A variety of tools are available to complete the identification stage of the process, including brainstorming workshops, one-to-one interviews and reviewing lessons learnt logs. Reference to standard risk categories can also be helpful and a list of these is shown in **Appendix B**.

Each risk identified will be allocated to a risk owner who is accountable for its management. In respect of Corporate risks, the risk owner will be a member of the **Strategic Leadership Team**.

Stage 2: Evaluation

In order for us to make informed decisions about how best to use our limited resources to tackle risks, we need to understand their relative significance. This will be done by evaluating risks in relation to their likelihood and their impact.

The significance of all risks will be evaluated using the 5 by 5 likelihood and impact matrix adopted by the Council **shown below**. Evaluation of project delivery risks may use different

impact factors to those for used for risks to programmes and corporate, directorate and service plans.

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

Impact →

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

Likelihood ↑

Step 1 – Current Risk

Once the risk has been identified and defined, the current (also called residual) risk score will be calculated. This score is a measure of the risk as it is today, taking account of what is currently in place to manage (i.e. mitigate) it. Understanding what controls are already in place and their effectiveness is a vital part of the evaluation and these will be considered before judgements are made on impact and likelihood.

The potential impact of a risk will be judged in relation to its consequences (effects) and the current controls, action or management arrangements in place. The likelihood of a risk

occurring will be judged by considering the risk description and the current controls, action and management arrangements that are in place.

The results of the evaluation of impact and likelihood will be recorded in the risk register.

Step 2 - Unmanaged Risk

Once the current risk score has been calculated, the risk will be re-evaluated to consider the position if there were no controls, actions or management arrangements in place. This is done to establish the unmanaged (sometimes called inherent) risk rating. The difference between the Unmanaged and the Current risk scores helps to demonstrate the value of the controls, but should prompt consideration of whether all of the controls are required. It may be possible to identify risks which are over-controlled and where resources presently used for control could be freed up.

Stage 3: Management

Under the management stage, responses (controls) are selected for risks and plans are developed to implement those controls.

The broad nature of the possible responses to a given risk is shown in the following table:

Risk Management Response Strategies
Mitigate – Reducing the scale of the risk in order to make it more acceptable, by reducing the likelihood and/or impact.
Accept – Recognizing that some risks must be taken and responding either actively by developing appropriate contingency arrangements or passively doing nothing except for monitoring the status of the risk.
Transfer – Identifying another stakeholder better able to manage the risk, to which the responsibility can be passed.
Avoid – Eliminate the uncertainty by making it impossible for the risk to occur (e.g. discontinue activity), or by executing a different approach to eliminate the risk.

Resource and Cost / Benefit Analysis

The responses to the risks identified need to be appropriate, achievable and affordable. There will be some occasions when the cost of the response will outweigh the benefits to be gained from the proposed course of action. So an assessment of the cost / benefit of implementing the response will be carried out as part of the management stage. The resourcing of risk controls should be considered as part of service and financial planning.

Any control selected for implementation will be made the responsibility of a given individual (the control 'owner'). The owner and the planned implementation (target) date will be recorded in the relevant risk register.

Target Risk

When the management response and implementation plans have been determined the risk will then be re-evaluated to determine the Target Risk Rating. This evaluation will take into account all of the controls (existing and additional) that were identified earlier in the management stage.

This provides a target of the future rating that will be achieved when all the controls (both existing and planned) have been implemented. This information will also be recorded in the risk register.

For any risk whose current score places it into the 'red' category on the Council's likelihood and impact matrix, the risk owner will produce an action plan designed to achieve the target level of risk. This will be forwarded to the Directorate risk champion and used in the review process. A template action plan is shown at **Appendix C**.

Stage 4: Review

The environment in which the Council operates is dynamic and the management of risk needs to be also. To support the performance management process service, project and other risk registers will be kept up to date.

The reviews of risk registers will involve;

- Identifying potential new risks and the controls already in place to help mitigate them. Considering whether additional controls are needed.
- Reviewing the effectiveness of the existing controls for risks already on the register.
- Reviewing control actions that were scheduled to be carried out and considering whether any additional actions should be implemented.
- Re-evaluating the **current and target scores** for likelihood and impact **in relation to** existing risks, by reference to the effectiveness of the existing controls and progress in implementing additional controls.
- Reviewing contingency arrangements in response to changing internal and/or external events
- Considering whether any risks on the register no longer present a threat and should be removed
- Considering whether any risks on the register should be escalated (or de-escalated) in accordance with the criteria shown below.

Responsibilities for Review

The following table highlights how the Council’s review process will operate

What	By Whom	When
Corporate Risk Register	Strategic Leadership Team	Quarterly
Directorate and Service Risk Registers	Directorate and Service Management Teams	Monthly
Programme Risk Registers	Programme Board	As indicated in the relevant governance arrangements. But no less than once a month.
Project Risk Registers	Project Management Team	As indicated in the relevant governance arrangements. But no less than once a month.
Partnership Risk Registers	Partnership Managers	As indicated in the relevant governance arrangements. But no less than once a quarter.

In undertaking reviews, those responsible will take account of the results of internal and external audit reports.

Following each review, the relevant risk register will be updated. A copy of each updated Directorate risk register will be provided to the Risk & Insurance Officer.

In addition to the continuous review process outlined above, Directorate and service risk registers will be reviewed annually as part of the corporate planning process.

11. How We Will Record Risks

Information on risks will be recorded in risk registers. The different levels of risk register that we will maintain are shown below -

Corporate risk register

This register is the responsibility of the Chief Executive Strategy Group and will be maintained by the Risk & Insurance team.

Directorate risk register

These registers are the responsibility of each Directorate management team and will be maintained by the directorate risk champion.

In preparing and maintaining the register the management team will scrutinise and challenge information provided by heads of service. Through the annual Assurance Statement, the relevant Strategic Director will confirm that the register reflects the most significant threats to the achievement of the directorate’s objectives.

Service

These registers are the responsibility of the respective Head of Service.

Programme

These registers are the responsibility of the relevant Programme Board

Project

These registers are the responsibility of the Project Sponsor and will be maintained by the project manager

Partnership

These registers are the responsibility of the partnership manager / lead.

To help ensure that risk information is captured in a consistent format, a standard risk register template will be used. A copy of the template is shown at **Appendix D**.

Programme and project risk registers will be maintained in the Council's 'Concerto' system.

12. How We Will Determine Whether Risks Are Acceptable

It is vital that we have a consistent approach to evaluating the significance of risks and that those responsible for managing them understand the boundaries of acceptability and the thresholds for escalation and for reporting to senior managers and to Members.

Two factors will be used to judge the significance of a risk – its likelihood and its impact.

We will develop a set of risk criteria, informed by the leadership's views of the Council's critical success factors and will use these to determine at what scales of impact and likelihood risks need to be escalated and / or reported. Those scales will be included in a revised risk matrix.

13. Escalation of Risks

Critical to the effective management of risks is the reporting of information to the appropriate level of management. To ensure that risks are considered at the appropriate level, the following criteria have been established:

Corporate Risks

Risks at this level will be managed by the Strategic Leadership Team (SLT) and will have the following characteristics:

- Risks identified by the SLT and/or Members which impact directly on the Corporate Plan priorities or objectives.
- Corporate or cross cutting issues that are likely to impact upon more than one service.
- Strategic issues that are likely to have an impact on the medium to long term goals and tend to link to the Corporate Plan priorities and objectives.
- Risks at departmental/service, programme/project or partnership level that if realised would impact on the Corporate Plan priorities and objectives and/or which need intervention by SLT or Cabinet.
- Risks with significant financial, service or reputation impact that require SLT overview and management.



Directorate/Service Risks

Risks at this level tend to be identified and managed by the Directorate and/or service management teams. Risks assigned to this level will have the following characteristics:

- Risks identified by directorate or service management teams that are likely to have an impact on short term goals and tend to link to Directorate / service level objectives and plans.
- Risks identified at project or partnership level that are likely to have an impact on service objectives and need Directorate or service management team intervention.



Programme Risks

Risks at this level tend to be identified and managed by Programme Boards. Risks assigned to this level will have the following characteristics:

- Risks that have a wide-ranging impact on the objectives of the programme as a whole but which can be managed by the Programme Board
- Risks with a significant impact on the objectives for a particular project but which require Programme Board intervention.



Project/Partnership Risks

Risks at this level tend to be identified and managed by project/partnership boards or teams. Risks at this level will have the following characteristics:

- Risks that impact on individual project/partnership objectives but which can be managed by the project / partnership board, manager or team.
- Risks that impact on departmental objectives and targets but can be managed by the project / partnership board, manager or team.

The escalation of risks to the Corporate Risk Register is considered by the Strategic Leadership Team in its quarterly review of Audit, Risk and Performance. The Team will review the issue against the escalation criteria and take appropriate action. This may include:

- Escalating the risk and adding it to the Corporate Risk Register for monitoring and reporting to Members.
- Incorporating the risk into an existing entry on the Corporate Risk Register if the risk is related to it, for ongoing management and review.
- De-escalating the risk to Directorate/Service or Project/Partnership level for ongoing management and review.

14. How Risks will be reported

It is important that we are clear about what information on risks and opportunities is to be reported, the format for this and to whom and when it should be reported. The following table summarises our reporting arrangements:

Stakeholder(s)	What information do they need?	How will this be provided?	When will this be provided?
The community	<ul style="list-style-type: none"> An understanding of the strategic risks facing the Council and how it is seeking to address them. 	Inclusion of the Corporate Risk Register in the Corporate Plan	Annually (in line with the business planning process)
Cabinet	<ul style="list-style-type: none"> A detailed, current knowledge of the principal risks and opportunities facing the Council, the principal controls and their effectiveness 	Inclusion of key risks in the Corporate Performance Report. Updates on management of the Corporate risks	Quarterly (in line with the Performance Management Framework) Four times a year (following each review of Audit, Risk and Performance)
		Inclusion of a risk assessment in the Medium Term Financial Strategy	Annually
Cabinet	<ul style="list-style-type: none"> A working knowledge of the corporate risk management framework and its effectiveness 	Publication of the Corporate Risk Management Policy document.	Annually
		Publication of the Annual Governance Statement	Annually (in September)
Audit & Risk Management Committee	<ul style="list-style-type: none"> A detailed, current knowledge of the principal risks and opportunities facing the Council, the principal controls and their effectiveness 	Inclusion of the Corporate Risk Register in the Corporate Plan Updates on management of the Corporate risks	Annually (in line with the business planning process). Each meeting of the committee.

	<ul style="list-style-type: none"> A detailed knowledge of the corporate risk management framework and its effectiveness 	<p>Publication of the Corporate Risk Management Policy document</p> <p>Regular updates of progress towards implementation of the risk management action plan</p> <p>An assessment of the Council's risk management maturity from Internal Audit</p>	<p>Annually</p> <p>Each meeting of the committee</p> <p>Annually</p>
	<ul style="list-style-type: none"> An understanding of individual service areas compliance with the corporate risk management policy 	<p>Publication of the Annual Governance Statement</p> <p>Publication of Internal Audit reports on individual service areas</p>	<p>Annually</p> <p>As determined by the Internal Audit programme</p>
Policy & Performance committees	<ul style="list-style-type: none"> A good, current knowledge of the principal risks associated with the service areas for which they are responsible for providing scrutiny, the principal controls and their effectiveness 	<p>Publication of Directorate Plans</p> <p>Confirmation of significant movements in the risk register within the Performance Report</p>	<p>Annually</p> <p>Quarterly (in line with the Performance Management Framework)</p>
Portfolio Holder (Governance & Improvement)	<ul style="list-style-type: none"> A detailed knowledge of the corporate risk management framework and its effectiveness 	<p>Publication of the Corporate Risk Management Policy document</p> <p>Updates of progress towards implementation of the Risk Management Strategy</p> <p>Publication of the Annual Governance Statement</p>	<p>Annually</p> <p>Each meeting of Audit & Risk Management Committee</p> <p>Annually (in September)</p>

	<ul style="list-style-type: none"> An understanding of individual service areas compliance with the corporate risk management policy 	Publication of Internal Audit reports on individual service areas	As determined by the Internal Audit Plan
Strategic Leadership Team	<ul style="list-style-type: none"> A detailed, current knowledge of the principal risks facing the Council the principal controls and their effectiveness 	Updates on progress in managing existing Corporate risks (from the review of Audit, Risk and Performance)	At the end of each quarter
	<ul style="list-style-type: none"> An understanding of significant emerging risks 	A summary of significant new risks (from the review of Audit, Risk and Performance)	At the end of each quarter
	<ul style="list-style-type: none"> A good knowledge of the corporate risk management framework and its effectiveness 	<p>Publication of the Annual Governance Statement</p> <p>An assessment of the Council's risk management maturity from Internal Audit</p>	<p>Annually (in September)</p> <p>Annually (in September)</p>
Strategic Directors	<ul style="list-style-type: none"> A detailed, current knowledge of the principal risks and opportunities associated with the service areas for which they are responsible, the principal controls and their effectiveness An understanding of significant emerging risks and opportunities 	Summaries of risks from Directors / Heads of Service / Project Managers and Internal Audit reports	Monthly
	<ul style="list-style-type: none"> A good understanding of their directorate's adherence to the corporate risk management policy 	Publication of Internal Audit reports on individual service areas	As determined by the Internal Audit Plan

Directors	<ul style="list-style-type: none"> • A detailed, current knowledge of the principal risks and opportunities associated with the service areas for which they are responsible, the principal controls and their effectiveness • An understanding of significant emerging risks and opportunities 	Summaries of risks and opportunities from Heads of Service and Project Managers, where relevant. Internal Audit reports.	Monthly
	<ul style="list-style-type: none"> • A good understanding of their directorate's adherence to the corporate risk management policy 	Publication of Internal Audit reports on individual service areas	As determined by the Internal Audit Plan
Programme Boards	<ul style="list-style-type: none"> • A good understanding of the principal risks and opportunities presented by the programme 	An assessment of risks and benefits	As part of developing the business case for the programme
	<ul style="list-style-type: none"> • A detailed, current knowledge of the principal risks to delivery of the programme 	Presentation of the programme risk register	As determined by the Programme governance arrangements, but not less than once a month
	<ul style="list-style-type: none"> • A good understanding of the risk management arrangements 	Inclusion of risk management arrangements in the Outline Business Case	As part of the business case.
Partnership boards	<ul style="list-style-type: none"> • A good understanding of the principal risks and opportunities presented by the partnership 	An assessment of risks and benefits as part of the business case for establishing the partnership	As part of developing the business case for the partnership
	<ul style="list-style-type: none"> • A detailed, current knowledge of the principal risks to delivery of the partnership's objectives 	Presentation of the partnership risk register	As determined by the Programme governance arrangements, but not less than once every 3 months

	<ul style="list-style-type: none">• A good understanding of the risk management arrangements	Inclusion of risk management arrangements in the Outline Business Case	As part of the business case.
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15. Roles and Responsibilities

The Council is a large and complex organisation. So it is important that we are clear about what should be done and who it should be done by. The table below details the roles and responsibilities in relation to risk management for all stakeholders.

We will communicate these through the distribution of this policy, the provision of training and the issue of guidance.

Stakeholder	Role and Responsibilities
Council Leader and Cabinet Members	<p>Role: To oversee the effective management of risk as part of good corporate governance.</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Adopt the Council’s risk management Policy and ensure that risk management is delivered on behalf of the Cabinet by the Chief Executive and the Chief Executive Strategy Group. • Drive the effective management of risk and a positive risk culture from the top of the organisation • To work with SLT to define the Council’s risk appetite and risk criteria • Ensure that a corporate risk register is established and that this is regularly monitored. • Consider risk management implications when taking decisions.
Portfolio Holder – Governance and Improvement	<p>Role: To lead and co-ordinate the work of Portfolios and Departments in improving the Council’s corporate governance</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Oversee the development, implementation and review of the Council’s risk management arrangements
Audit & Risk Management Committee	<p>Role: To provide independent assurance of the Council’s risk management framework and associated control environment. To act as the Member champion for risk management (Chair).</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Consider the risk management policy, strategy and associated action plan • Monitor, review and scrutinise the effectiveness of the Council’s risk management framework and its implementation. • Consider the effectiveness of risk management arrangements and any improvements required as indicated in the Annual Governance Statement • Consider the adequacy of the authority’s insurance and risk financing arrangements • Receive and challenge quarterly reports on the Corporate Risk Register from the Chief Executive Strategy Group • Approve the Internal Audit Plan • Receive and consider Internal Audit reports on risk management • Receive assurances that action is being taken to mitigate key risks identified by internal and external auditors

Corporate Governance Group	<p>Role: To support the embedding of strong governance arrangements across the Council</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Review and challenge corporate performance and risk management arrangements, and support SLT in ensuring that performance and risk management are aligned with the aims, priorities and objectives contained in the Council’s policy framework, strategies and plans • Consider areas of good practice and propose improvements to the Council’s risk management framework • Challenge senior management on how Directorate risks are identified, defined, evaluated and managed, including the plausibility of mitigating actions. • Support SLT in refreshing the Corporate Risk Register and recommend potential changes to SLT at least on a quarterly basis. • Propose the escalation of risks from Directorate and Programme level to the Corporate Risk Register.
Policy and Performance Committees	<p>Role: To oversee the effective management of risk in those areas of service for which they provide scrutiny.</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Receive and challenge reports on risk management, including relevant risk registers • Gain an understanding of the key risks affecting the service areas for which they provide scrutiny and ensuring that sufficient action is being taken to control them. • Consider risk management implications when making recommendations to Cabinet
Chief Executive and Strategic Directors	<p>Role: To ensure that the Council manages risk effectively.</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Agree the risk management framework and the arrangements for the management of strategic/corporate risks • Lead and co-ordinate the delivery of the risk management framework, including the nomination of a SLT lead on risk management. • To work with Cabinet to define the Council’s risk appetite and risk criteria. • Identify, monitor and take ownership of strategic / corporate risks • Establish a culture and working practices which promote openness and learning in relation to the management of risk • Review the effectiveness of the risk management framework and make arrangements to address any improvements needed • Advise Members on effective risk management and ensuring that members receive regular monitoring reports.
Directors	<p>Role: To manage risk within their directorate in line with the Council’s risk management policy.</p>

	<p>Responsibilities</p> <ul style="list-style-type: none"> • Take ownership of risks within their Directorate and responsibility for the completion of the Directorate risk register and the allocation of resources to control/minimise risk. • Scrutinise and sign off the risk register for their respective directorate. • Review key risks for the directorate and the effectiveness of their associated controls on a regular basis • Report significant risks to the Risk & Insurance Officer to be considered by the Strategic Leadership Team for possible escalation to the Corporate Risk Register • Provide regular reports on significant directorate risks to the relevant Policy & Performance Committee. • Take responsibility for the production, testing and maintenance of Business Continuity plans and allocation of resources. • Appoint a Risk Champion as part of the governance arrangements for the Directorate and authorise him/her to progress effective risk management that adheres to the corporate policy, across the Directorate. • Ensure that a culture of risk awareness is embedded across their Directorate.
Heads of Service	<p>Role: To manage risk within their area of responsibility in line with the Council's risk management policy.</p>
	<p>Responsibilities</p> <ul style="list-style-type: none"> • Ensure that risks to the objectives for their areas of responsibility are identified and evaluated and that action on them is prioritised and initiated. • Approve the risk registers for their service areas and ensure that they are reviewed regularly. • Report significant risks to the Directorate management team in line with the Council's risk escalation criteria. • Report systematically and promptly to the Directorate Management Team any major failures in existing controls. • Ensure that a culture of risk awareness is embedded across their respective service areas
Risk & Insurance Officer / team	<p>Role: To support the effective management of risk throughout the Council.</p> <p>Responsibilities</p> <ul style="list-style-type: none"> • Design and drive the implementation of the Council's risk framework, policy, strategy and process. • Provide the Council with consultancy and advice on risk management. • Lead, co-ordinate and develop risk management activity across the Council with the support of the Risk Champions. • Ensure that officers and Members are adequately trained in risk management tools and techniques. • Facilitate risk identification and evaluation workshops. • Assist management teams to identify evaluate and record key risks to service, project and partnership objectives. • Provide quality assurance and challenge of risk information provided by directorates and services.

	<ul style="list-style-type: none"> • Ensure that the corporate risk register is regularly reviewed by the Strategic Leadership Team. • Collate and manage the Council's Corporate Risk Register. • Undertake an annual review and update of the Risk Management Policy and Strategy for consideration by the Strategic Leadership Team and Audit & Risk Management Committee. • Ensure that the Council's approach to risk management fits within the Council's overall policy, strategy and performance ethos.
Risk Champions	Role: To provide a focus for and co-ordinate risk management activity throughout the Directorate.
	Responsibilities <ul style="list-style-type: none"> • Provide support on risk management across the directorate. • Encourage staff within their directorates to embed risk management principles into their daily work • Identify their directorate's training needs in relation to risk management and reporting these to the Risk & Insurance team • Co-ordinate information on risks and opportunities • Maintain the directorate risk register • Share examples of good risk control practice and lessons learned
Managers	Role: To effectively manage risk in their service area in line with the Council's risk management policy.
	Responsibilities <ul style="list-style-type: none"> • Ensure that risks to the objectives for their service are identified, evaluated and addressed. • Produce and regularly review a register of those risks, including the implementation of control measures. • Guide their staff in risk assessing their priorities at the beginning of the year and ensuring they identify risks that may affect their ability to deliver their objectives. • Communicating the corporate approach to risk management to staff. • Support the Risk Champion with identifying the training needs of staff. • Ensure that they and their staff are aware of the corporate requirements and seek clarification from the Risk Champion, when required.
Programme and Project Boards	Role: To oversee the effective management of risk within programmes and projects.
	Responsibilities <ul style="list-style-type: none"> • Set and confirm the programme/project's risk appetite • Understand the key risks to delivery of the programme/project objectives and ensure that sufficient action is being taken to manage them • Make decisions as regards risk response options proposed by project managers • Maintain oversight of the continued viability of the programme or project's business case. • Propose the escalation of risks to the corporate level in line with the

	Council's risk escalation criteria.
Project Managers	Role: To effectively manage risks to the project in line with the Council's risk management policy.
	Responsibilities <ul style="list-style-type: none"> • Identify and evaluate risks of and to any proposed project as part of the development of the business case. • Ensure that key risks to project objectives are identified, evaluated and managed • Undertake regular reviews of the project risk register throughout the lifecycle of the project. • Report key risks and potential responses to the Project Board on a regular basis • Identify and propose the escalation of risks to the programme level in line with the Council's risk escalation criteria.
Internal Audit	Role: To provide independent and objective assurance in relation to the Council's risk management arrangements.
	Responsibilities <ul style="list-style-type: none"> • Conduct reviews into the effectiveness of the risk management framework and its application. • Undertake an annual evaluation of the Council's risk management maturity. • Produce a risk based audit plan that takes into account key strategic, operational and project risks across the Council • Ensure robust risk management techniques in their audit work.
Employees	Role: To contribute to the effective management of risk.
	Responsibilities <ul style="list-style-type: none"> • Contribute to the identification and evaluation of key risks for their service area. • Contribute to risk control measures, where appropriate. • Report promptly to management potential new risks or failures in existing control measures. • Supporting continuous service delivery and any response to business disruption.

16. Performance Management and Risk Management

Performance Management is “...an on-going, systematic approach to improving results through evidence based decision making, continuous organisational learning, and a focus on accountability for performance” (Audit Commission)

By contrast, risk management is the process of identifying and managing issues that could impact on the achievement of objectives. Although, both processes are different in emphasis, they share the same goal - the achievement of organisational objectives. Risks cannot be identified without understanding priorities, objectives and targets. Equally, the setting of performance targets needs to be informed by an understanding of the risks which may threaten performance.

So it is important, that the risk management framework is developed to take account of and to support the Council’s performance management framework.

The links between the performance management process and risk management are detailed in the following diagram:



17. How does this policy relate to other Council policies?

Corporate Health & Safety Policy: sets out the Council's broad approach to the management of risks to health and safety

Business Continuity Policy: defines the approach to and requirements for managing risks to the continuity of Council services

ICT Security Policy: indicates the Council's broad approach to the management of information security and sets out the key control actions to be undertaken to manage risks to information security and ICT equipment.

Financial Regulations: cross reference the corporate Risk Management Policy and set out the requirements for managing resource-related risks

Council Constitution:

Contract Procedure Rules: – confirm the rules around procurement which act as controls in relation to procurement risk

Financial management: – confirms the key controls adopted to ensure effective financial planning and management

Risk Management and Control of Resources: – confirms the need for effective risk management and the controls intended to achieve this.

External Arrangements: - requires an agreement to be in place for each partnership, the development of which is to be subject to a risk management process to establish and manage all known risks

Code of Corporate Governance: summarises how the Council will deliver the six principles of effective governance and how the risk management framework contributes to this.

Performance Management Framework: sets out the Council's approach to performance management and its links with risk management.

18. What Level of Capability Do We Want to Achieve?

Our current ambition is to increase the number of enablers evaluated as Embedded & Integrated (Level 4 of the ALARM National Performance Model for Risk Management) by 2016.

19. What Additional Actions Are We Going to Take to Achieve This?

The following have been informed by the output from the 2014 ALARM/CIPFA Benchmarking exercise and the January 2015 Internal Audit report on risk management.

Action	Target Date
Risk Culture	
Ensure that development of the cultural change programme and people strategy supports the Council's corporate vision of being 'risk aware, not risk averse'	March 2016
Risk Appetite	
Agree an approach for determining the Council's appetite for risk	Summer 2015
Arrange for the leadership to consider the Council's risk appetite	Autumn 2015
Business Continuity	
Conduct audit of compliance with Business Continuity Policy and review results	December 2015
Conduct test of each critical service's business continuity plan	January 2016
Partnerships	
Check the 'risk management' content of the partnership toolkit	June 2015
Review and update the Constitution in terms of partnership risk management arrangements	June 2015
Agree how compliance with risk management requirements for partnerships will be assured	June 2015
Managing Risk Information	
Conduct a pilot of Concerto plans, performance and risk information within Transformation & Resources directorate	April to June 2015
Evaluate the outcome and pursue roll out of Concerto across the Council, or procurement of an alternative system	Autumn 2015
Reporting Risk Information	
Agree requirements for reporting risk information to Policy & Performance committees	June 2015
Risk Process	
Quality assure refreshed Directorate risk registers for 2015/16	May 2015
Training and Development	
Roll out E-Learning modules for managers and staff	April 2015 onwards

20. What Resources Will We Need?

We recognise that, particularly in the current financial environment, our Policy will need to be delivered within existing resources. Key officer resources will be the Risk & Insurance team and the Risk Champions within each directorate. However, implementation of the Policy will also require input from functions across the Council, including Internal Audit, Policy, Strategy, Performance Management, Risk and Resilience and the Change Team.

The development and delivery of a programme to equip Members and Officers with the knowledge and skills to embed the Policy will need particular support from the Organisational Development team.

21. How Will We Evaluate Our Progress?

Progress reports on the above actions will be provided to each meeting of the Council's Audit & Risk Management Committee.

Internal Audit will undertake an annual assessment of the Council's risk management maturity, using the framework contained in the CIPFA document - "It's a Risky Business: A Practical Guide to Risk Based Auditing". This will be reported to the Strategic Leadership Team and to Audit & Risk Management Committee.

Appendix A - Glossary

Control

A measure that mitigates a risk, including any process, policy, device, practice, or other action

Control Owner

Individual responsible for the maintenance of an existing control or the implementation of a additional control

Corporate Governance

The systems and processes, and cultures and values, by which local government bodies are directed and controlled and through which they account to, engage with and, where appropriate, lead their communities

Current risk score

Assessment of the combined scores, for the likelihood and impact of the risk happening, **after** taking into account any controls in place to manage the risk.

Impact

The evaluated effect or result of a particular risk happening

Likelihood

A qualitative description of the probability or frequency of the risk happening

Risk

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

Risk Appetite

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

Risk Management

Co-ordinated activities to direct and control an organization with regard to risk

Risk Management Policy

A statement of the overall intentions and direction of the Council related to the management of risk

Risk Matrix

A graphical table which facilitates the risk analysis process, shows the scales of likelihood and impact and plot risk scores

Risk Owner

The person responsible for the objective which would be affected by the risk

Risk Register

A summary of information relating to the risks to the achievement of an objective or set of objectives

Unmanaged risk score

Assessment of the combined scores, for the likelihood and impact of the risk happening, **before** taking into account any controls in place to manage the risk.

Appendix B – Risk Categories

Categories are widely used to identify sources of risk. Some will be of greater concern at the corporate/strategic level and some at the departmental/service level. However there is no clear distinction and all levels of management should be concerned, to varying degrees, with the majority of categories.

The categories below will assist at the risk identification stage in order to provide prompts to help identify risks. Risks can of course fall into one or more categories.

External

Category	Definition	Examples
Political	Associated with the political environment in which the Council operates	<ul style="list-style-type: none"> • New political arrangements • Member support / approval • Electorate dissatisfaction • Impact of electoral changes
Economic	Associated with changes in the economic environment, their impact on the community and Council's own financial position.	<ul style="list-style-type: none"> • National and regional economic situation • HM Treasury – investments, reforms, budget cuts • Key employment sectors (current and future) • Borrowing, lending situations, investments and interest rates • Inflation
Social	Relating to the effects of changes in demographic, residential or socio-economic trends.	<ul style="list-style-type: none"> • Residential patterns / profile (state of housing stock, public / private mix) • Health trends / inequalities • Demographic profile (age, race etc.) • Lifelong learning • Crime statistics / trends
Legal / Regulatory	Associated with current or potential changes to legislation and the regulatory environment at national and international level.	<ul style="list-style-type: none"> • Government policy • Inspection / regulation (e.g. Ofsted) • European Directives (e.g. procurement) • Legal challenges • Statutory duties / deadlines (e.g. FoI)

Technological	Associated with the impact of the pace/scale of technological change on the community and the Council, or our ability to use technology to address changing demands.	<ul style="list-style-type: none"> • Technology driving demand – customer needs and expectations • Digital exclusion • Increasing reliance on technology • Resilience of key IT systems • Capacity to deal with change
Environmental	Relating to the environmental consequences of realising our objectives and the impact of environmental change on the Council and the community.	<ul style="list-style-type: none"> • Impact of planning and transport policies • Nature of environment (urban / rural) • Land use – green belt, brown field sites • Contamination, pollution • Storage / disposal of waste • Climate change and impact of severe weather

Internal

Financial	Arising from the financial planning and control framework	<ul style="list-style-type: none"> • Quality of financial forecasting, profiling and cost/benefit analysis • Effectiveness of financial controls • Lack of investment • Failure to prioritise budgets • Level of financial skills and knowledge • Adequacy of financial reporting • Management of budgetary pressures
Customer / Citizen	Arising from the need to meet the changing needs, choices and expectations of customers and citizens	<ul style="list-style-type: none"> • Effectiveness of safeguarding • Relations with community leaders and groups • Extent and nature of consultation • Managing expectations • Reputation management • Management of complaints and compliments • Visibility of services (e.g.

		refuse collection)
Partnership / Contractual	Arising from the ability of contractors and partnership arrangements to deliver services or outcomes to the agreed cost and specification	<ul style="list-style-type: none"> • Resilience of partners / supply chains • Accountability frameworks and partnership boundaries • Managing performance • Experience and expertise in commissioning • Governance arrangements
People	Arising from the capability, competency and capacity of those who work for the Council and their welfare and safety.	<ul style="list-style-type: none"> • HR / employment policies • Quality of industrial relations • Reliance on key staff • Recruitment and retention • Health and safety duties • Level of staff morale • Adequacy of skill set
Tangible Assets (Physical)	Relating to the availability, security, safety and adequacy of land, buildings, plant and equipment	<ul style="list-style-type: none"> • Nature and state of asset base • Resilience and service continuity arrangements • Maintenance practices and policies • Security arrangements
Processes & Professional Judgements	Arising from internal protocols management processes and the nature of individual professions	<ul style="list-style-type: none"> • Quality of professional judgements • Effectiveness of project management and performance management processes
Managerial / Leadership	Arising from managerial ability and the quality of leadership	<ul style="list-style-type: none"> • Stability of officer structure • Quality of internal communications • Professional standing of key officers • Management culture • Workforce planning • Authority
Data and Information	Arising from data or information which the Council uses or manages. Access to, the management of and effectiveness of, information generated or required by the organisation.	<ul style="list-style-type: none"> • Data security • Data processing arrangements • Data reliability / quality • Effective use and interpretation of information • E-government

Governance	Relating to the adequacy of the Council's governance arrangements and adherence to them	<ul style="list-style-type: none"> • Speed / effectiveness of decision-making processes • Clarity of purpose • Level of accountability and openness • Limits of authority • Standards of conduct and behaviour • Enforcement of corporate policies / standards
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Appendix C

RISK ACTION PLAN TEMPLATE

This template is to be completed for ALL risks in the Directorate Risk Register currently evaluated as red in the Council's risk scoring matrix.

RISK OVERVIEW	
Risk Description	
Risk Owner	
Directorate Lead	

CURRENT SITUATION: Detail the current risk score and reason/s why it is considered to be so significant	
Current Score : (Likelihood x Impact)	
Why is the risk considered to be so significant?	

ACTIONS: This describes what is necessary or how to reduce the risk score. This way everyone is clear on what is required and when; knows the expected outcome and how to achieve it.	
What (is required)	
How (will it be achieved)	<i>Are there any resource allocation required for specific activities?</i>
Who (will be responsible) i.e. the control owner	
When (will results be realised)	<i>Date required.</i>
What (should the score be when the action(s) are implemented)	

Signed.....Manager responsible for the service

Date

SignedHead of Service:

Appendix D – Risk Register Template

Priority / Objective	Risk Ref.	Risk Description	Unmanaged Scores			Risk Category	Risk Owner	Existing Controls	Current Scores			Risk Review Frequency	Planned Additional Controls	Control Owner	Target Date	Target Scores			Current Risk Status (▲ ▼ ◀ ▶)	Risk Action Update
			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)					Likelihood	Impact	Total (LxI)		
					0				1	2	2	HY						0		
					0				1	2	2	HY						0		
					0				4	5	20	M						0		
					0				3	4	12	Q						0		

WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

18 MARCH 2015

SUBJECT	CORPORATE RISK REGISTER
WARD/S AFFECTED	ALL
REPORT OF	CHIEF EXECUTIVE
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

- 1.1 Under the terms of the Council's Constitution one of the functions of the Audit & Risk Management Committee is to provide independent assurance that the Council's risk management framework is effective.
- 1.2 A key output from the Council's risk management framework is the Corporate Risk Register. To support this Committee's work in considering the effectiveness of the framework a report is now presented on a regular basis detailing the key risks facing the authority and how these are being managed.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The Corporate Risk Register summarises those areas of uncertainty which have greatest potential to prevent or frustrate delivery of the Corporate Plan and confirms how the authority is seeking to tackle them. At a strategic level these risks help to inform future priorities and interventions. The actions required to mitigate the risks also influence the content of Directorate Service Plans and the allocation of resources. In that way they are a key component of the corporate planning process and so success in managing these risks is a key factor in overall corporate performance.

2.2 Existing Corporate Risks

- 2.2.1 Following the Quarter 2 review undertaken by the Chief Executive Strategy Group (CESG) and which was reported to this Committee on 25 November 2014 the register contained 31 risks.
- 2.2.2 As reported to this committee on 27 January a further risk 'Failure to process applications for Deprivation of Liberty Safeguards (DoLS) assessments within prescribed timescales' was added subsequent to the formal review.

2.3 Review Quarter Three 2014/15

- 2.3.1 At its meeting on 24 February the Strategic Leadership Team received the Quarter 3 Corporate Risk report from the Risk and Insurance Officer. This summarised high level risks within Directorate risk registers with an emphasis on those where officers believe that further mitigation will prove difficult. None of the risks were considered to be of corporate significance.

- 2.3.2 The report also invited the Team to evaluate two risks added to the corporate risk register within quarter 3. The Deprivation of Liberty Safeguards risk referred to in section 2.2.2 was allocated a likelihood of 4 and an impact of 3. It was decided to remove from the register the risk relating to the retirement of the previous Chief Executive given that the new Chief Executive has been appointed.
- 2.3.3 It was proposed that a further matter be added to the register – the risk of Child Sexual Exploitation (CSE). Whilst Safeguarding already features on the register the Team considered that CSE is significant enough to warrant inclusion and monitoring in its own right.
- 2.3.4 The Team also considered the information provided to this committee on 27 January concerning progress with the implementation of additional controls for the corporate risks. It was noted that although a small number of actions were behind schedule none of these was sufficiently critical to warrant amending the score for the risk in question or taking additional action.
- 2.3.5 A copy of the updated Register is appended to this report.

2.4 Governance Commissioning and Improvement Portfolio Holder Briefing

- 2.4.1 As reported to the last meeting of this committee Councillor Ann McLachlan has begun to examine a small number of the most critical corporate risks at each briefing. These examinations are structured around a summary from the Risk & Insurance Officer. Other officers with more detailed knowledge of the risks in question are also present to answer questions on the controls their effectiveness and whether further action could be taken.
- 2.4.2 The January briefing considered ‘Failure to deliver within budgets’ (FI1) ‘Use of untried / untested models’ (GO7) and ‘The scale and pace of change required could exceed our organisational capacity’ (PE1). The February briefing considered ‘Failure to ensure adequate safeguarding arrangements’ (CU1) and ‘Welfare Reforms’ (EC2).

2.5 ICT Disaster Recovery

- 2.5.1 The register contains the risk of a sustained catastrophic failure in the Council’s ICT systems. At the meeting on 27 January Members requested information concerning plans to improve ICT disaster recovery.
- 2.5.2 In response to that request the Chief Information Officer has provided the following.
- 2.5.2a The Council’s IT Services division is undertaking several strands of activity aimed at improving the Council’s resilience to disruption to information technology and communications services (pro-active Business Continuity) and its ability to recover quickly from major disruptive events (reactive Disaster Recovery).

2.5.2b A 'site recovery manager' facility is available to the Council as part of its virtualisation strategy. This facility can host some of the organisation's systems and applications, providing them with greater resilience. However, it will require the Council to identify which are its most vital systems.

2.5.2c A list of critical services was identified by the Strategic Leadership Team in late 2014 and the production of business continuity plans for these services is in progress. Once complete, an exercise will need to be conducted to identify and rank the criticality of the systems and applications which support these services and to determine the maximum tolerable period of disruption for each system. This will inform decisions as to which systems are to be hosted.

2.5.2d In addition IT Services has been evaluating a number of options for separating the Council's data centres. The current options currently being considered are:

- to establish two data centres, both located in buildings owned by the authority.
- to establish a primary data centre in a council owned building and make use of virtual 'cloud' based services to provide the back up.
- to locate one or two data centres in premises operated by public sector partner agencies within the region.
- to locate one or two data centres in commercial co-location facilities within the region.

2.5.2e The objective is to have at least one remote data centre operational by the end of December 2015. Beyond this date, there will be exercises to procure the additional services required, which will depend on the option selected.

2.5.2f Scrutiny of progress in this area is provided by the Portfolio Holder for Governance, Commissioning and Improvement, through her monthly briefings. The Chief Information Officer has also provided reports to Transformation and Resources Policy and Performance Committee.

2.6 Next Steps

2.6.1 The Strategic Leadership Team will conduct the Quarter 4 review of the register. The outcome will be reported to the next meeting of this committee.

2.6.2 The Portfolio Holder for Governance Commissioning and Improvement will consider additional significant corporate risks at her monthly briefings.

2.6.3 Information on additional controls for corporate risks will be updated with relevant projects and activities identified in Directorate plans for 2015/16. The updated risk register will be reported to this committee.

3.0 RELEVANT RISKS

3.1 The issues contained in the register are considered by the Strategic Leadership Team to present the most significant risks to achievement of the objectives and priorities contained in the Corporate Plan. As such failure to manage them effectively could have severe implications for delivery of the Plan.

4.0 OTHER OPTIONS CONSIDERED

4.1 These are not applicable in respect of this report.

5.0 CONSULTATION

5.1 No specific consultation has been undertaken with regard to this report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 None.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 None.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

8.1 Whilst there are no direct implications effective management of the corporate risks will help to mitigate negative impacts on the Council's financial IT and human resources.

9.0 LEGAL IMPLICATIONS

9.1 There are none arising directly from this report.

10.0 EQUALITIES IMPLICATIONS

10.1 There are none arising directly from this report.

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are none arising directly from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are none arising directly from this report.

13.0 RECOMMENDATIONS

13.1 That Members consider the Corporate Risk Register.

13.2 That further reports on the Corporate Risk Register be brought to future meetings of this Committee.

14.0 REASONS FOR RECOMMENDATIONS

14.1 Having an understanding of the Council's principal risks and their controls supports the Committee's responsibility in relation to the adequacy of the Council's risk management framework.

14.2 The provision of regular reports to this Committee on the Corporate Risk Register is a requirement of the Council's Corporate Risk Management Policy.

REPORT AUTHOR: Mike Lane
Risk & Insurance Officer
telephone: 0151 666 3413
email: mikelane@wirral.gov.uk

APPENDIX

Corporate Risk Register Quarter Three 2014/15

BACKGROUND PAPERS/REFERENCE MATERIAL

Report to Strategic Leadership Team 12 February 2015
Agenda and minutes from the Corporate Governance Group
Agenda and minutes from the Strategic Leadership Team

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management Committee	27 January 2015
Audit & Risk Management Committee	25 November 2014
Audit & Risk Management Committee	17 September 2014
Audit & Risk Management Committee	23 June 2014

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Wirral Metropolitan Borough Council

Analysis of Corporate Risks by Category

Internal

Category	Number	Descriptions	Risk Score
Financial	2	Failure to deliver within budgets (F11)	12
		Major fraud or corruption (F12)	6
Governance	7	Failure to remodel the Council (GO1)	8
		Failure to establish governance arrangements that support change (GO2)	6
		Internal policies & procedures could delay change (GO3)	4
		Failure to identify potential changes to government policy early enough to influence and respond (GO4)	6
		Failure to maintain a focus on economic growth (GO5)	8
		Failure to maximise our influence with key stakeholders (GO6)	4
		Use of untried / untested models (GO7)	12
People	5	Scale and pace of change could exceed organisational capacity (PE1)	12
		Skills within the Council could be insufficient (PE3)	8
		Failure to ensure that the culture of the organisation supports the future operating model (PE4)	9
		A failure in health and safety management (PE5)	8
		Failure to ensure sufficient capacity and technical knowledge to deliver effective and compliant commissioning and procurement (PE6)	12
Data and Information	3	Quality and availability of data & intelligence (DA1)	9
		A failure in information governance (DA2)	8
		Withdrawal of support for the content management system could affect the security and effectiveness of the Council's web-site (DA3)	12
Partnership / Contractual	2	Failure to ensure resilience and cohesion in key partnerships (PA2)	9
		Failure of a major provider (PA4)	12
Customer / Citizen	2	Failure to ensure adequate safeguarding arrangements (CU1)	15
		Child Sexual Exploitation (CU2)	To be scored
Physical	3	A major physical incident compromises the delivery of essential services (PH1)	8
		New IT systems/hardware not implemented in time (PH2)	9
		Sustained catastrophic failure in IT systems (PH3)	10
Total number	24		

External

Category	Number	Descriptions	Score
Economic	1	Welfare Reforms (EC2)	16
Social	3	Increasing demand for socially provided care (SO1)	16
		Poor lifestyle choices adversely affect public health (SO2)	12
		Failure to equip the community to be more self-reliant (SO3)	9
Technological	1	Technological advance leads to digital exclusion (TE1)	12
Environmental	1	Growing incidence of extreme weather events (EN2)	12
Legal / Regulatory	2	Growth of academies / free schools (LE1)	6
		Failure to process applications for DoLS assessments within prescribed timescales (LE2)	12
Total number	8		

Corporate Risks Plotted on Existing Corporate Scoring Model

The graphic below shows the Current risk scores for all corporate risks plotted on the Council’s corporate risk scoring matrix. This enables the reader to appreciate the significance of each risk relative to all the others. The table indicates each risk by its reference rather than by its full description. Please refer to the key on pages 1 and 2.

		Impact				
		Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Likelihood	Very High (5)	5	10	15	20	25
	High (4)	4	8	12 PE6, LE2	16 EC2, SO1	20
	Medium (3)	3	6	9 PE4, DA1, PA2, PH2, SO3	12 FI1, GO7, PE1, PA4, SO2, TE1, EN2, DA3	15 CU1
	Low (2)	2	4 GO3, GO6	6 FI2, GO2, GO4, LE1	8 GO1, GO5, PE3, PE5, DA2, PH1	10 PH3
	Very Low (1)	1	2	3	4	5

Corporate Risks 2014-15 (As at 24 February 2015)

Internal

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		

Financial

Failure to deliver within immediate and long term budgets (F11)	Strategic Director Trans & Resources	Political impact Damage to reputation Potential government intervention Storing up greater problems for the future Drain on reserves Fiduciary duty not met (S114)	<ul style="list-style-type: none"> Corporate Plan reflects financial challenge Delivery of budget options projects being progressed Monitoring of budgetary position by Benefits Realisation Group (bi-weekly) and CESH Freeze on vacancies and non-essential expenditure Deceleration of Capital Programme spend Challenge process for budget changes Monthly reporting to Cabinet and Scrutiny Committees Maintain knowledge of external influences on the Council's financial position (e.g. Central Government) 	4	3	12	<ul style="list-style-type: none"> Re-model early intervention and prevention services to ensure we manage demand efficiently and community based care effectively Embed a strategic approach to commissioning Progress opportunities for joint commissioning with health partners Care Bill modelling and preparation for implementation in 2015/16 Review of specialist rates for supported living and (LD/MH) for residential and nursing care Support the implementation of Future Council 	<ul style="list-style-type: none"> Strategic Director – Families & Wellbeing (March 2015) Strategic Director – Families & Wellbeing (March 2015) Strategic Director – Families & Wellbeing (Ongoing) Strategic Director – Families & Wellbeing (March 2015) Strategic Director – Families & Wellbeing (March 2015) Strategic Director Transformation & Resources
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			<ul style="list-style-type: none"> • Regular review of MTFS 				<ul style="list-style-type: none"> • Implement Investment Strategy delivery plan • House building programme 	<ul style="list-style-type: none"> • Strategic Director Regeneration & Environment • Strategic Director Regeneration & Environment
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Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				3	2	6		
Major fraud or corruption (FI2)	Strategic Director Transformation & Resources	Significant financial cost (depends on nature of incident(s), damage to reputation)	<ul style="list-style-type: none"> Counter Fraud and Corruption Policy Whistle Blowing Policy Counter Fraud Plan and trained investigator Participation in National Fraud Initiative Codes of conduct for Members and officers Financial Procedure Rules Contract Procedure Rules Sound Internal Control systems Effective recruitment and selection Benefits Fraud Investigation team with trained investigators Procedures for the Declaration of Conflict of Interests, Gifts and Hospitality and Pecuniary Interests 	3	2	6	<ul style="list-style-type: none"> Implement counter fraud action plan Develop Corporate Counter Fraud Strategy Establish facility for on-line reporting by MOP Introduce positive vetting of new employees Introduce anti fraud statement into recruitment form Seek DCLG funding to establish a 'Mersey Region Fraud Hub' 	<ul style="list-style-type: none"> Director of Resources Director of Resources (June 2015) Director of Resources (March 2015) All Strategic Directors (March 2015) Strategic Director Transformation & Resources (March 2015) Director of Resources (tbc)

			<ul style="list-style-type: none">• Mandatory training programme• Use of declarations and fair processing notices• Disciplinary procedures• On line fraud training programme for employees and managers					
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Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
Governance								
Failure to remodel the Council to meet its future challenges (GO1)	Chief Executive	Services might not be delivered to required standards. Needs could go unmet Potential government intervention Damage to reputation	<ul style="list-style-type: none"> • Wirral's vision is set out in Corporate Plan • CESG focus on coherent new model Revised contract procedure rules introduced • Robust technical design principles • Robust project and risk management arrangements for 'Future Council' programme 	4	2	8	<ul style="list-style-type: none"> • Implement programme of ICT improvements • Implement new Asset Management Plan • Embed a strategic approach to commissioning • Support the implementation of the Future Council Programme 	<ul style="list-style-type: none"> • Director of Resources • Head of Universal & Infrastructure Services • Strategic Director – Families & Wellbeing (March 2015) • Strategic Director Transformation & Resources (ongoing)
Internal policies and procedures could delay change (GO3)	Chief Executive	Possible slippage in key projects (financial impact) Impact on partners and suppliers (e.g. procurement) Agility could be restricted	<ul style="list-style-type: none"> • New Members briefing and decision-making processes implemented • Scheme of Delegation / Member Officer protocol updated • Code of Corporate Governance revised • Weekly meeting of 'Future Council' Governance Board • Robust governance arrangements for 'Future Council' programme 	2	2	4	<ul style="list-style-type: none"> • Further embed the new Constitution • Monitor compliance with revised financial regulations and new Contract Procedure rules 	<ul style="list-style-type: none"> • Strategic Director Transformation & Resources • Strategic Director –Transformation & Resources (Internal Audit)

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Failure to establish governance arrangements that support wholesale change and enable difficult decisions to be taken (GO2)	Chief Executive	Services could not be delivered to required standards. Needs could go unmet Council does not improve - reputation	<ul style="list-style-type: none"> • Revised Constitution in place • Scheme of Delegation rolled out • Cohesive CESG • Closer working with Cabinet • New Members briefing and decision-making processes implemented • Leaders Board established • Member development programme • Revised corporate risk management policy adopted • New Corporate Governance Group formalised 	3	2	6	<ul style="list-style-type: none"> • Further embed the new Constitution • Joint Cabinet / CSG sessions 	<ul style="list-style-type: none"> • Head of Legal & Democratic Services • Chief Executive (ongoing)

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Failure to identify potential changes to government policy and legislation early enough to influence and respond (GO4)	Chief Executive Strategy Group	Opportunities could be missed. Council might be slow to react (e.g. IER)	<ul style="list-style-type: none"> • Work of the Policy Unit • Policy network established • Regular policy briefings provided to Senior Officers and Members • Performance Management and Business Intelligence resource • Regular item on CSG agenda 	3	2	6	<ul style="list-style-type: none"> • Increased visibility of political and executive leaders with national government 	

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
<p>Failure to maintain a focus on economic growth</p> <p>(GO5)</p>	Strategic Director Regeneration & Environment	<p>Wirral would potentially miss key opportunities for economic growth. Less positive reputation with Government, investors and partners. Insufficient suitable sites for employment and housing. Multiple negative impacts on the community.</p>	<ul style="list-style-type: none"> Investment Strategy Investment Strategy Board Priority within Corporate Plan 	4	2	8	<ul style="list-style-type: none"> ERDF business growth programme Regional Growth Fund projects Policy & Performance committee—scrutiny function Capitalise on the success of the 'Open' Implement Investment Strategy delivery plan Continue lobbying as an authority and as part of LCR for national availability of match funding Marketing activity - implementing the Inward Investment Targeting Plan 	<ul style="list-style-type: none"> Strategic Director Regeneration & Environment Head of Neighbourhoods and Engagement

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
A failure to maximise our influence with key stakeholders limits our ability to capitalise on opportunities (GO6)	Chief Executive	Opportunities (government and private sector) might be missed.	<ul style="list-style-type: none"> Chief Executive and senior members / officers engage outside Wirral with national decision-makers Leader of the Council is chair of the Combined Authority LEP membership CX influence via LCR Chief Executive group 	2	2	4		
Use of untried / untested models (mutuals, social enterprises, shared services) (GO7)	Strategic Director Trans & Resources	Possible service failures Needs could go unmet Damage to reputation Increased costs	<ul style="list-style-type: none"> Transformational Change projects based on robust business cases Learning from other local authorities Accessing external expertise (legal, financial and operational) 	4	3	12	<ul style="list-style-type: none"> Embed a strategic approach to commissioning 	<ul style="list-style-type: none"> Strategic Director – Families & Wellbeing (March 2015)

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
People								
The scale and pace of change required could exceed our organisational capacity – especially in key areas (PE1)	Strategic Director - Trans & Resources	Failure to remodel the organisation Possible delay to critical projects Behavioural change might be difficult to achieve Damage to reputation Political impact Failure to deliver savings	<ul style="list-style-type: none"> Senior management team in place (exc. CX) New governance model for programme management Dedicated Change Team Change agent programme Matrix management arrangements adopted Bi-weekly Benefits Realisation Group 	4	3	12	<ul style="list-style-type: none"> Use re-modelling fund for additional capacity, if required Programme management approach to identify capacity requirements 	
Skills within the Council could be insufficient to support our future operating model (PE3)	Strategic Director - Trans & Resources	Possible service failures. Benefits from re-modelling might not be realised. Lack of ownership.	<ul style="list-style-type: none"> Redeployment training support in place Change agent programme Leadership and Management Development Programmes Performance Appraisals for senior managers Future Council modelling has been based on stress testing 	4	2	8	<ul style="list-style-type: none"> Continue Leadership Development Programme Continue Management Development Programme Roll out Performance Appraisals to all staff Specialist briefings to support managers carrying out ring fence interviews 	<ul style="list-style-type: none"> Strategic Director Transformation & Resources (ongoing) Strategic Director Transformation & Resources (ongoing) Strategic Director Transformation & Resources (ongoing) Strategic Director (Transformation & Resources)

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
<p>Failure to ensure that the culture of the organisation supports the future operating model</p> <p>(PE4)</p>	Strategic Director - Trans & Resources	Change needed might not be delivered. Benefits of governance improvements might not be realised	<ul style="list-style-type: none"> • Link of values to behaviours in Performance Appraisal • Change agent programme 	3	3	9	<ul style="list-style-type: none"> • Design / implement cultural change programme • Continue Leadership Development Programme • Continue Management Development Programme • Roll out Performance Appraisals to all staff • Respond to the 2013/14 Staff Survey 	<ul style="list-style-type: none"> • Strategic Director Transformation & Resources • Strategic Director Transformation & Resources (ongoing) • Strategic Director Transformation & Resources (ongoing) • Strategic Director Transformation & Resources (Ongoing) • Head of Neighbourhoods and Engagement and Head of Human Resources & OD

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
<p>A failure in health and safety management leading to death or serious injury</p> <p>(PE5)</p>	Head of Universal & Infrastructure Services	Significant financial cost, possible civil and criminal proceedings (corporate manslaughter), damage to reputation	<ul style="list-style-type: none"> • Register of corporate H&S risks • Corporate H&S policy specifies management roles & responsibilities, specific management arrangements have been developed • Legislative Compliance Audit programme & Fire Risk Assessments of all Council premises • Programme of auditing management compliance against H&S policy • Delivery of essential emergency training for fire and first aid • H&S Officers investigate all significant accidents & incidents, including ELI claims • Specific H&S training • Health surveillance arrangements for occupational health risks • Delivery of (IOSH) Managing Safely training to Managers and Supervisors below HoS 	4	2	8	<ul style="list-style-type: none"> • Continuous review and develop of H&S arrangements • Continuing programme of compliance audits of H&S policy • Maintaining health surveillance programme for occupational health risks • Continuous programmed assessment of legislative compliance and fire risk at all Council premises • Senior management teams H&S training programme 	<ul style="list-style-type: none"> • Strategic Director – Transformation & Resources (ongoing)

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Failure to ensure sufficient capacity and technical knowledge to deliver effective and compliant commissioning and procurement (PE6)	Director of Resources	Impact on ability to introduce effective commissioning and deliver planned savings Challenge from external markets	<ul style="list-style-type: none"> • Staff development and training • Recruitment and retention policies • Review of structure 	3	4	12	<ul style="list-style-type: none"> • Acceleration of recruitment • Re-allocation of staff with necessary skills • Use of temporary staff 	<ul style="list-style-type: none"> • Head of HR & OD • Director of Resources/Head of Procurement • Director of Resources/Head of Procurement

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Data and Information								
Quality and availability of data and intelligence could be insufficient to enable us to design services & target effective interventions (DA1)	Director of Policy, Performance & Public Health	Financial inefficiency Needs could go unmet Negative impact on the quality of commissioning	<ul style="list-style-type: none"> Performance Management and Business Intelligence resource within Policy, Performance and Public Health function Provision of dashboard reports to Policy & Performance committees Breadth and depth of data from Service Reviews New case management system implemented across Adult and Children's services 	3	3	9	<ul style="list-style-type: none"> Implement Data Warehouse Enhance Corporate Governance Group 	<ul style="list-style-type: none"> Director of Policy, Performance & Public Health (August 2015) Strategic Director - Transformation & Resources
Withdrawal of support for the content management system could affect the security and effectiveness of the Council's web-site (DA3)	Head of N'hoods and Engagement	Site would become more vulnerable Functionality of the site would deteriorate	<ul style="list-style-type: none"> Project plan to rebuild the site drafted IT resources allocated 	4	3	12	<ul style="list-style-type: none"> Deliver the rebuild protect 	<ul style="list-style-type: none"> Head of N'hoods & Engagement (July 2015)

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
A failure in information governance leading to a significant disclosure of sensitive information (DA2)	Strategic Director Trans & Resources	Distress and inconvenience to those affected. Criminal and civil proceedings against the Council. Damage to the Council's reputation	<ul style="list-style-type: none"> Information Governance Board and Information Governance Operational Group established Guidance on information handling/security circulated Technical ICT controls Independent security assessments of the council's ICT infrastructure PSN accreditation attained Training delivered to Members and key officers on information governance IG communications for non-IT users developed IG checklist for departments/managers developed Training delivered to IAOs Mandatory on-line training for managers and key staff Level 2 IG toolkit accreditation achieved 	4	2	8	<ul style="list-style-type: none"> Implement the Information Governance Action Plan Secure all council mobile and printing devices Implement technical solution to protectively monitor the council's ICT infrastructure All staff to undertake background checks to comply with BPSS Centralise IG policies and procedures and risks Retain PSN accreditation 	<ul style="list-style-type: none"> Strategic Director - Transformation & Resources Strategic Director - Transformation & Resources (ongoing) Strategic Director - Transformation & Resources (Ongoing to March 2015) Strategic Director - Transformation & Resources (2015) Strategic Director - Transformation & Resources (ongoing) Strategic Director - Transformation & Resources (March 2015)

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		

Partnerships

<p>Failure to ensure resilience and cohesion in key partnerships</p> <p>(PA2)</p>	<p>Strategic Director - Trans & Resources</p>	<p>Potential service failures and gaps in provision. Needs could go unmet. Possible duplication / inefficient use of effort / resources. Cost 'shunting'. Increased demands on the Council because others cannot help.</p>	<ul style="list-style-type: none"> • Health & Wellbeing Board established • Local Public Sector Board established • Support for Combined Authority • Review of partnerships conducted • Register of key partnerships developed 	<p>3</p>	<p>3</p>	<p>9</p>	<ul style="list-style-type: none"> • Develop the Local Public Sector Board and Health & Wellbeing Board • Refresh partnership toolkit 	<ul style="list-style-type: none"> • Director of Public Health, Policy & Performance • Strategic Director - Transformation & Resources
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Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Failure of a major provider (private, public or voluntary, community and faith sector) or partner leading to interruption of service (PA4)	Chief Executive	Impact on service delivery (depends on provider) potentially affecting vulnerable people, damage to the Council's reputation, cost of putting alternative arrangements in place	<ul style="list-style-type: none"> External suppliers identified and position statement compiled as to their arrangements Procurement Strategy and the agreed procurement process checks on potential contractor. Contract and performance management arrangements Monitoring of contract delivery by Strategic Directors Linkages to Business Continuity arrangements 	4	3	12	<ul style="list-style-type: none"> Work with departments to ensure that all partner agencies and/or voluntary, community or faith sector organisations have suitable and sufficient business continuity arrangements – a check should be made on a two yearly basis Ensure all external suppliers / contractors provide a position statement in regard to their individual business continuity plans on a two yearly basis Incorporate an annual financial check is as part of the regular contract performance management arrangements 	<ul style="list-style-type: none"> Head of Universal & Infrastructure Services (2014 onwards) Head of Universal & Infrastructure Services Head of Universal & Infrastructure Services

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Customer / Citizen								
Failure to ensure adequate safeguarding arrangements, exposing children or vulnerable adults to greater risk of abuse or exploitation (CU1)	Strategic Director Families & Wellbeing	Significant financial cost, possible civil and criminal proceedings, loss of confidence in the Council, damage to reputation, government intervention	<ul style="list-style-type: none"> Local Safeguarding Children Board and Safeguarding Adults Partnership Board monitor serious case review action plans. Business priorities for the WSCB monitored through the WSCB Executive Fortnightly performance monitoring of changes to contact and referral taking in CADT. Reports to CESG and strategic Directors DMT on Corporate Safeguarding performance. National Notification of Serious Child Care Incidents to OFSTED. Continuing programme for disseminating learning from serious child care incidents. Monthly meetings of the Merseyside Child Death Overview Panel. Continuing review of S118 IRO applications. 	5	3	15	<ul style="list-style-type: none"> Implement a strengths based model of working with families. Support Council staff and partners in learning from best practice and serious/critical case reviews. Deliver a customer focused response to complaints that leads to improvements in practice and evaluate Evaluate effectiveness of Multi Agency Safeguarding Hub. Implement 'Making Safeguarding Personal' (MSP) and evaluate its impact 	<ul style="list-style-type: none"> Strategic Director - Families & Wellbeing (March 2015 to Sept 2016) Strategic Director - Families & Wellbeing (Nov 2014 to March 2015) Strategic Director - Families & Wellbeing (Dec 2014 to March 2015) Strategic Director - Families & Wellbeing (Sep 2014 to March 2015) Strategic Director - Families & Wellbeing (May 2014 to March 2015)

			<ul style="list-style-type: none"> • Revised social work pay and grade structure. • Reviews carried out by District Managers of children / young people known to a number of different agencies • High-level multi-agency review of individuals leading to improved, and consistently applied multi-agency risk management process and targeted support to be put in place to pre-empt, where possible, escalation of identified areas of concern. • Strategic Review Process implemented for contracted providers giving cause for concern • Joint Domestic Violence sub committee of the SAPB and LSCB established • Multi Agency Safeguarding Hub for vulnerable children and adults 					
Child Sexual Exploitation <i>(CU2)</i>	Strategic Director - Families & Wellbeing		To be populated				To be populated	To be populated

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Physical								
A major physical incident could compromise the delivery of essential services (PH1)	Strategic Director – Trans & Resources	Potential major impact on service delivery (depends on nature of incident), additional cost of alternative provision, possible damage to reputation	<ul style="list-style-type: none"> • Dedicated Health, Safety & Resilience Team provides support and guidance with 24/7 duty officer cover • External Partner organisations and suppliers identified and position statement compiled as to their arrangements • Awareness sessions delivered to key staff • Wirral Business Continuity Policy adopted • Wirral Flood and Water Management Partnership • Review of winter maintenance arrangements conducted. • Merseyside Community Risk Register • Business interruption and Loss of Revenue insurance • Wirral Emergency volunteer scheme 	4	2	8	<ul style="list-style-type: none"> • All critical services to complete the revised BC template • Critical Services to exercise their BC plans / templates • SLT Training and Exercising programme • Continue to review and capture any lessons learnt from incidents and exercises. 	<ul style="list-style-type: none"> • All Strategic Directors (March 2015) • All Strategic Directors (March 2016) • Strategic Director – Transformation & Resources • Strategic Director – Transformation & Resources

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
<p>Failure to implement new IT systems / hardware in time to support the new Council model</p> <p>(PH2)</p>	Director of Resources	<p>Benefits of the new operating model might not be realised.</p> <p>Costs could increase</p> <p>Possible service failures</p> <p>Unreliable data</p>	<ul style="list-style-type: none"> Replacement / upgrade projects agreed as part of 'Future Council' programme Control and monitoring meetings for all projects within ICT improvement programme Temporary engagement of Strategic IT Advisor to provide direction and capacity Initial group of servers implemented New case management system implemented across Adult and Children's services 	3	3	9	<ul style="list-style-type: none"> Implement programme of ICT improvements (including refresh of hardware) Implement Windows 7 & Office 2010 across the Council 	<ul style="list-style-type: none"> Strategic Director –Transformation & Resources (March 2015) Strategic Director –Transformation & Resources (March 2015)
<p>A sustained catastrophic failure in the Council's ICT systems (PH3)</p>	Strategic Director Trans & Resources	<p>Huge impact on service delivery, possibly affecting the public (especially the vulnerable)</p> <p>damage to reputation, breach of contracts, inability to share data with partners and government</p>	<ul style="list-style-type: none"> Second machine room Fire suppressant system in rooms Additional backup /security based at Cheshire Lines implemented 	5	2	10	<ul style="list-style-type: none"> Implement programme of ICT improvements Improve IT disaster recovery arrangements 	<ul style="list-style-type: none"> Strategic Director –Transformation & Resources (March 2015) Strategic Director – Transformation & Resources (ongoing)

External
Economic

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Welfare Reforms (EC2)	Chief Executive	Adverse effect on individuals and the local economy. Increase in demands on Council services.	<ul style="list-style-type: none"> • Ongoing Council-led strategic approach to assess the implications and prepare effective policy & delivery response e.g. through WEDS & Welfare Reform partnership • Discretionary Funds Housing Payment Fund for those on Housing Benefit impacted by the reforms inc. under occupancy • Localised Welfare Assistance Scheme for those impacted directly or indirectly and at risk • Collaborative working with social and rented sector landlord stakeholders • Collaborative working with DWP Local Partnership Lead • Delivery Partnership Agreement with DWP to April 2015 	4	4	16	<ul style="list-style-type: none"> • Develop and deliver a Welfare Reform Dashboard • Local Welfare Assistance Member Task and Finish Group for post March 2015 continued support as specific funding ends • UC continued live roll-out of national scheme, related engagement with DWP those accessing and impacted upon by this Reform. Local Delivery Partnership Agreement 	<ul style="list-style-type: none"> • Strategic Director – Regeneration & Environment • Strategic Director – Transformation & Resources • Strategic Director – Transformation & Resources

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Social								
Increasing demand for socially provided care exceeds the resources available (Council and NHS) (S01)	Strategic Director Families & Wellbeing	Budget gap could increase	<ul style="list-style-type: none"> • Vision 2018 programme • Integrated Care programme • Joint Commissioning arrangements with the CCG • Enhanced monitoring and reporting arrangements • Joint Carers Strategy between Social Care and Health • 7 day working within the Integrated Discharge and Care Arranging Team implemented 	4	4	16	<ul style="list-style-type: none"> • Re-model early intervention and prevention services to ensure we manage demand efficiently and community based care effectively • Enhance market capacity to prevent avoidable hospital admissions and supporting timely hospital discharges 	<ul style="list-style-type: none"> • Strategic Director – Families & Wellbeing (March 2015) • Strategic Director – Families & Wellbeing (ongoing)

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Poor lifestyle choices continue to adversely affect public health and require different public provision (SO2)	Director of Policy, Performance & Public Health	Health inequalities remain. Increasing demands on health and care services	<ul style="list-style-type: none"> Commissioned lifestyle services (i.e. stop smoking services, weight management, drugs and alcohol services) Role of sports development service Health & Wellbeing Board provides focus and a forum for collaboration Vision 2018 work stream on early intervention and prevention 	4	3	12	<ul style="list-style-type: none"> Develop a new Public Health strategy for 2015-20 Conduct four health promotion campaigns – Stoptober, National Smile Week, Dry January and Mental Health Awareness Week 	<ul style="list-style-type: none"> Director of Public Health (March 2015) Director of Public Health (various)

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Failure to equip the community to be more self-reliant (SO3)	Chief Executive	Demands on our decreasing resources might not reduce Needs might go unmet	<ul style="list-style-type: none"> Asset based community development (ABCD) projects Public sector transformation network Existing support through the Voluntary, Community and Faith sectors Engagement of individuals and groups through Constituency Committees Direct Payments Advisory Service commissioned (supporting people to have enhanced choices and control through personalisation) Wirral emergency Volunteer Scheme established 	3	3	9	<ul style="list-style-type: none"> Develop the local approach to ABCD via Constituency Committees Delivery of the IFIP programme Create a social enterprise delivery vehicle for disability services 	<ul style="list-style-type: none"> Director of Public Health (June 2015) Strategic Director – Families & Wellbeing (Dec 2014 to Sep 2015) Strategic Director – Families & Wellbeing (July 2014 to April 2015)

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Technological								
<p>Technological advance leads to digital exclusion of individuals and businesses</p> <p>(TE1)</p>	Strategic Director Regeneration & Environment	<p>Those who could benefit most from information and services available online will not do so.</p> <p>Impact on SMEs ability to build & develop their business. (They are less likely to maximise usage of the internet)</p>	<ul style="list-style-type: none"> • Council is leading a partnership approach to increasing digital inclusion ('Go ON Wirral'). • Draft Wirral Digital Inclusion Action Plan (under development) • As part of the response to Welfare Reforms, an interactive profile of access and available support has been developed through Wirral Well website 	4	3	12	<ul style="list-style-type: none"> • Roll out of ongoing Community learning; training and IT skills, particularly with Housing partners • Ongoing work with partners to increase the network of publicly accessible PCs & Internet • Council project to encourage access to Council services online • Increasing availability of free Wi-Fi • Merseyside Connected (BDUK) superfast broadband project 	<ul style="list-style-type: none"> • Strategic Director Regeneration & Environment

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Environmental								
<p>Growing incidence of extreme weather events</p> <p>(EN2)</p>	Strategic Director Regeneration & Environment	Flood risk could rise Council's operating costs could increase (e.g. winter maintenance) Disruption to services	<ul style="list-style-type: none"> • Wirral Flood & Water Management Risk Partnership • Merseyside Strategic Flood & Coastal Risk Management Committee • NW Regional Flood & Coastal Committee • Contribute to existing NW RFCC levy scheme. • Merseyside Local Resilience Forum (Multi-Agency) & Wirral Council Flooding & Adverse Weather Response Plans • Met Office and Env Agency weather and flood alerting systems – council cascade to partner agencies • Wirral Emergency Volunteers Scheme set up 	4	3	12	<ul style="list-style-type: none"> • Progress implementation of the Wirral Flood Risk Partnership action plan. • Wirral Coastal Strategy 2013 – resultant Action Plan identifies 4 areas where intervention is required within 20 years • Surface Water Investigation work (RFCC Levy Bid for works to be delivered in 2014/15) • Develop a Severe Weather Action Plan 	<ul style="list-style-type: none"> • Head of Universal & Infrastructure Services • Strategic Director Regeneration & Environment (Coast Protection team) - by 2034 • Drainage & Development team • Head of Universal & Infrastructure Services

Risk Description	Lead Officer	Potential Impact	Principal Controls (Existing)	Current Risk Scores			Principal Controls (Planned)	Responsibility and Date
				Impact	Likelihood	Total		
Legal / Regulatory								
Growth of academies / free schools complicates our ability to raise educational attainment and provide skills (LE1)	Strategic Director Families & Wellbeing	Impact on children's health (if schools do not see themselves as partners) Reduced grant Reduced buy back of traded services Serious issues at schools might only become apparent at a late stage, creating turbulence, with LA having only limited powers Change in status could alter existing positive relationships with schools	<ul style="list-style-type: none"> • Dialogue with schools becoming Academies • Retention of support networks e.g Cluster Headteacher Groups • Wirral Education Quality Services (WEQS) offered to all schools, including Academies • Existing structures (e.g. WASH, WISP, Children's Trust Board) provide focus and forums for collaboration 	3	2	6	<ul style="list-style-type: none"> • Exploring with schools grouped Academy structures • Facilitating continuing dialogue with schools re Academy options • Expand and enhance the traded services offer to schools 	<ul style="list-style-type: none"> • Strategic Director – Families & Wellbeing • Strategic Director – Families & Wellbeing • Strategic Director – Families & Wellbeing (March 2015)
Failure to process applications for DoLS assessments within prescribed timescales (LE2)	Strategic Director Families & Wellbeing	Multiple legal actions could be brought - with significant defence costs Potential for major damage to the Council's reputation	<ul style="list-style-type: none"> • DoLS manager and administrative support in place • Prioritisation of cases to reduce risk to individuals • Regular reporting to SLT • Best interest assessors seconded into DoLS team for 12 months 	3	4	12	<ul style="list-style-type: none"> • Secondment of additional resources into DoLS team 	<ul style="list-style-type: none"> • Strategic Director – Families & Wellbeing (ongoing)

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WIRRAL COUNCIL

AUDIT & RISK MANAGEMENT COMMITTEE

18 MARCH 2015

SUBJECT	MANAGEMENT OF INSURANCE AND CORPORATE RISK
WARD/S AFFECTED	ALL
REPORT OF	DIRECTOR OF RESOURCES
KEY DECISION	NO

1.0 EXECUTIVE SUMMARY

1.1 This report sets out the key actions to be taken in relation to corporate risk and insurance management during 2015/16 and highlights any key decisions which will need to be made. Progress made since December 2014 in relation to key actions planned for the current year are also included.

2.0 BACKGROUND AND KEY ISSUES

2.1 Risk and insurance management comprises two significant areas of activity:

- One is the provision of advice and support to Members and officers in developing the corporate risk management framework and processes.
- The other is risk financing which incorporates insurance procurement, management of the Council's Insurance Fund and claims management.

2.2 The table below summarises key actions planned between now and the end of 2015/16. It highlights those areas in which Members will have an involvement and what form that will take. Future reports will focus on these issues.

Category	Action	Date	Member Involvement?	Comments
Risk financing	Annual renewal of Casualty, Computer, Engineering, Motor and Foster Care policies	Apr 2015	No	Outcome will be reported to Members
Risk financing	Procurement of Civil Litigation Defence Services	June 2015	No	Outcome will be reported to Members
Risk financing	Insurance Fund Annual Report	June 2015	Yes	Members to Consider recommendations on provisions and reserves.

Category	Action	Date	Member Involvement?	Comments
Risk financing	Annual renewal of Property, All Risks, Money, Fidelity Guarantee and Personal Accident / Business Travel policies	June 2015	No	Outcome will be reported to Members
Risk financing	Possible extension of Casualty contract	Sep 2015	Yes	Members will decide whether options to extend should be taken up
Risk financing	Insurance Fund Budget 2016/17	Jan 2016	Yes	Members to agree Insurance Fund Budget and apportionment between schools and the General Fund
Risk management	Launch risk management e-Learning modules	Apr 2015	No	Outcome will be reported to Members
Risk management	Agree an approach for determining risk appetite	June 2015	No	Outcome will be reported to Members
Risk management	Conduct pilot of 'Concerto' system for risk information	June 2015	No	Outcome will be reported to Members
Risk management	Agree requirements for reporting risk information to Policy & Performance committees	June 2015	Yes	Policy & Performance committees will receive additional information
Risk management	Exercise to consider the Council's risk appetite	Sep 2015	Yes	Member engagement session to be arranged.
Risk management	2015 risk management benchmarking	Sep 2015	No	Outcome will be reported to Members

Category	Action	Date	Member Involvement?	Comments
Risk management	Deliver risk management training session	Sep 2015	Yes	Members will be invited to the session
Risk management	Refresh corporate Risk Management Policy and action plan	Mar 2016	Yes	Proposed Policy and action plan will be presented to Members for consideration and adoption

2.3 In addition to day-to-day operations the insurance service is responsible for major procurement exercises and improvement activities. This report focuses on the latter. The key actions to be implemented during 2014/15 were included in the report to this Committee on 18 March 2014. Progress since December 2014 in respect of those actions is summarised in the paragraphs below.

2.3.1 Tender for Litigation Services

Members have asked for more information about this procurement process. The contract is for the provision of a litigation management service in relation to proceedings issued against the Council between 1 June 2015 and 31 March 2017 in connection with Liability insurance claims. The contract will contain a provision giving the Council the option to extend the contract for two periods each of two years.

The aptitude and technical knowledge of those delivering the service is of vital importance to the Council's ability to defend these proceedings and the ultimate cost of cases. For this reason the balance between price and quality in the evaluation of bids has been set at 50/50.

The Pre-Qualification Questionnaire (PQQ) contained a series of questions linked to the quality factors. The contract was advertised in OJEU on 12 January. There were 24 expressions of interest in the contract.

Invitations to Tender (ITT) were sent earlier this month. The closing date for return of tenders is 15 April 2015. The ITT requires the firms to submit responses to a series of method statement questions linked to the defined quality factors. Key members of the proposed service teams will also be required to attend an interview in which their technical knowledge will be further tested. The responses to both the method statement questions and the interview questions will be taken into account in the evaluation of quality. In terms of price those tendering will be asked to confirm their proposed fixed fees for simple cases and hourly rates for more complex and technically involved matters.

Copies of the PQQ and ITT documents can be made available on request to give additional information in respect of the scope and evaluation criteria for this procurement exercise.

Evaluation will take place between 20 and 30 April. The contract is expected to be awarded by 5 May and the outcome will be reported to the next meeting of this committee.

2.3.2 Review of Corporate Risk Register

The Corporate Risk Register is the subject of a separate report to this meeting.

2.3.3 Service Planning 2015/16

The requirements regarding the risk management element of directorate plans have been communicated to all management teams. The Risk & Insurance Officer has facilitated exercises with all three teams aimed at refreshing risk registers to reflect objectives within directorate plans for 2015/16.

2.3.4 Develop training and guidance for Members and officers

The content of E-learning courses for staff and for managers has been finalised. It is intended to make the courses available from April.

2.3.5 Annual renewals of existing insurance contracts (April 2015)

Information required by the Council's insurers and insurance brokers has been provided. Renewal terms are currently awaited and will be reported to the next meeting of this committee.

2.3.6 Refresh of the Corporate Risk Management Policy

The Corporate Risk Management Policy is the subject of a separate report to this committee.

2.3.7 Insurance Fund Budget 2015/16

In the last meeting of this committee Members asked that further information be provided as to the impact on claims costs of the civil justice reforms enacted in the past two years. The most accurate picture is available at the end of each financial year. Therefore I propose to include commentary on this issue within my Insurance Fund Review which will be brought to the next meeting.

3.0 RELEVANT RISKS

- 3.1 The improvement of the risk management framework and the implementation of more effective processes will help to improve the ability to handle risk across the organisation.

4.0 OTHER OPTIONS CONSIDERED

- 4.1 Not relevant in relation to this monitoring report.

5.0 CONSULTATION

5.1 No specific consultation has been undertaken with regard to this report.

6.0 OUTSTANDING PREVIOUSLY APPROVED ACTIONS

6.1 None.

7.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

7.1 There are no implications arising directly from this report.

8.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING AND ASSETS

8.1 Premiums for those contracts which are renewable in April 2015 are expected to be within the 2015/16 budget.

9.0 LEGAL IMPLICATIONS

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

10.0 EQUALITIES IMPLICATIONS

10.1 There are no implications arising directly from this report.

11.0 CARBON REDUCTION AND ENVIRONMENTAL IMPLICATIONS

11.1 There are no implications arising directly from this report.

12.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

12.1 There are no implications arising directly from this report.

13.0 RECOMMENDATION

13.1 That the content of this report be noted.

14.0 REASON FOR RECOMMENDATIONS

14.1 Regular update reports are presented to this Committee on the work around Risk and Insurance which seek to support the Risk Management Policy and maintain the successful management of the Insurance Fund.

REPORT AUTHOR: Mike Lane
Risk & Insurance Officer
telephone: 0151 666 3413
email: mikelane@wirral.gov.uk

BACKGROUND PAPERS/REFERENCE MATERIAL

Correspondence with insurers and insurance brokers
Report to Strategic Leadership Team (Corporate Risk Register) – 12 February 2015

BRIEFING NOTES HISTORY

Briefing Note	Date

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	27 January 2015
Corporate Risk & Insurance Management	25 November 2014
Corporate Risk & Insurance Management	17 September 2014
Corporate Risk & Insurance Management	23 June 2014
Corporate Risk & Insurance Management	18 March 2014

Audit Committee Update & Grant Certification Report for Wirral Council

Year ended March 2015

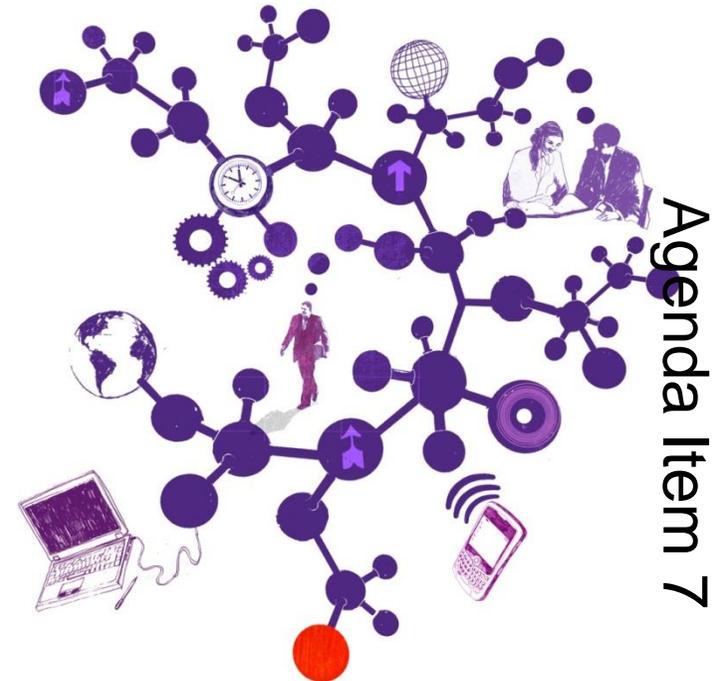
March 2015

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Robin Baker
Engagement Lead
T 0161 214 6399
E robin.j.baker@uk.gt.com

Chris Whittingham
Manager
T (0) 161 214 6362
E c.whittingham@uk.gt.com

Gordon Haworth
Assistant Manager
T (0) 161 214 6385
E gordon.haworth@uk.gt.com



The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect your business or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors. The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you; and
- a number of challenge questions in respect of these emerging issues which the Committee may wish to consider.

Members of the Audit Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector (<http://www.grant-thornton.co.uk/en/Services/Public-Sector/>). Here you can download copies of our publications including:

- All aboard? our local government governance review 2015
- Stronger futures: development of the local government pension scheme
- Rising to the challenge: the evolution of local government, summary findings from our fourth year of financial health checks of English local authorities
- 2020 Vision, exploring finance and policy future for English local government
- Where growth happens, on the nature of growth and dynamism across England

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Audit Manager.

Robin Baker - Engagement Lead **T** 0161 214 6399 **M** 07880 456159 robin.j.baker@uk.gt.com

Chris Whittingham - Audit Manager **T** 0161 214 6362 **M** 07880 456174 c.whittingham@uk.gt.com

Progress at March 2015

Work	Planned date	Complete?	Comments
<p>2014-15 Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Council setting out our proposed approach in order to give an opinion on the Council's 2014-15 financial statements.</p>	Jan- March 2015	On track	We anticipate presenting our 2014-15 Audit Plan to the Audit Committee on the 18 March 2015.
<p>Interim accounts audit Our interim fieldwork visit includes:</p> <ul style="list-style-type: none"> • updating our review of the control environment • updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • proposed Value for Money conclusion. 	Jan – April 2015	On track	We are liaising with officers to plan and undertake our interim fieldwork visit. We will undertake early work and provide feedback to officers wherever possible.
<p>2014-15 final accounts audit Including:</p> <ul style="list-style-type: none"> • audit of the 2014 -15 financial statements • proposed opinion on the Council's accounts • proposed Value for Money conclusion. 	July to September 2015	Not yet started	We will report the proposed opinion, value for money conclusion and findings from our final accounts audit to the Audit and Governance Committee in September 2015.

Progress at March 2015

Work	Planned date	Complete?	Comments
Value for Money (VfM) conclusion The scope of our work to inform the 2014/15 VfM conclusion will consider the arrangements in place at the Council for securing financial resilience and for challenging how the Council secures economy, efficiency and effectiveness.	January to September 2015	On track	
Other areas of work We have certified the Teachers Pension Return for 2013/14, providing an Independent auditors report for the Council.	December 2014	Complete	

All Aboard? - Local Government Governance Review 2015

Grant Thornton

Our fourth annual review of local government governance is available at <http://www.grant-thornton.co.uk/en/Publications/2015/Local-Government-Governance-review-2015-All-aboard1/>.

We note that the challenges faced by local authorities are intensifying as austerity and funding reductions combine with demographic pressures and technological changes to create a potential threat to the long-term sustainability to some organisations. Maintaining effective governance is becoming ever more complex and increasingly important.

Against this background we have focused this year's review on three key areas:

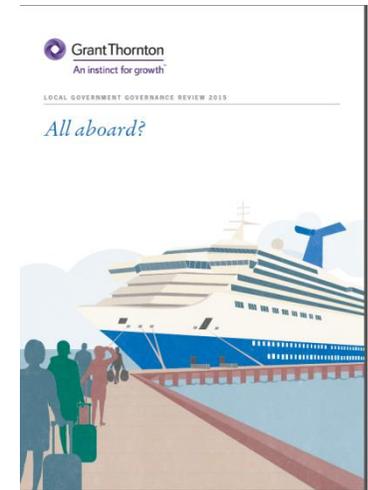
Governance of the organisation – the main area of concern highlighted in this year's governance survey is the level of dissatisfaction with the scrutiny process.

Governance in working with others – there is an urgent need for scrutiny to exercise good governance over the complex array of partnerships in which local authorities are now involved. Boundary issues notwithstanding, by 'shining a light' on contracted-out activities and joint operations or ventures, scrutiny committees can bring a new level of transparency and accountability to these areas

Governance of stakeholder relations – despite the work that a number of local authorities are doing with the public on 'co-production', almost a third of respondents to our survey did not think their organisation actively involves service users in designing the future scope and delivery of its services.

We conclude that local authorities need to ensure that their core objectives and values are fulfilled through Many other agencies . This implies a greater role for scrutiny and a need to make sure local public sector Bodies' arrangements are as transparent as possible for stakeholders.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Stronger futures: development of the LGPS

Grant Thornton

Our second review on governance in LGPS funds in England and Wales is based on comprehensive research with pension fund senior officers, supported by insights from pension fund auditors and is available at <http://www.grant-thornton.co.uk/Publications/2015/Stronger-futures-development-of-the-LGPS/>

With the local government pensions scheme (LGPS) continuing to face significant change and challenge, there is a clear commitment to ensuring its survival and the provision of affordable pension benefits for the future. Following the implementation of a career average pension scheme in 2014, administering authorities are preparing for significant changes in governance arrangements effective from April 2015.

Some of the key messages from the report are:

there are increasing strong examples of innovation and increased collaborative working across the LGPS to achieve reduced costs and improved use of specialist skills and knowledge;

implementation of the career average scheme from April 2014 went well and demonstrated good project management and effective communication with members and employers; and

there have been several other positive trends across the LGPS since our 2013 review particularly around the widening scope of reporting to Pension Committees including performance reporting, risk management and internal audit reviews.

However, we saw a wide variation in practice, including a concentration of risk reporting on investment risk, over half of funds have not implemented the CIPFA knowledge and skills framework as part of their member training, 45 per cent of Pension Committees do not receive internal audit reports and 15 per cent do not have specific internal audit coverage, and nearly half of funds have no information around the value of their liabilities in between the triennial valuations.

Hard copies of our report are available from your Engagement Lead or Audit Manager.



Stronger futures:
development of the LGPS

Improving governance in local government pension schemes
February 2015



Independent Commission into Local Government Finance

Local government issues

The Independent Commission on Local Government Finance was established in 2014 to examine the system of funding local government in England and bring forward recommendations on how it can be reformed to improve funding for local services and promote sustainable economic growth. It published its final report, [Financing English Devolution](#), on 18 February 2015.

The report notes that the core of the Commission's proposition is the devolution of powers, funding and taxes to sub-national entities over a 10 year period. They estimate that this could lead to over £200 billion in public expenditure being controlled at a sub-national level. The expectation is that councils and their partners would work collaboratively to manage differences in capacity and resources. They see local areas becoming self sufficient.

The Commission advocates a 'variable speed' approach to reform with 'Pioneers' able to and wishing to reform at a faster pace. Reforms advocated for all authorities include:

- An independent review of the functions and sustainability of local government in advance of the next spending review
- Freedom to set council tax and council tax discounts and full retention of business rates and business rates growth
- Multi-year financial settlements
- The ability to raise additional revenue through the relaxation of the rules on fees and charges

'Pioneer' authorities would also implement:

- Single placed-based budgets for all public services
- Management of funding equalisation across a sub-national area
- Further council tax reforms including the ability to vary council tax bands and undertake revaluations
- Newly assigned and new taxes such as stamp duty, airport taxes and tourism taxes
- The establishment of Local Public Accounts Committees to oversee value for money across the placed-base budget.

Challenge question

Have members been briefed on the key findings of the Independent Commission's final report?

Accounting for schools – Code update and LAAP Bulletin 101

Accounting and audit issues

Non-current assets

In December 2014, CIPFA issued an Update to Appendix E of the 2014/15 Code which states "The recognition of non-current assets used by schools shall be determined in accordance with the relevant standards adopted by Chapter Four Non-Current Assets of this Code as appropriate to the arrangements for the assets. These assets shall be recognised in a local authority's balance sheet if they meet either the appropriate recognition criteria (see Chapter Four) for the local authority or for a school within the local authority area".

CIPFA also issued in December LAAP Bulletin 101 Accounting for Non-Current Assets Used by Local Authority Maintained Schools. The Bulletin provides application, clarification and interpretation but is secondary to the Code and accounting standards.

Due to the varied and sometimes complex arrangements for use of school land and buildings, the accounting treatment for these non-current assets will require the chief finance officer to make significant judgements in the preparation of the statement of accounts. These judgements should be based on the circumstances for individual schools and will involve consideration of the rights of the school as an entity and any rights held by the local authority. Judgements should be robust and well documented as auditors will be required to consider whether these are reasonable and supported by appropriate evidence. Local authorities should discuss and agree these judgements with Those Charged With Governance.

Other matters

The work required to identify and consider the arrangements over the use of schools may be significant and progress to date has been variable. Local authorities need to consider the resources required to identify and review arrangements and to undertake any necessary valuations. Good project management arrangements also need to be in place to ensure the requirements of the Code are met.

Treating a school as an entity means that local authorities are satisfied that, for each school, they have captured all the financial information relating to the school as an entity. This means all income and expenditure (including voluntary donations and related expenditure), cash flows and all assets and liabilities.

Accounting for schools – Code update and LAAP Bulletin 101

Accounting and audit issues

As part of their accounts preparations local authorities should ensure transactions between the local authority and schools are eliminated, all required disclosures are made and any appropriate governance matters are disclosed in the Annual Governance Statement.

Challenge questions

- What progress has your Head of Financial Services made in making judgements on the accounting treatment of schools non-current assets on a case by case basis?
- Are arrangements in place to ensure the accounting requirements for schools are met?

Provision for Business Rates Appeals

Accounting and audit issues

Unlodged appeals

The Chancellor's Autumn Statement included a change to the rules relating to business rates appeals. As a result we do not expect to see any provisions for unlodged appeals in local authorities' 2014/15 accounts, although we will expect this to be re-considered for 2015/16 accounts.

The change restricts the backdating of Valuation Office Agency (VOA) alterations to rateable values. Only VOA alterations made before 1 April 2016 and ratepayers' appeals made before 1 April 2015 can now be backdated to the period between 1 April 2010 and 1 April 2015. The aim is to put authorities in the position as if the revaluation had been done in 2015 as initially intended, before the deadline was extended to 2017.

There may be some fluctuations in provisions at 31 March 2015 as unlodged appeals provisions are released. However, there may also be increased numbers of appeals lodged prior to 31 March 2015. These appeals may be more speculative in nature and therefore authorities may need to consider whether prior year assumptions remain valid in estimating their provisions.

Utilisation of provision

As part of the provisions disclosures in the accounts, local authorities need to disclose additional provisions made in the year, the amounts used (i.e. incurred and charged against the provision) during the year and unused amounts reversed during the year.

We understand that the software used for business rates may not provide values for the amounts charged against the provision during the year and that there is no simple software solution for this for 2014/15. Local authorities will need to consider available information and make an estimate of the amount for appeals settled in the year.

Challenge questions

- Has your Head of Financial Services reassessed the methodology for making the business rates provision?
- Has your Head of Financial Services got arrangements in place for the estimation of appeals to be charged against the provision?

Early payment of pension contributions

Accounting and audit issues

During 2014/15 some local authorities paid pension fund deficit contributions covering three years (2014/15 to 2016/17). By doing this the local authority benefits from a discount on the total amount payable resulting in a lower overall charge.

Due to the amounts involved, some authorities are seeking to spread the impact of the payment over the three-year period. In doing so, they must be satisfied that the amounts charged to the general fund in a financial year are the amounts payable for that year as defined by regulation 30 of [The Local Authorities \(Capital Finance and Accounting\) \(England\) Regulations 2003](#).

We expect authorities that are spreading the impact of pension deficit contributions to obtain legal advice (either internally or externally) to determine the amounts that are chargeable to the general fund. The accounting judgements and treatment should reflect the advice received and should be documented accordingly.

Where an authority has received legal advice that the up-front payment can be recognised in the general fund over three years, based on our understanding of the arrangement we would expect the total amount to be reflected in the pension fund liability. This means that the pension reserve will not equal the pension liability. We expect the background to the transactions and the reason for the difference to be disclosed in a note to the accounts.

Challenge question

- Has your authority paid pension fund contributions covering more than one year and if so has your Head of Financial Services obtained legal advice and documented their judgement on accounting for the early payment of pension contributions?

Certification Report for Wirral Council for year ended 31 March 2014

Accounting and audit issues

Tom Sault
Wirral Metropolitan Borough Council
Wallasey Town Hall
Brighton Street
Wallasey
Wirral
CH44 8ED

13 February 2015

Dear Tom,

Certification work for Wirral Council for year ended 31 March 2014

We are required to certify certain claims and returns submitted by Wirral Council ('the Council'). This certification typically takes place six to nine months after the claim period and represents a final but important part of the process to confirm the Council's entitlement to funding.

Arrangements for certification are prescribed by the Audit Commission, which agrees the scope of the work with each relevant government department or agency, and issues auditors with a Certification Instruction (CI) for each specific claim or return. We have certified one claim and return for the financial year 2013/14, being the Housing Benefit Subsidy claim with expenditure of £139 million. Further details relating to the certification of this claim are set out in Appendix A.

The claim has been qualified for several years and was again subject to qualification in 2013/14. Overall, we are satisfied that the arrangements the Council has in place to compile the Housing Benefit claim remain appropriate as the claim is high value and complex given the volume of transactions and complexity of the scheme itself. However, the Council should review the recommendations we made in our 2012/13 certification report and implement further appropriate actions to secure improved performance, as similar issues were identified in 2013/14.

Certification Report for Wirral Council for year ended 31 March 2014

Accounting and audit issues

The main issues identified include:

- Backdating errors continue to be an area where problems were identified. Whilst the volume of errors we found this year had decreased from 2012/13 there is still scope for further improvement;
- As with the previous year, following submission of the return, there were a number of manual adjustments proposed by the Housing Benefits staff to amend the incorrect system classification between 'normal' and 'exceeding cap' expenditure on Non-HRA board & lodgings and Non-HRA leased properties; and
- There were a number of other minor errors included in the qualification letter as a result of incorrect calculations applied to claimants income or weekly rent liability based on supporting documentation.

The indicative fee for 2013/14 for the Council is based on the final 2011/12 certification fees, reflecting the amount of work required by the Auditor to certify the claims and returns in that year. Fees for schemes no longer requiring certification (such as the national non-domestic rates return) have been removed. The fees for certification of housing benefit subsidy claims have been reduced by 12 per cent, to reflect the removal of council tax benefit from the scheme. The indicative scale fee set by the Audit Commission for the Council for 2013/14, prior to the adjustment for changes to housing benefit was £40,400 and this has been reduced to £33,227. This is set out in more detail in Appendix B.

Yours sincerely

Robin Baker
For Grant Thornton UK LLP

Certification Report for Wirral Council for year ended 31 March 2014

Accounting and audit issues

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Appendix A - Details of claims and returns certified for 2013/14

Claim or return	Value £	Amended?	Amendment (£)	Qualified?	Comments
BEN01 Housing benefits subsidy claim	139,346,332	Yes	+178,246	Yes	Number of issues identified and included in qualification letter as set out above.

Appendix B: Fees for 2013/14 certification work

Claim or return	2012/13 actual fee (£)	2013/14 indicative fee (£)	2013/14 actual fee (£)	Variance - year on year actual (£)	Explanation for variances
Housing benefits subsidy claim (BEN01)	42,600	40,400	33,227	-9,373	Reduction due, in the main, to removal of council tax benefit from certification requirements.

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The Audit Plan for Wirral Metropolitan Borough Council

Year ended 31 March 2015

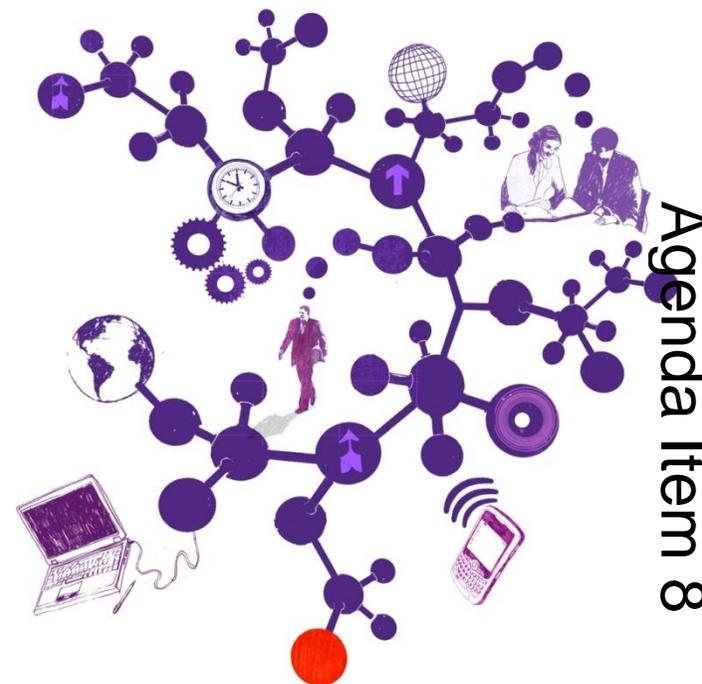
March 2015

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Robin Baker
Engagement Lead
T 0161 214 6399
E robin.j.baker@uk.gt.com

Chris Whittingham
Manager
T 0161 214 6362
E c.whittingham@uk.gt.com

Gordon Haworth
Assistant Manager
T 0161 214 6385
E gordon.haworth@uk.gt.com



Agenda Item 8

The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or any weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Contents

Section

1. Understanding your business
2. Developments relevant to your business and the audit
3. Our audit approach
4. Significant risks identified
5. Other risks
6. Value for Money
7. Results of interim work
8. Key dates
9. Fees and independence
10. Communication of audit matters with those charged with governance

Understanding your business

In planning our audit we need to understand the challenges and opportunities the Council is facing. We set out a summary of our understanding below.

Challenges/opportunities

1. Future Council

- During 2014-15 the Council commenced a full review into the structure, design and functions of the Council in order to inform proposals to remodel the organisation.
- The review is intended to transform the Council to help deliver the significant savings required.
- Budget options have been published and consultation undertaken and Cabinet agreed a savings programme in December 2014.

2. Procurement and Commissioning

- Delivering efficiency savings through revised procurement and commissioning arrangements is a fundamental element of the Future Council programme as the Council considers moving from the provision to the commissioning of services.

3. Financial Resilience

- The local government spending settlement showed local authorities are facing a cash reduction in their spending power of 6% in 2015-16 and the Council's updated medium term financial strategy sets out that savings of £38 million are required during 2015-16.
- At the same time local authorities are facing increasing demands for school places and adult social care services which the Council has a contractual obligation to fulfil.

4. Collaborative working with the NHS

- Development of new working arrangements to deliver the Better Care Fund. The Council is committed to delivering Vision 2018 for Wirral in conjunction with key stakeholders.
- Revised arrangements required to address significant issues including NHS emergency care overload and the re-emergence of bed-blocking linked to adult social care capacity.



Our response

- We will continue to monitor the progress and impact of the transformation project with particular emphasis on any organisational changes and the identification and achievement of financial savings.

- We will review the progress you have made in delivering your efficiency savings in this area as part of our work on your arrangements for securing financial resilience.

- We will review your Medium Term Financial Plan and financial strategy as part of our work on your arrangements for financial resilience.

- We will discuss your plans in these areas through our regular meetings with senior management and those charged with governance, providing a view where appropriate.

Developments relevant to your business and the audit

In planning our audit we also consider the impact of key developments in the sector and take account of national audit requirements as set out in the Code of Audit Practice ('the code') and associated guidance.

Developments and other requirements

1. Financial reporting

- Changes to the CIPFA Code of Practice.
- Changes to the recognition of school land and buildings on local authority balance sheets.
- Adoption of new group accounting standards (IFRS 10,11 and 12)

2. Regional Devolution

- Nationally there is a move for greater devolution and a push for the agreement of City region devolution deals.

3. Reporting Timetable

- The Government proposes to bring forward the existing accounts timetable dates of 30 June and 30 September to 31 May and 31 July as from the accounts for 2017-18.

4. Better Care Fund

- Better Care Fund (BCF) plans and the associated pooled budgets will be operational from 1 April 2015

5. Corporate governance

- Local government continues to operate in a challenging environment where it is important that it maintains good and effective governance.
- Key information about governance arrangements is set out in the Annual Governance Statement (AGS) and explanatory foreword.

6. Other requirements

- The Council is required to submit a Whole of Government accounts pack on which we provide an audit opinion.
- The Council completes grant claims and returns on which audit certification is required.

Our response

We will ensure that

- the Council complies with the requirements of the CIPFA Code of Practice through discussions with management and our substantive testing
- schools are accounted for correctly and in line with the latest guidance
- the group boundary is recognised in accordance with the Code and joint arrangements are accounted for correctly

- The Liverpool City Region Combined Authority was established on 1 April 2014. We will discuss your plans in these areas through our regular meetings with senior management and those charged with governance, providing a view where appropriate.

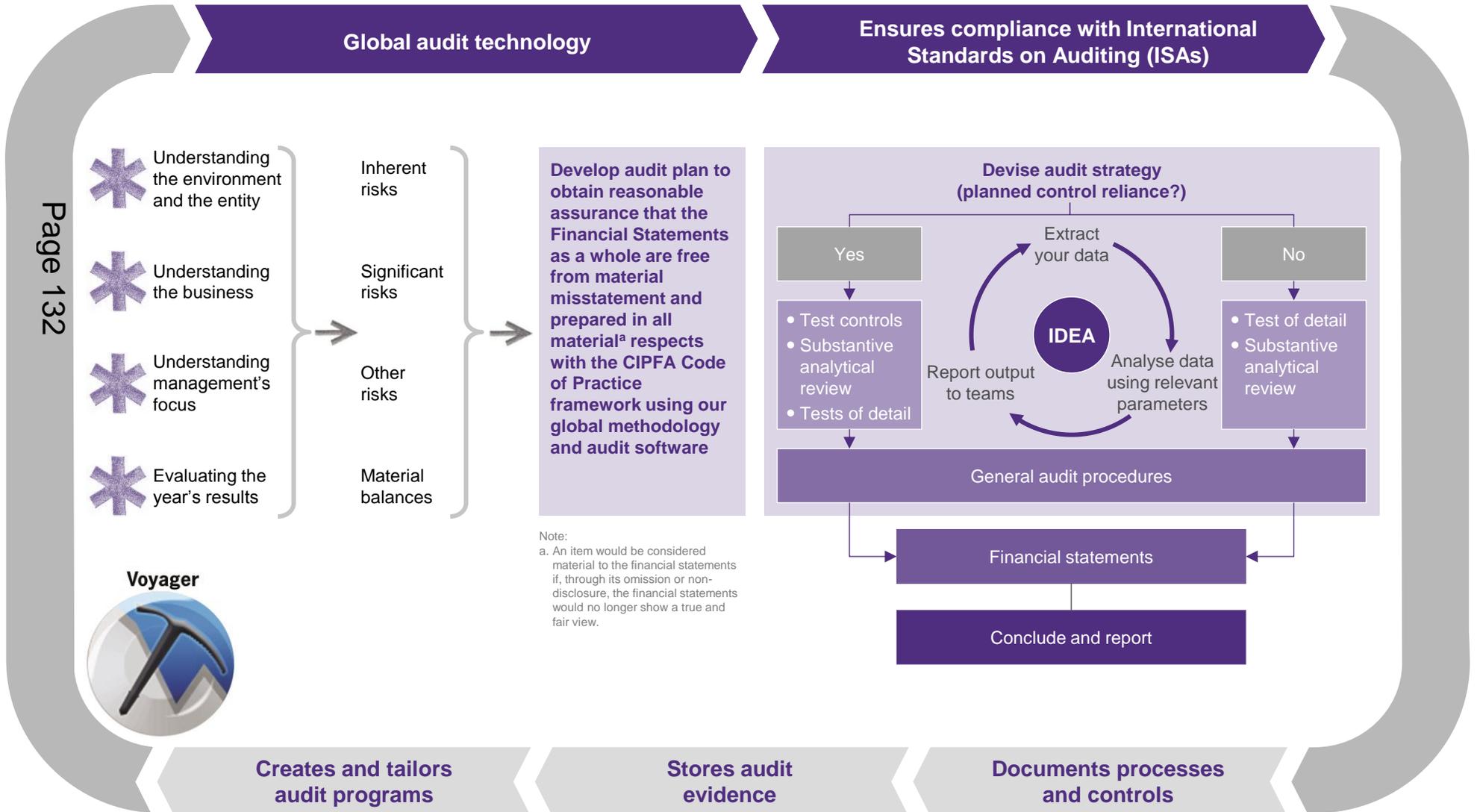
- We will support the Council by working together to deliver a more efficient audit this year.
- We will continue to work with the Council and finance team to ensure procedures are in place to meet the reporting requirements in advance of the implementation date.

- We will consider the governance arrangements in place and assess whether the BCF is a risk in the context of our VfM conclusion and will carry out further work if required.

- We will review the arrangements the Council has in place for the production of the AGS.
- We will review the AGS and explanatory foreword to consider whether they are consistent with our knowledge.

- We will carry out work on the WGA pack in accordance with requirements.
- We will certify the housing benefit subsidy claim in accordance with the requirements specified by Public Sector Audit Appointments Ltd. This company will take over the Audit Commission's responsibilities for housing benefit grant certification from 1 April 2015.

Our audit approach



Significant risks identified

'Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, either due to size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty' (ISA 315).

In this section we outline the significant risks of material misstatement which we have identified. There are two presumed significant risks which are applicable to all audits under auditing standards (International Standards on Auditing – ISAs) which are listed below:

Significant risk	Description	Substantive audit procedures
The revenue cycle includes fraudulent transactions	<p>Under ISA 240 there is a presumed risk that revenue may be misstated due to the improper recognition of revenue.</p> <p>This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p>	<p>Having considered the risk factors set out in ISA240 and the nature of the revenue streams at Wirral Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted, because:</p> <ul style="list-style-type: none">• there is little incentive to manipulate revenue recognition• opportunities to manipulate revenue recognition are very limited• the culture and ethical frameworks of local authorities, including Wirral Council, mean that all forms of fraud are seen as unacceptable
Management over-ride of controls	<p>Under ISA 240 the presumption that the risk of management over-ride of controls is present in all entities.</p>	<p>Work planned:</p> <ul style="list-style-type: none">• Review of accounting estimates, judgments and decisions made by management• Testing of journal entries• Review of unusual significant transactions

Other risks identified

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit Approach
Operating expenses Page 134	Creditors related to core activities understated or not recorded in the correct period (Operating expenses understated)	Work completed to date: <ul style="list-style-type: none"> • Documentation and identification of the processes and key controls within the operating expenses cycle • Walkthrough of controls to confirm our understanding Further work planned: <ul style="list-style-type: none"> • Agreement of creditors to system balances and control account reconciliations, • Review and substantive testing of year end accruals and creditor balances including confirmation that balances due have been settled after year end, • "Cut-off" testing to obtain assurance that creditors have been accounted for in the correct financial year.
Employee remuneration	Employee remuneration and benefits obligations and expenses understated (Remuneration expenses not correct)	Work completed to date: <ul style="list-style-type: none"> • Documentation and identification of the processes and key controls within the employee remuneration cycle • Walkthrough of controls to confirm our understanding Further work planned: <ul style="list-style-type: none"> • Use of analytical techniques to compare expected payroll costs with actual, • Review of payroll reconciliations including at the year end.

Other risks cont'd

The auditor should evaluate the design and determine the implementation of the entity's controls, including relevant control activities, over those risks for which, in the auditor's judgment, it is not possible or practicable to reduce the risks of material misstatement at the assertion level to an acceptably low level with audit evidence obtained only from substantive procedures (ISA 315).

In this section we outline the other risks of material misstatement which we have identified as a result of our planning.

Other risks	Description	Audit Approach
Welfare Benefit expenditure	Welfare benefit expenditure improperly computed	<p>Work completed to date:</p> <ul style="list-style-type: none">• Documentation and identification of the processes and key controls within the Welfare benefits expenditure cycle• Walkthrough of controls to confirm our understanding <p>Further work planned:</p> <ul style="list-style-type: none">• Reconciliation of welfare benefits expenditure system to the general ledger and financial statements• Housing benefit subsidy claim testing using Audit Commission HB COUNT approach.

Value for money

Value for money

The Code requires us to issue a conclusion on whether the Council has put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the Value for Money (VfM) conclusion.

Our VfM conclusion is based on the following criteria specified by the Audit Commission:

VfM criteria	Focus of the criteria
The organisation has proper arrangements in place for securing financial resilience	The organisation has robust systems and processes to manage financial risks and opportunities effectively, and to secure a stable financial position that enables it to continue to operate for the foreseeable future
The organisation has proper arrangements for challenging how it secures economy, efficiency and effectiveness	The organisation is prioritising its resources within tighter budgets, for example by achieving cost reductions and by improving efficiency and productivity

We have undertaken a risk assessment to identify areas of risk to our VfM conclusion. We will undertake work in a number of areas to address the local and national risks identified and these include:

- We will again follow up the progress made on the issues raised set out in our 2013-14 Value for Money report and update our understanding of the Council's current position;
- Review of current budget projections for 2015/16 – 2017/18 and issues and actions identified by the Council to address the forecast funding gap; and
- update our review of the Council's work with its partners, particularly on the developments on integration under the implementation of the Better Care Fund.

The results of our VfM audit work and the key messages arising will be reported in our Audit Findings report and in the Annual Audit Letter.

Results of interim audit work

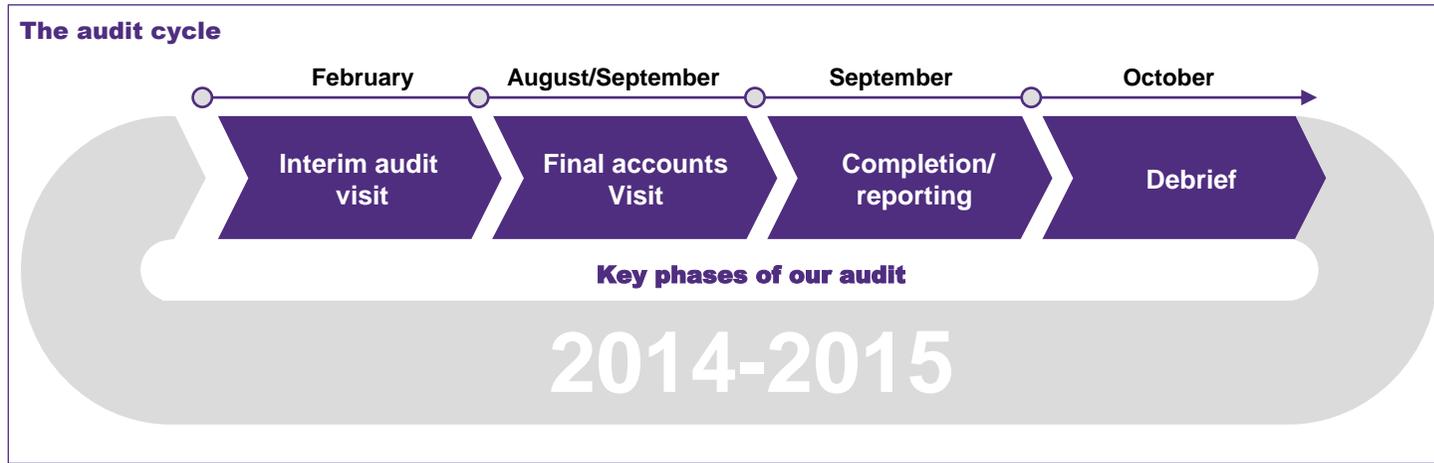
The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed and findings	Conclusion
Internal audit	<p>We have previously confirmed that internal audit is independent of operating management and that senior internal audit staff have the relevant experience and qualifications.</p> <p>We also reviewed internal audit's work on the Council's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.</p>	<p>Overall, we have concluded that the internal audit service continues to provide an independent and satisfactory service to the Council and that internal audit work contributes to an effective internal control environment at the Council.</p> <p>Our review of internal audit work to date has not identified any weaknesses which impact on our audit approach.</p>
Walkthrough testing	<p>We have completed walkthrough tests of controls operating in areas where we consider that there is a risk of material misstatement to the financial statements.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	<p>Our work has identified no material weaknesses which are likely to adversely impact on the Council's financial statements</p>

Results of interim audit work cont'd

	Work performed	Conclusion
Review of information technology controls	<p>Our information systems specialist performed a high level review of the general IT control environment, as part of the overall review of the internal controls system. We have also performed a follow up of the issues that were raised last year.</p> <p>IT (information technology) controls were observed to have been implemented in accordance with our documented understanding.</p>	<p>Our work has not identified material weaknesses which are likely to adversely impact on the Council's financial statements.</p> <p>However, our review did identify a number of issues that we will share with Officers and discuss what actions the Council may implement in response. We will update the Audit Committee later in the year.</p>
Journal entry controls	<p>We are reviewing the Council's journal entry policies and procedures as part of determining our journal entry testing strategy.</p>	<p>We will report at a future Audit Committee meeting should our work identify any material weaknesses which are likely to adversely impact on the Council's financial statements.</p>
Early substantive testing	<p>We have undertaken early substantive testing on a sample of payroll expenditure to supporting contracts and calculation of deductions. We have also completed early testing against a sample of Council expenditure from the Accounts Payable system and income from the Accounts Receivable system during the first 10 months of the year.</p>	<p>Our work completed to date has not identified any errors or weaknesses impacting on the financial statements. We will need to undertake additional testing during the financial statements audit to cover the remaining months of the financial year.</p>
Judgements and Estimates	<p>The CIPFA/LASAAC Code of Practice on Local Authority Accounting for 2014/15 includes new requirements for schools in local authorities. It is likely that the accounting treatment will require significant judgments based on the circumstances for individual schools. We have discussed the issue with the Council's finance team and shared our assessment of what local authorities need to do to meet the requirements of the Code.</p> <p>It is clear that this is a complex issue involving judgement and we will look to complete our review of your assessment of individual schools at our interim audit visit.</p>	<p>Upon completion of this work, we will bring to your attention any issues to consider prior to production of the final accounts.</p>

Key dates



Date	Activity
January – February 2015	Planning
February 2015	Interim site visit
18 March 2015	Presentation of Audit Plan to Audit Committee
August-September 2015	Year end fieldwork
September 2015	Audit findings clearance meeting with the Head of Financial Services
September 2015	Present Audit Findings Report and Annual Audit Letter to those charged with governance (Audit Committee)
By 30 September 2015	Sign financial statements opinion

Fees and independence

Fees

	£
Council audit	213,150
Grant certification	31,800
Total fees (excluding VAT)	244,950

Our fee assumptions include:

- Supporting schedules to all figures in the accounts are supplied by the agreed dates and in accordance with the agreed upon information request list
- The scope of the audit, and the Council and its activities, have not changed significantly
- The Council will make available management and accounting staff to help us locate information and to provide explanations

Grant certification

- Our fees for grant certification cover only housing benefit subsidy certification, which falls under the remit of Public Sector Audit Appointments Limited, as the successor to the Audit Commission in this area.
- Where applicable, fees in respect of other grant work, such as reasonable assurance reports, are shown under 'Fees for other services.'

Fees for other services

Service	Fees £
Teachers Pension Return - Reasonable Assurance Report 2013/14	4,200
Place Analytics	10,000

Fees for other services

Fees for other services reflect those agreed at the time of issuing our Audit Plan. Any changes will be reported in our Audit Findings Report and Annual Audit Letter.

Independence and ethics

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Auditing Practices Board's Ethical Standards and therefore we confirm that we are independent and are able to express an objective opinion on the financial statements.

Full details of all fees charged for audit and non-audit services will be included in our Audit Findings report at the conclusion of the audit.

We confirm that we have implemented policies and procedures to meet the requirement of the Auditing Practices Board's Ethical Standards.

Communication of audit matters with those charged with governance

International Standards on Auditing (ISA) 260, as well as other ISAs, prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table opposite.

This document, The Audit Plan, outlines our audit strategy and plan to deliver the audit, while The Audit Findings will be issued prior to approval of the financial statements and will present key issues and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via a report to the Council.

Respective responsibilities

This plan has been prepared in the context of the Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission (www.audit-commission.gov.uk).

We have been appointed as the Council's independent external auditors by the Audit Commission, the body responsible for appointing external auditors to local public bodies in England. As external auditors, we have a broad remit covering finance and governance matters.

Our annual work programme is set in accordance with the Code of Audit Practice ('the Code') issued by the Audit Commission and includes nationally prescribed and locally determined work. Our work considers the Council's key risks when reaching our conclusions under the Code.

It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our communication plan	Audit plan	Audit findings
Respective responsibilities of auditor and management/those charged with governance	✓	
Overview of the planned scope and timing of the audit. Form, timing and expected general content of communications	✓	
Views about the qualitative aspects of the entity's accounting and financial reporting practices, significant matters and issue arising during the audit and written representations that have been sought		✓
Confirmation of independence and objectivity	✓	✓
A statement that we have complied with relevant ethical requirements regarding independence, relationships and other matters which might be thought to bear on independence.	✓	✓
Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged.		
Details of safeguards applied to threats to independence		
Material weaknesses in internal control identified during the audit		✓
Identification or suspicion of fraud involving management and/or others which results in material misstatement of the financial statements		✓
Non compliance with laws and regulations		✓
Expected modifications to the auditor's report, or emphasis of matter		✓
Uncorrected misstatements		✓
Significant matters arising in connection with related parties		✓
Significant matters in relation to going concern		✓



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WIRRAL COUNCIL

AUDIT AND RISK MANAGEMENT COMMITTEE

18 MARCH 2015

SUBJECT	ANNUAL GOVERNANCE STATEMENT 2014/15
WARDS AFFECTED	ALL
REPORT OF	STRATEGIC DIRECTOR- TRANSFORMATION AND RESOURCES
KEY DECISION?	NO

1.0 EXECUTIVE SUMMARY

- 1.1 This report explains the planned approach for the production of the Council's Annual Governance Statement 2014/15. It provides an outline of the work required to prepare the Statement, and sets out indicative timescales.
- 1.2 The report also provides an update on the progress that the Council has made to address the significant governance issues identified in the 2013/14 Annual Governance Statement.

2.0 BACKGROUND AND KEY ISSUES

- 2.1 The preparation and publication of an Annual Governance Statement (AGS) is necessary to meet the statutory requirement set out in the Accounts and Audit (England) Regulations 2011, Regulation 4(3).
- 2.2 It is necessary for the Authority to have approved and adopted its own Code of Corporate Governance that complies with the principles of the CIPFA/SOLACE Framework *Delivering Good Governance in Local Government*; and to report publicly through the AGS the extent to which the governance processes outlined in the Code are operating effectively in practice.
- 2.3 The Framework identifies six core principles of good governance:
 1. Focusing on the purpose of the Authority and on the outcomes for the community and creating and implementing a vision for the local area.
 2. Members and Officers working together to achieve a common purpose with clearly defined functions and roles.
 3. Promoting values for the Authority and demonstrating the values of good governance through upholding high standards of conduct and behaviour.
 4. Taking informed and transparent decisions which are subject to effective scrutiny and managing risk.
 5. Developing the capacity and capability of Members and Officers to be effective.
 6. Engaging with local people and other stakeholders to ensure robust accountability.
- 2.4 As a public statement of the Council's governance arrangements, it is vital that the Annual Governance Statement is a robust and accurate reflection of the Council's approach to governance during 2014/15. Therefore, it is important that the members of

this Committee, Council's Cabinet and Strategic Leadership Team (SLT) provide the support and engagement required to produce such a document.

3.0 PRODUCTION OF 2014/15 ANNUAL GOVERNANCE STATEMENT

3.1 Internal Audit will conduct a review of the Council's governance arrangements, in accordance with the CIPFA/SOLACE Framework. The findings and relevant supporting evidence from this review will be utilised to prepare a draft AGS, for consideration by committee members. Internal Audit will be responsible for undertaking the relevant assurance work; however it is important to note that the Annual Governance Statement is not owned by the audit function and is a Council statement on the effectiveness of its governance processes. The preparation of the statement will therefore be led by the Council's Strategic Leadership Team and will be approved by the Leader and Chief Executive.

3.2 Collation of assurances in relation to governance has been undertaken on an ongoing basis throughout the year by Internal Audit. In addition, a specific review of the requirements of the CIPFA/SOLACE guidance is currently being undertaken and this work will feature the following main elements:

- A review of the adequacy and effectiveness of the key corporate governance controls (as prescribed by CIPFA/SOLACE), focusing on such areas as performance management, risk management, legal and member services, human resources, and neighbourhoods and engagement.
- Obtaining evidence of the implementation of the "Significant Governance Issues" included within the Annual Governance Statement 2013/14.
- Collation and review of Governance Assurance Statements.

3.3 On the basis of the findings arising from the review, Internal Audit will compile a list of 'Areas of Good Practice' and 'Areas for Improvement' to be considered for inclusion in the Annual Governance Statement.

3.4 A full draft AGS will be reported for consideration by this Committee in June 2015. Members of this Committee will have the opportunity to debate the Statement and contribute to the final version. The final AGS will be reported to the Audit and Risk Management Committee in September 2015.

4.0 REVIEW OF 2013/14 SIGNIFICANT GOVERNANCE ISSUES

4.1 The 2013-14 Annual Governance Statement outlined the following significant governance issues:

- Business continuity arrangements *(identified 2013-14)*
- Corporate procurement arrangements *(identified 2013-14)*
- Absence management *(carried forward from 2012-13)*
- Asset management *(carried forward from 2012-13)*
- Essential training *(carried forward from 2012-13)*

4.2 Regular reports are presented to the Corporate Governance Group, Strategic Leadership Team and the Portfolio Holder for Governance, Commissioning & Improvement to ensure that robust actions are in place to address the governance issue, and that sufficient progress is being made.

4.3 Appendix 1 presents the most recent position in relation to the 2013-14 AGS governance issues. Audit and Risk Management Committee is requested to review the progress made and consider any further actions required to satisfy the Committee that the governance arrangements relating to these issues are robust.

5.0 RELEVANT RISKS

5.1 Failure to produce an accurate and robust AGS in a timely manner would breach the Accounts and Audit Regulations, attract external criticism and potentially hinder the Council's continued development of robust governance arrangements.

6.0 OTHER OPTIONS CONSIDERED

6.1 No other options considered.

7.0 CONSULTATION

7.1 The preparation of the Annual Governance Statement is led by the Council's SLT and is based on evidence provided by Internal Audit. A draft of the AGS will be considered by the Portfolio Holder for Governance, Commissioning and Improvement, external audit and ARMC in June. A final draft of the AGS will be signed off by the Leader and Chief Executive and will be reported to Cabinet and ARMC in September.

8.0 IMPLICATIONS FOR VOLUNTARY, COMMUNITY AND FAITH GROUPS

8.1 There are none arising from this report.

9.0 RESOURCE IMPLICATIONS: FINANCIAL; IT; STAFFING; AND ASSETS

9.1 There are none arising from this report.

10.0 LEGAL IMPLICATIONS

10.1 There are none arising from this report.

11.0 EQUALITIES IMPLICATIONS

11.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?
No, because there is no relevance to equality.

12.0 CARBON REDUCTION IMPLICATIONS

12.1 There are none arising from this report.

13.0 PLANNING AND COMMUNITY SAFETY IMPLICATIONS

13.1 There are none arising from this report.

14.0 RECOMMENDATION

14.1 It is recommended that this Committee endorses and supports the approach outlined in this report with regards to producing the Annual Governance Statement 2014/15.

14.2 It is recommended that this Committee endorses the progress made in addressing the 2013-14 AGS issues, and gives its support to any remaining actions deemed necessary to strengthen governance arrangements in these areas.

15.0 REASON FOR RECOMMENDATION

15.1 The support and endorsement of this Committee is vital in ensuring that the AGS 2014/15 is a robust, accurate document, produced in a timely manner.

CONTACT OFFICERS:	Laura Williams	Lucy Barrow
	Senior Audit Manager	Policy & Strategy Manager
	0151	0151 691 8006
	laurawilliams@wirral.gov.uk	lucybarrow@wirral.gov.uk

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	The Annual Governance Statement (in its draft and final form) is presented to this Committee each year.

Appendix 1: Governance Issues 2013/14

Governance Issue Identified (as per AGS 2013-14)	Lead Officer	Progress and Planned Activity (as per AGS 2013-14)	Latest Progress Update
<p>Internal Audit identified during 2013-14 that the Council's overarching business continuity arrangements are not robust and that business resilience may be susceptible due to not having in place:</p> <p>i) up to date and effective ICT business continuity plans, and</p> <p>ii) ICT disaster recovery plans which reflect the business critical service requirements as documented in Corporate, Departmental and/or Service business continuity plans.</p>	<p>Chief Information Officer/ Director of Resources</p> <p>Assistant Chief Executive/ Head of Universal and Infrastructure Services/ Senior Manager – Health, Safety and Resilience</p>	<p>The Council has enhanced its capacity to address this governance issue and has taken action to resolve the immediate issues that have impacted on the Council's ICT business continuity arrangements.</p> <p>Significant IT infrastructural work has been undertaken to strengthen the robustness of the IT disaster recovery plan.</p> <p>Further work is planned to improve the underlying IT business continuity, and ensure that it supports business priorities.</p>	<p>i) A Business Continuity Policy has been produced and publicised on the Council's Intranet. This accompanies a business continuity planning template which is in the process of being completed for all those services deemed to be "critical" by SLT in December 2014. The aim is to have the plans completed by the end of March 2015. The content of the plans will be used to inform the work plans for the IT service in the event of data loss of one or a number of systems.</p> <p>Training on business continuity is also being provided to key staff members within the Health, Safety and Resilience Team.</p> <p>ii) A number of projects are underway to improve the resilience of the Council's IT systems - these include the refresh of hardware and software and developing a more resilient Wide Area Network.</p> <p>An options appraisal is being undertaken to review possible options for the physical or virtual relocation of the data centre(s). During March 2015, a paper presenting the preferred option and recommendations will be presented to SLT.</p>
<p>Internal Audit identified during 2013-14 that the Council has significant weaknesses in relation to its corporate procurement arrangements including the process required to ensure all formal tender</p>	<p>Strategic Director – Transformation and Resources Head of Legal/Member Services Head of Procurement</p>	<p>Arrangements, including training for key Legal staff members, are in place with regards to the use of the Council's CHEST system as the Council's Central Contracts Register. This will enable more robust arrangements to be established for the drafting,</p>	<p>A review of the Contract Procedure Rules is underway as part of the review of the Constitution, and will be reported to Cabinet in March 2015. This will include the adoption of the Public Contract Regulations 2015. The commencement date for the Regulations is split over three key dates, namely 26 February 2015, 18 April 2017 and 18 October 2018.</p> <p>The capacity issues within the Corporate Procurement Team are being addressed with a view to including category management and supporting 'no purchase order, no pay'. It</p>

Appendix 1: Governance Issues 2013/14

Governance Issue Identified (as per AGS 2013-14)	Lead Officer	Progress and Planned Activity (as per AGS 2013-14)	Latest Progress Update
<p>exercises are promptly progressed to completion with a formal contract drawn up and signed/sealed accordingly.</p>		<p>agreement and execution of contracts.</p> <p>The Council is taking the following actions to address this governance issue:</p> <ul style="list-style-type: none"> ▪ Review the contract procedure rules and ensure they are fully embedded across the organisation ▪ Fully implement a disciplined and corporate approach to procurement through category management, reducing manual invoicing and rationalising procurement activity ▪ Identify an effective approach to achieve maximum advantage from a centralised approach and move towards “no purchase order, no pay”. 	<p>is expected that both will be completed by April 2015.</p> <p>Training for key Legal staff members is to be arranged with regards to the use of the Council’s CHEST system as the Council’s Central Contracts Register. This will enable more robust arrangements to be established for the drafting, agreement and execution of contracts.</p> <p>A Protocol is also being developed to further strengthen and affirm the respective roles, responsibilities and working arrangements between Legal Services and the Corporate Procurement Unit.</p>
<p>The Annual Governance Statement 2012/13 identified that absence monitoring statistics have revealed a calculated</p>	<p>Head of Human Resources and Organisational Development</p>	<p>The introduction of a new performance report has improved the targeting of resources and management action and support.</p> <p>The target for 2013/14 is</p>	<p>The Council’s absence levels show an improvement in performance compared to previous years. There has been significant development in management information available, that has enabled trends and areas of concern to be identified and has facilitated more targeted support and interventions. Line managers have desktop access to latest</p>

Appendix 1: Governance Issues 2013/14

Governance Issue Identified (as per AGS 2013-14)	Lead Officer	Progress and Planned Activity (as per AGS 2013-14)	Latest Progress Update
<p>year end figure of 10.28 days against a target of 9.5 days. This remained a high position in comparison with other Councils and additional short term resources have been added within Human Resources to review all long-term cases and to work with Managers to ensure there is an action plan in place and that cases are managed appropriately in accordance with policy.</p>		<p>10.5 days. The projected position is currently 9.49 days. This is an improvement, on previous year's performance of 10.3 days, however there remains further work to do to improve this position.</p>	<p>absence figures for teams and individuals. There is also increased awareness at strategic and senior management level of absence as a performance issue. Absence issues are a regular item at Directorate Management Team meetings, with HR Business Partners working with departments to identify and address issues of concern.</p> <p>The absence figures to the end of November 2014 had shown a projected year-end absence figure of 9.72 days, compared to a target of 9.75. However, the improvement in the absence figures has changed, with a year-on-year increase in December 2014. This has increased the projected forecast to 10.20 days. Until the January figure is finalised, the trend cannot be confirmed.</p>
<p>The Annual Governance Statement 2012/13 identified that Asset Management was in a position of constant change of policy and priorities during the 2012/2013 year. It is important in order to obtain maximum benefit from its property assets that the Council focuses on a clear policy and strategy, fees and</p>	<p>Assistant Chief Executive/ Head of Universal & Infrastructure Services</p>	<p>A new, draft Asset Management Plan has been produced, consulted on within the council and will be presented to Cabinet in June 2014. Following approval of this document, work will progress on a suite of sub-documents in relation to specific asset issues and policies.</p> <p>A new form of consultation with the community and partners in relation to asset matters is being trialled in</p>	<p>The Strategic Asset Management Plan was approved by Cabinet on 19 June 2014.</p> <p>Implementation of the new asset management system is underway. Full implementation across the Asset Management function is due to complete by the end of March 2015, with schools and other stakeholders to follow.</p> <p>Work continues in terms of the disposal of surplus assets, with a total of £2.8m having been raised so far in 2014/15. The sites identified in the original review of vacant land and buildings are nearly exhausted, but a number of additional assets have been identified for disposal in the coming year. The Council's appointed property consultant has commenced the marketing for the Acre Lane Centre. Work towards the disposal of the other two major sites also continues.</p>

Appendix 1: Governance Issues 2013/14

Governance Issue Identified (as per AGS 2013-14)	Lead Officer	Progress and Planned Activity (as per AGS 2013-14)	Latest Progress Update
<p>charges are regularly reviewed, updated and income monitored, and a clear separation of duties and evidence trail exists regarding valuations.</p>		<p>Moreton. The intention is to secure greater involvement and improve communications with regard to asset issues. The trial will be evaluated and a decision taken on whether to extend to other areas.</p> <p>Work is proceeding in terms of disposal of surplus assets and a total of £2.5m was raised through disposals in 13/14, ahead of the target figure. Work is proceeding on the disposal of the first of three major sites, the Acre Lane Centre, with staff re-location underway.</p> <p>The office rationalisation project, which will continue over the next two years, has begun with staff being re-located within Wallasey Town Hall, Cheshire Lines and Birkenhead Town Hall, starting a process of having more staff in fewer locations, to generate savings. Appropriate desking to support replacement IT and telephone equipment is being implemented on a phased basis.</p>	<p>A list of fees and charges related to the surveying function has been compiled and submitted for incorporation into the updated Fees and Charges Register to be presented to Cabinet in February 2015. The Council website is to be updated to reflect the charges in respect of venues for hire, to include those transferred via the Community Asset Transfer, in order to make it clear which properties are managed independently.</p>

Appendix 1: Governance Issues 2013/14

Governance Issue Identified (as per AGS 2013-14)	Lead Officer	Progress and Planned Activity (as per AGS 2013-14)	Latest Progress Update
		<p>A specialist company has been appointed to deal with the disposal of the large sites identified in a report to Cabinet in November 2013 which will provide the Council with substantial Capital receipts which will form part of the Council's Capital Programme.</p>	
<p>The Annual Governance Statement 2012/13 identified that essential training across the Council has proved difficult to monitor and control. It is important that any training requirements deemed to be mandatory, such as Equalities and Diversity, should be communicated to and undertaken by all employees, including officers who do not have computer access.</p>	<p>Head of Human Resources and Organisational Development</p>	<p>A reporting process is in place to monitor the completion of essential programmes. Steps have been taken to improve the ability to monitor and ensure training (essential and statutory) is undertaken. It is expected that completion of the key aspects of the training will have reached an acceptable level by Summer 2014.</p>	<p>There is a process in place to monitor levels of completion of essential training delivered as e-learning. SLT is informed of the figures resulting from this monitoring and takes action to encourage completion.</p> <p>The latest figure on the Information Governance mandatory e-learning training stands at 87%. A new Dignity at Work, Whistleblowing and Grievance mandatory e-learning module was launched in late 2014.</p> <p>The Senior Leadership Team is reviewing the essential training requirements so as to reduce the number of workshops and increase e-learning, so as to ensure ongoing take-up.</p>

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