



Audit and Risk Management Committee

Date:	Tuesday, 21 November 2017
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

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AGENDA

1. **APOLOGIES FOR ABSENCE**
2. **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.
3. **MINUTES** **(Pages 1 - 10)**

To approve the accuracy of the minutes of the meeting held on 25 September 2017.
4. **INTERNAL AUDIT UPDATE** **(Pages 11 - 20)**
5. **COUNTER FRAUD UPDATE** **(Pages 21 - 28)**
6. **AGS SIGNIFICANT GOVERNANCE ISSUES UPDATE** **(Pages 29 - 40)**
7. **PROCUREMENT - USE OF PROCEDURE RULES APPROVAL DOCUMENT PERMITTED UNDER THE COUNCIL CONTRACT PROCEDURE RULES** **(Pages 41 - 60)**
8. **HR ATTENDANCE UPDATE** **(Pages 61 - 82)**
9. **IT PROGRESS UPDATE** **(Pages 83 - 86)**
10. **ARMC SELF ASSESSMENT** **(Pages 87 - 106)**

11. **MANAGEMENT OF INSURANCE AND CORPORATE RISK**
(Pages 107 - 112)
12. **CORPORATE RISK REGISTER: UPDATE** (Pages 113 - 116)
13. **EXTERNAL AUDIT - ANNUAL AUDIT LETTER** (Pages 117 - 130)
14. **MATTERS FOR ESCALATION TO CABINET**

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 25 September 2017

Present: Councillor AER Jones (Chair)

Councillors RL Abbey P Gilchrist
P Doughty C Muspratt
D Elderton

Deputies: Councillors T Jones (In place of A Leech)
C Povall (In place of JE Green)
A Sykes (In place of J Hale)

20 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

Councillor Phil Gilchrist declared a personal interest in Item 5b on the meeting agenda (Statement of Accounts 2016/17) by virtue of his membership of the Council's Standards and Constitutional Oversight Committee who acted as Trustees of the EF Callister Trust (referred to in P.125 of the document).

Councillor Paul Doughty declared a personal interest in Item 4 on the meeting agenda (Merseyside Pension Fund 2016/17) by virtue of his wife's membership of Merseyside Pension Scheme.

Councillors Ron Abbey and Tony Jones declared a personal interest in Item 4 on the meeting agenda (Merseyside Pension Fund 2016/17) by virtue of his their membership of Merseyside Pension Scheme.

21 MINUTES

Resolved – That the minutes of the meeting held on 12 June 2017, be approved.

22 INTERNAL AUDIT UPDATE

The Chief Internal Auditor introduced his report that identified and evaluated the performance of the Internal Audit Section and included items of note arising from the actual work undertaken during the period 1 June to 31 August 2017. The report focused upon:

- Any items of note arising from audit work conducted;
- Any issues arising that require actions to be taken by Members;
- Performance information relating to the Internal Audit Service;
- Developments being undertaken to improve the effectiveness of the Internal Audit Service.

Members' attention was drawn specifically to the following items of note that had been identified, namely:

Benefits – Discretionary Housing Payments - An audit had been conducted as part of the Internal Audit Plan for 2017/18 to review the progress made by the HB Service in implementing the recommendations made in the audit report into Discretionary Housing Payments and previously reported to this Committee during 2016/17. The objective of the audit had been to review the 11 recommendations made within the DHP reports and assess whether they have been effectively implemented into the system by the examination of appropriate evidence.

Payroll – Teachers' Pension Payments - The external audit by Grant Thornton had identified an issue in respect to the payment of enhancements under the Teachers' Pension Scheme (TPS) to former teachers who have now retired. Audit recommendations were being formulated to implement an effective control environment for the system of payments on the Teachers Pensioners payroll and they were to be presented to the Director of Finance for approval.

ARMC Member Training - Following discussion at previous meetings of the Committee regarding the organisation and delivery of a repeat of a specific targeted training session for Members on the 'Role and Responsibility of an Effective Audit Committee' arrangements had been made with the external CIPFA trainer previously responsible for this and a provisional date of the 23 November 2017 agreed for delivery.

The Chief Internal Auditor informed that outstanding audit recommendations that related to ICT systems and absence management were the subject of a separate report on the meeting agenda (see Minute 30 post). He further informed of the ongoing actions undertaken by the Internal Audit service to improve overall efficiency and effectiveness that included incorporating and developing areas of best practice from across the Internal Audit profession.

The Chair informed that an update on IT matters should form the basis of a report to the Committee by the Head of Digital at its next meeting. He further informed that the recent training had been first class, but he had been disappointed at the turnout.

Resolved – that

(1) the report be noted; and

(2) that the Head of Digital be invited to attend the November meeting of the Audit and Risk Management Committee.

23 MERSEYSIDE PENSION FUND 2016/17

Members considered the referral from the meeting of the Pensions Committee held on 17 July 2017 on the matter of the audited statement of accounts of the Merseyside Pension Fund for 2016/17, and response to the Grant Thornton Audit Findings Report (minutes 24 to 26 post).

24 PENSION COMMITTEE MINUTES

The Audit and Risk Management Committee considered the minutes 4 and 5 of the Pension Committee (17 July 2017) in respect of the Audit Findings, Statement of Accounts MPF 2016/17 and Letter of Representation.

Resolved – That the minutes of the meeting held on 17 July 2017, be received.

25 AUDIT FINDINGS REPORT

Members gave consideration to the Audit Findings Report 2016 - 2017 prepared by Grant Thornton UK LLP. Grant Patterson, Engagement Lead, attended the meeting and reported upon the key issues contained in the report and responded to Members questions.

It was reported that the audit was now substantially complete and it was anticipated that an unqualified audit opinion would be provided in respect of the financial statements as shown in Appendix A: Audit opinion of the report.

The report confirmed that there were no significant facts or matters that impacted on the independence as auditors that were required or wished to be drawn to the Committee's attention.

Resolved – That the report be noted.

26 STATEMENT OF ACCOUNTS MPF 2016/17

Members gave consideration to a report of the Section 151 Officer that presented Members with the audited statement of accounts of Merseyside Pension Fund for 2016/17 and responded to the Audit Findings Report from Grant Thornton.

The Committee was informed that subject to outstanding work, Grant Thornton had indicated there would be an unqualified opinion and there were no adjustments affecting the Fund's reported financial position for the year ended 31 March 2017 of net assets of £8.2bn and no recommendations.

It was reported that Grant Thornton's report had expressed a positive outcome from their audit of the accounts and referred to the accounts being prepared to a good standard with good supporting working papers.

Members noted that the Statement of Accounts, including notes had been prepared and available for audit by 31 May 2017, a month ahead of the statutory deadline. The audit had also been undertaken to a revised timetable, in preparation for revised statutory deadlines that come into force for 2017/18 reporting. Endorsed by the Chair, Members congratulated Donna Smith, Group Accountant on the completion and delivery of the accounts within the tight timescale.

Resolved – That

- (1) the report be noted;**
- (2) having considered the amendments to the accounts, the Audit Findings Report and the Letter of Representation the audited Statement of Accounts for 2016/17 be approved and signed accordingly; and**
- (3) congratulations be offered to Donna Smith, Group Accountant and the team for producing this work within the timescale.**

27 COUNCIL ACCOUNTS 2016/17

Members considered the audited statement of accounts of the Wirral Council for 2016/17, and responded to the Grant Thornton Audit Findings Report (minutes 28 –29 post).

28 EXTERNAL AUDIT FINDINGS - WIRRAL COUNCIL

Mr Robin Baker of Grant Thornton UK LLP, the Council's external auditors, presented a report to Members on work undertaken with regard to the delivery of their responsibilities as External Auditor covering the Year ending 31 March 2017. Mr Baker provided the Audit and Risk Management Committee with a summary of the purpose and key findings of the External Auditor that included the planned approach to the audit, materiality and the detailed work to arrive at this stage in the process.

Mr Baker informed that there had been a number of areas that had worked well, including the valuation of equipment, assets and pensions liabilities with the External Auditor referring to the approach in the valuation of the assets and the work of the actuary. He informed that there had been no requirement to produce group accounts and how, with regard to non-material amendments, there were no significant issues to report.

Mr Baker added that with regard to the Annual Governance Statement he advised that the document reflected the work of the Committee and was produced in accordance with the relevant guidance. He confirmed that the Value For Money (VFM) judgement was appropriate.

The Committee was apprised of one outstanding objection to the accounts for 2015/16. This related to Lender Option /Borrower Option (LOBO's) borrowing on which Committee had subsequently been updated. This was still under review and the outcome awaited as this was at a national level and not specific to Wirral. Mr Baker advised that Members would be kept informed of the matter.

A Member questioned whether the External Auditor would be reviewing elements of the Council's Transformation Process, and progress of the programme and projects. Mr Baker advised that the External Auditor would be liaising with senior managers, and that discussions would form a key area of future report to the Audit and Risk Management Committee.

Resolved – That the report be noted.

29 **STATEMENT OF ACCOUNTS 2016/17**

The Assistant Director: Finance and Section 151 Officer introduced his report that informed that the Council Constitution allocated responsibility for the approval of the Statement of Accounts to the Audit and Risk Management Committee. The Statement for 2016/17 had been published on 29 June 2017 which was then subject to audit. The Council's external auditor, Grant Thornton LLP had presented their findings, within the Audit Findings Report (AFR) (minute 28 refers) together with any additional update, to this meeting.

The Statement of Accounts included the Merseyside Pension Fund (MPF) accounts as Wirral Council was the Administering Authority for MPF. As the MPF received a separate Audit Findings Report this had to be considered by Pensions Committee and also this Committee as part of approving the Accounts (see Minutes 23 -26).

Committee was asked to consider the findings of Grant Thornton, agree the Letter of Representation, agree any actions for 2016/17 and to approve the arrangements for the finalisation of the Statement of Accounts for 2016/17.

This was in order for them to be published by the statutory deadline of 30 September 2017.

Resolved – That

- (1) the Audit Findings Report presented by Grant Thornton be noted, noting the actions taken over the amendments to the Statement of Accounts as detailed in section 3 of the report now submitted;**
- (2) the Assistant Director : Finance and Section 151 Officer, be authorised to sign off the Councils' 2016/17 Statement of Accounts in consultation with the Chair of the Committee; and**
- (3) the Chair of the Audit and Risk Management Committee be authorised to sign off the Letter of Representation.**

30 **LOCAL AUDIT ACCOUNTABILITY ACT**

That Assistant Director; Finance and Section 151 Officer introduced his report that updated Members on the requirements of the Local Audit Accountability Act 2014 regarding public sector external audit appointments as detailed in the report presented to this Audit and Risk Management Committee in September and November 2016.

The report informed that Council on 19th December 2016 agreed to be part of the Local Government Association's national sector led body approach, Public Sector Audit Appointments Ltd (PSAA). PSAA had now undertaken a formal tendering exercise and appointments made for the providers of this service to local public bodies

PSAA had notified the Council that Grant Thornton (UK) LLP had been appointed as providers of external audit services to Wirral Council from 2018/19 for a period of 5 years.

Resolved – That the appointment of Grant Thornton (UK) LLP from April 2018/19 for a period of 5 years be noted.

31 **AGS SIGNIFICANT GOVERNANCE ISSUES UPDATE**

The Assistant Chief Executive introduced the report of the Assistant Director: Finance and Section 151 Officer that provided Members with a progress update on actions taken by officers to address items of concern identified in the Annual Governance Statement (AGS) for 2016/17.

The report informed that the Annual Governance Statement for 2016/17 had been presented to this Committee in June 2017, and that a standard agenda

item was now included for all meetings of this Committee to allow for regular updates on matters of concern identified in the AGS to be presented.

The report also informed that progress was being made to address all issues identified in the action plan. Targets, timescales and responsible officers having been identified and tasks allocated and work underway. Regular updates on actions to address identified issues were reported to the Corporate Governance Group on a bi-monthly basis by responsible officers and an escalation process had been implemented for reporting issues arising including failure to achieve targets to the Strategic Leadership Team for appropriate action.

The Assistant Chief Executive informed that no new issues had been identified for consideration.

Resolved – That the report be noted.

32 **MANAGEMENT OF INSURANCE AND CORPORATE RISK**

The Manager: Insurance and Risk introduced the report of the Assistant Director: Finance that set out progress made since his previous report in relation to key actions planned for 2017/18.

The Manager: Insurance and Risk informed that whilst the need to conduct a competitive tender exercise for a large element of the programme as indicated in paragraph 3.2.7 of the report could lead to lower costs it did create uncertainty in the forecasting of the Council's insurance costs for 2018/19 and beyond. The report informed that if a large number of schools were to convert to academies the pool of contributors to the Insurance Fund would decrease. Over time this could reduce the authority's buying power and the degree to which it could self-insure. This in turn could increase the cost of financing insurable risk. However officers remained vigilant to potential conversions and would be making changes to the authority's arrangements to ensure that potential negative impacts were gradual and limited wherever possible.

Resolved – That the report be noted.

33 **CORPORATE RISK REGISTER: UPDATE**

The Manager: Insurance and Risk introduced the report of the Chief Executive that confirmed the outcome of the 2016/17 year-end review of the Register and its refresh by the Strategic Leadership Team. The report also provided an update on the potential impact of a governance review on future monitoring and reporting arrangements. A copy of the refreshed Register recently agreed by the Strategic Leadership Team was appended to the report.

He informed that the review of action plans for the Wirral Plan and work on developing risk registers for Pledge strategies had been deferred but was now being progressed.

Resolved – That

- (1) the report be noted; and**
- (2) that further reports on the Corporate Risk Register be brought to future meetings of this Committee.**

34 **CORPORATE RISK MANAGEMENT POLICY**

The Manager: Insurance and Risk introduced the report of the Chief Executive that confirmed the process behind the revision of the Council's Risk Management Policy. The report set out the factors that had influenced its development and described the main proposed changes from the current document, highlighting an initiative that will affect the policy in future.

The Manager: Insurance and Risk informed that the Director for Corporate Resources & Reform has initiated a review of the Council's corporate governance arrangements. He advised that part of the review would address how consideration of risk informed decision-making and the arrangements for reporting risk information. He added that recommendations which resulted from that review could have significant implications for the Council's risk management framework. This would need to be reflected in the next revision of the Policy which would be included in a future update to the Audit and Risk Management Committee.

Committee was asked to endorse the Policy and refer it to Cabinet for approval.

Resolved - That

- (1) the draft Risk Management Policy be approved and referred to CABINET for formal adoption on behalf of the Council; and**
- (2) that regular reports on progress towards implementation of the risk management action plan be brought to this Committee.**

35 **RIPA**

The Group Solicitor introduced the report of the Assistant Director: Law and Governance that presented a summary of the use of covert surveillance by the Council, to detect evidence of criminal behaviour, between 1 June 2017 and 31 August 2017.

The report informed that during this period, the Council had obtained approval for the use of covert surveillance with the intention of detecting evidence of criminal behaviour i.e. to detect suspected illegal fly tipping at a site in Wirral.

The report further informed that annual training for Applying and Authorising Officers had been arranged for 30 October 2017 - each officer must attend suitable training on RIPA at intervals of not less than two years.

Resolved – That the report be noted.

36 **MATTERS FOR ESCALATION TO CABINET**

No items were selected for referral.

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**Audit and Risk Management Committee
Tuesday, 21 November 2017**

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

REPORT SUMMARY

This report identifies and evaluates the performance of the Internal Audit Service and includes details of any issues arising from the actual work undertaken during the period 1 September to 31 October 2017. There are 5 items of note concerning audit work undertaken that are brought to the attention of the Members for this period and these are identified at Section 3.2.

RECOMMENDATION

That the report be noted..

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To provide the Members with assurance that the Council is taking appropriate measures to ensure that the control environment is effective and to comply with statutory requirements to provide an adequate and effective internal audit service.
- 1.2 To ensure that risks to the Council are managed effectively.
- 1.3 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND AND AUDIT OUTPUT

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

- Any items of note arising from audit work conducted,
- Any issues arising that require actions to be taken by Members,
- Performance information relating to the Internal Audit Service,
- Developments being undertaken to improve the effectiveness of the Internal Audit Service.

The information contained within this report is for the period 1 September to 31 October 2017.

3.2. Items of Note

3.2.a Ethical Framework Audit

An audit is currently being undertaken to evaluate and review the Council's Ethical Framework as part of the 2017/18 Internal Audit Plan and as part of discharging our requirement under the Public Sector Internal Audit Standards to evaluate the design, implementation and effectiveness of the Council's ethics-related objectives, programmes and activities.

The purpose of the audit is to ensure that the risks associated with this area are appropriately addressed. The outcome of this work, including any required actions to improve arrangements will be reported to this Committee in due course.

3.2.b General Data Protection Regulation (GDPR)

An audit of the Council's compliance with the requirements of the new GDPR is currently underway with a completion date of December 2017. The aim of the audit is to ensure that the Council is on track for full compliance with the regulation by the 25 May 2018 deadline. The review will focus on implementation of the 'twelve Steps Framework' recommended by the Information Commissioner's Office and evaluate progress in these areas, providing an assessment and identifying any required actions for management. Work undertaken to date indicates that the authority is making good progress but that more work is required to meet the regulation's challenging requirements within the timescale. Members will be advised of the outcome of this piece of work in the usual manner.

3.2.c Counter Fraud Publicity Campaign

Internal Audit in conjunction with colleagues from across the Council and the Mersey region has co-ordinated a week long Fraud Awareness campaign during November 2017 to coincide with the International Fraud Awareness week running from 12 November. The aim of the campaign is to raise public awareness, change people's attitude towards fraud and encourage Wirral residents and businesses to help spot and stop fraud.

Fraudsters steal tens of thousands of pounds of public money that could be used to improve the local community; the campaign highlights the Council's zero tolerance approach to fraud and the minority who commit it.

The campaign includes posters and leaflets in council-run public buildings and other public areas, advertising on the council's website and on One Stop Shop digital screens.

3.2.d Highways Maintenance Contract

An audit visit was made to the local base of the contractor BAM Nuttall at the request of senior managers to gain an objective audit view on the percentage overhead rates that were being charged to various direct costs and the contractual basis for this. The resultant report clarified matters regarding the basis of the rate and when it needed to be applied, with the contractor agreeing to provide more clarity of detail in the future.

3.2.e Golf Courses

Two golf courses were audited during the reporting period involving on-site visits with the Golf Co-ordinator as a result of concerns raised over cash security. Onsite advice was provided and subsequently reported including the re-positioning of CCTV cameras, details included on daily and weekly returns and the responsibility for administrative checks on amounts banked. All actions have been implemented with immediate effect by senior management and follow up work will be undertaken later in the year to evaluate the effectiveness of these arrangements and the outcomes reported to the Committee.

3.3 Outstanding Audit Recommendations

- 3.3.a Attached at Appendix 1 is a 'tracker' table identifying information relating to those audits where recommended actions included in audit reports for the current year to date have not been fully implemented within agreed timescales and yet still present a serious risk.
- 3.3.b Where items are addressed by officers those entries are removed from the report on a rolling basis.
- 3.3.c All of the reports identifying outstanding actions are currently BRAG rated as 'Amber' indicating that progress is being made to address identified issues. These items all relate to ICT issues and a report is being presented to this Committee elsewhere on the agenda by the Acting Head of Digital, providing an update on progress being made to address these and other related issues.

3.4 Internal Audit Performance Indicators

- 3.4.a The Service constantly evaluates and measures the effectiveness of its performance in terms of both quality and productivity by means of a number of performance indicators in key areas as identified below. These include delivery of the annual Internal Audit Plan and ensuring that all of the audits identified in the plan are completed on schedule. This is particularly important at the present time as the requirement for Internal Audit involvement in a number of important corporate initiatives has increased dramatically.

IA Performance Indicator	Target	Actual
Percentage delivery of Internal Audit Plan 2017/18.	42	40
Percentage of High priority recommendations agreed with clients.	100	100
Percentage of returned client survey forms for the reporting period indicating satisfaction with the Internal Audit service.	90	100
Percentage of internal audit reports issued within 10 days of the completion of fieldwork.	100	99

- 3.4.b There are currently no significant issues arising.

3.5 Internal Audit Developments

- 3.5.a Continuous Improvement

This is important to the overall efficiency and effectiveness of the Internal Audit Service and as such a Continuous Internal Audit Improvement and Development Plan has been formulated that incorporates new and developing

areas of best practice from across the profession, ensuring that the service continues to constantly challenge how efficient and effective it is at delivering its service to all of its stakeholders and making any relevant changes and improvements as required. Some of the actions currently ongoing include:

- Development and implementation of an Internal Audit Methodology and Delivery Manual to fully comply with the new requirements of the Public Sector Internal Audit Standards and related best practice guidance;
- Ongoing improvement of corporate counter fraud awareness across the Council as evidenced in Counter Fraud Update report presented to this Committee;
- Continuing development of more automated working papers and reports to evidence and support audit findings;
- Further development of the Mersey Region Counter Fraud group led by Wirral Internal Audit to include more joint fraud exercises and training across the local region and the North West of England;
- Continuing development of the use of computer assisted auditing techniques in the evaluation and testing of system controls for more effective and efficient auditing;
- Ongoing implementation of paperless working environment;
- Development and implementation of a more enhanced and streamlined planning process for 2017/18 to reflect new PSIAS requirements.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS

6.1 There is none arising from this report.

7.0 RELEVANT RISKS

7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.

7.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

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APPENDICES

Appendix 1: Audit Recommendations Status Report

REFERENCE MATERIAL

Internal Audit Plan 2017/18

SUBJECT HISTORY (last 3 years)

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

**INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS
PERIOD: 01 APRIL 2016 TO 31 OCTOBER 2017**

<u>Summary</u>	Total	R	A
1. Completed Audits	1	0	1
2. Follow Up Audits Completed	3	0	3
3. Advice And Guidance / Consultancy	0	0	0

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 APRIL 2016 TO 31 OCTOBER 2017

1. Completed Audits - RED or AMBER flag

Audit	Date	Audit Area as per plan	Organisational Risk	Summary of Findings and Conclusions	Total Recs (H,M)	Implementation timescale for all actions Responsible Officer	Status	RAGB Status
Cyber Security	26/09/2016	Business Services	Moderate	Ten recommendations were made covering: - information security policies - firewalls - vulnerability monitoring - rogue wireless access points - information risk register - information security training - cyber insurance	10 (0)	June 2017 Head of Digital	The Head of Digital reported at the January ARMC meeting that all audit recommendations will be completed by May 2017. 11/09/17 - The Head of Digital reported at the June ARMC that of the five medium recommendations (five were low), two are included in the Data Centre Project and the remaining three relating to Information Governance will be covered as part of the ICO audit. 03/11/17 - The Head of Digital is providing an update report at the November ARMC meeting.	A

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 APRIL 2016 TO 31 OCTOBER 2017

2. Follow Up Audits Completed - RED or AMBER flag

Audit	Follow up date	Original Report date	Audit Area as per plan	Organisational Risk Position as at the date of the original audit	Summary of Findings and Conclusions	Original Total Recs (H,M)	Implementation timescale for all actions Responsible Officer	Status	RAGB Status - Current position	Organisational Risk - Current Position
ICT Business Continuity	04/09/2015	Dec 14	Authority Wide	Moderate	Ensure that all Directorates include ICT business continuity requirements in their risk registers and CESG to approve the critical services list so that business continuity plans can be put in place using the new template.	4 (4)	December 2015 Authority Wide	The Head of Digital reported at the January ARMC meeting that the project will be complete by September 2017. The Head of Digital will include an update on this in his report to ARMC in November.	A	Moderate
Data Loss Prevention	07/11/2016	Oct 14	Authority-Wide	Major	A DLP policy for the management of information assets should be produced, agreed by the Information Governance Board, and made available to all staff. This will ensure the correct management of information via the delivery of a technical solution by IT Services and the development and enforcement of appropriate working practices by Information Asset Owners.	3 (3)	January 2017 Information Governance Board	The Head of Digital reported at the January ARMC meeting that the project will be complete by May 2017. This area is included in the draft Internal Audit plan for 2017/18. 03/11/17 - The Head of Digital will include an update on this in his report to ARMC in Nov	A	Major
Patch Management	23/05/2017	Feb 16	Business Services [Digital]	Minor	Four high risk recommendations relating to implementing an approved patching policy, including the patching methodology and management information, and ensuring patches applied as appropriate in the DMZ.	8 (4)	July 2017 Head of Digital	Four of the eight recommendations have been implemented. A new implementation date of July 2017 has been proposed for the remaining outstanding recommendations. The SIRO presented a report to ARMC in June 2017 identifying progress currently being made to address all required actions.	A	Minor

KEY:

Organisational Risk	
MAJOR	A major organisational risk opinion indicates that the likelihood/impact of the risks identified during the review, should they materialise, would leave the Council open to major risk of a fundamental or material nature. This opinion suggests that there are some potentially serious weaknesses in the design and/or operation of the control environment that may have a significant impact on the achievement of systems and or corporate objectives if not addressed.
MODERATE	A moderate organisational risk opinion indicates that the likelihood/impact of the risks identified during the review, should they materialise would leave the Council open to moderate risk of a fundamental or material nature. This opinion suggests that there are some weaknesses in the design and/or operation of the control environment that may have varying degrees of impact on the achievement of the systems and/or corporate objectives.
MINOR	A minor organisational risk opinion indicates that the likelihood/impact of the risks identified during the review, should they materialise, would leave the Council open to minor risk.
NEGLIGIBLE	A negligible organisational risk opinion indicates that there were no weaknesses identified during the review and that the Council is not exposed to any risks directly associated with the findings.

RAGB status		
B	Audits	All actions agreed and implemented, with no further Internal Audit action necessary.
	Follow Ups	All actions implemented, with no further Internal Audit action necessary.
G	Audits	Most actions agreed and implemented, e.g. low priority recommendations are outstanding, with no further Internal Audit action planned.
	Follow Ups	Most actions implemented, e.g. low priority recommendations are outstanding, with no further Internal Audit action planned.
A	Audits	Actions agreed and officers committed to implement within agreed timescale.
	Follow Ups	Actions in process of being implemented within agreed timescale with some implemented.
R	Audits	Actions agreed
	Follow Ups	Little or no progress made to implement actions within agreed timescale.

Recommendation Priority Rating	
HIGH	A matter that is fundamental to the control environment for the specific area under review. The matter may cause a system objective not to be met. This needs to be addressed as a matter of urgency (suggested timescale: within one month).
MEDIUM	A matter that is significant to the control environment for the specific area under review. The matter may threaten the achievement of a system objective.
LOW	A matter that requires attention and would improve the control environment for the specific area under review. The matter may impact on the achievement of a system objective.



**Audit and Risk Management Committee
Tuesday, 21 November 2017**

REPORT TITLE:	COUNTER FRAUD UPDATE
REPORT OF:	CHIEF INTERNAL AUDITOR

REPORT SUMMARY

The purpose of this report is to provide Members of the Committee with an update on the activities of the Counter-Fraud Team within Internal Audit. The report covers the year 2016/17 and current year to date.

Although the Counter-Fraud Team works closely and collaboratively with the Fraud and Compliance Team within Revenues and Benefits, this report does not include the extensive specialist activities of their work which is reported to Members separately.

RECOMMENDATION

That the report is noted and that Members continue to support the work of the team.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To provide Members with assurance that the Council is taking appropriate action to address the risk of fraud and that suspected frauds are investigated and appropriate actions taken to prosecute perpetrators, recover losses and improve financial controls.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND AND AUDIT OUPUT

- 3.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) Counter Fraud Centre (CFC) who lead on work to counter fraud and corruption across public services, published their annual fraud and corruption tracker (CFaCT) in late 2016, which gives a national picture of fraud, bribery and corruption in the UK's public sector. The report for 2017 has not yet been published.
- 3.2 In 2015/16 CIPFA estimated that over £271 million worth of fraud was detected or prevented within the public sector and a total of 77,000 cases were investigated across the UK, representing an average value of £3,500 per case.
- 3.3 The main areas of fraud highlighted within the CFaCT report were:
- Business Rates;
 - Procurement;
 - Social Care and Welfare Assistance;
 - Council Tax Reduction Support;
 - Council Tax Single Person Discount;
 - Disabled Parking (Blue Badge);
 - Debt;
 - Insurance Claims;
 - Economic and voluntary sector (grant fraud);
 - Recruitment Fraud;
 - Insider Fraud – payroll / expenses/ abuse of works time or position.
- 3.4 The high risk fraud areas detailed in the CFaCT report have been incorporated into the annual Internal Audit planning process and audit work has been identified that is being undertaken during 2017/18.

COUNTER-FRAUD TEAM

3.5 The remit of the Counter Fraud Team is to:

- Prepare relevant best practice policies and procedures,
- Facilitate changes to the culture of the organisation by raising awareness amongst the workforce to fraud and corruption through targeted training,
- Proactively manage the risk of fraud to the Council through targeted audits in high risk areas,
- Provide both a proactive and a reactive response to tackling fraud across the authority.

3.6 Also included within this remit is the investigation of serious financial frauds perpetrated against the Council, as well as the teams either direct or supporting involvement with disciplinary and grievance cases, which can often be linked to criminal offences and their subsequent reporting to senior management.

ACTIVITIES UNDERTAKEN

Engagement with Fraud Groups

3.7 The Counter Fraud Team continues to chair and co-ordinate the activities of the Mersey Region Fraud Group (MRFG) which consists of a number of neighbouring authorities and partner organisations. The group is committed to developing a regional approach to counter fraud, including the production of generic policies and procedures and undertaking collaborative working in targeted areas, such as data matching and other counter fraud exercises.

3.8 The Team also contributes to the North West Chief Audit Executives Counter-Fraud Sub Group, who develop practical solutions to mitigate current and emerging fraud risks and respond to sector related change and challenges.

National Fraud Initiative

3.9 The Team oversees and co-ordinates the Council's involvement in the National Fraud Initiative (NFI) which the Council is required by law to participate in. This is a national exercise using data matching audit techniques. Council-wide data sets covering a wide range of financial and non-financial applications such as Housing Benefits, Council Tax, Electoral Registration, Pensions, Payroll, Creditors, Blue Badges, Residential Care Homes and Personal Budgets are uploaded to the Cabinet Office website, which are then matched with data within and between participating bodies to identify potential frauds, overpayments and errors.

3.10 On receipt of the results the Council then has responsibility to follow up and investigate the matches. The main NFI data matching is undertaken every two years, the results of these matches is fed into a national report at the end of each cycle. Data sets were submitted in October 2016 for the 2016/17 NFI biennial data matching exercise and results of data matches were received at the end of January 2017.

- 3.11 The NFI exercise consistently generates significant savings for the Council, arising largely from payments recovered or stopped. For the 2016/17 NFI exercise £167,000 has been identified to date, of which £154,000 is currently in the process of being recovered. It is anticipated that this figure is likely to increase with the addition of further successful cases, once investigations have been concluded.
- 3.12 The Team has worked with departments to develop and implement Action Plans taking into account lessons learnt from this exercise. The aim being to identify common themes and recurring types of frauds, overpayments and errors, so that departments can identify what changes can be made and measures taken to reduce their incidence.

Self-Assessment against the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption

- 3.13 To support the work of local authorities, the CFC published a Code of Practice on Managing the Risk of Fraud and Corruption. Although the Code is not currently mandatory, it represents best practice and compliance with the Principles set out in the Code will enable the Council to demonstrate effective financial stewardship of public monies.
- 3.14 The Code aims to establish common principles for managing the risk of fraud and corruption. The principles provide a set of standards which can be applied in all public bodies, regardless of sector or size. They emphasise the importance of managing the risks of fraud and corruption in order to secure good governance and financial stewardship.
- 3.15 The Council's compliance with the Code was initially assessed in 2015 following its publication in 2014. In January 2017, the Council's fraud arrangements were re-assessed, following the publication of further guidance on the Code and the introduction of an online assessment tool in 2016.
- 3.16 The assessment tool and guidance contains 68 performance statements which were used to measure the Council's effectiveness against the five key principles of managing the risks of fraud and corruption, which are to:
- Acknowledge the responsibility for countering fraud and corruption;
 - Identify the fraud and corruption risks;
 - Develop an appropriate counter fraud and corruption strategy;
 - Provide resources to implement the strategy;
 - Take action in response to fraud and corruption.
- 3.17 The Council has reached a good level of performance against the Code by putting effective arrangements in place across the Council and is taking positive action to manage its risks. A report on this was presented to this Committee earlier in the year identifying the outcomes from the exercise and resulting actions.

Training, Awareness and Reporting

- 3.18 During 2016/17 the officers of the Counter Fraud Team attended appropriate and relevant training and awareness sessions delivered outside of the authority by organisations such as CIPFA and CMIIA. In addition to these courses they have also attended localised and national networking meetings of their peers. These provide important opportunities for the officers to update and refresh their knowledge in the counter fraud arena.
- 3.19 In November 2016, the team coordinated a week long Employee Fraud Awareness Campaign, in collaboration with the Fraud and Compliance Team (Benefits and Revenues), Trading Standards, Insurance & Risk, HR, Publicity and other neighbouring authorities. The aim of the week was to heighten the awareness of the problem and scale of fraud in the public sector, to direct all employees to complete the Anti-Fraud and Corruption e-learning course and to encourage them to report any suspicions of fraud that they may have. The campaign involved posters, e-alerts and daily intranet bulletins and was supported by corporate messages from the Chief Executive and Members.
- 3.20 Since the campaign the team has seen both an increase in the take up of the Anti-Fraud and Corruption e-learning course and the number of investigations that they were asked to both undertake or to provide advice and support with. This clearly demonstrated that the work to raise the profile of the team, and the support that they can provide has been successful, in that more requests for assistance are now being received.
- 3.21 More recently the Team coordinated a week long Public Fraud Awareness Campaign from 13-17 November 2017, in collaboration with the Fraud and Compliance Team, Insurance & Risk, Publicity and other neighbouring authorities. The aim of the week was to raise public awareness of fraud and encourage Wirral Residents/Businesses to help spot and report fraud - "*Spot it and Stop it*". The campaign involved posters and leaflets in Council run public buildings, advertisements in the local media and messages on the Council's Website, Facebook/Twitter pages.
- 3.22 The Council subscribes to the National Anti-Fraud Network (NAFN), which promotes the sharing of information between Authorities and publishes regular bulletins on fraud cases and attempted scams, which are distributed to relevant staff and appropriate measures are taken to address the identified risks.
- 3.23 During 2016/17 and the year to date the development and recognition of the Counter- Fraud Team has continued with significant progress, which has resulted in 39 non- benefit related reports and referrals being made to the team which represents an increase of some 11% of the cases reported/referred from the previous year. The type of issues covered a broad spectrum of the Council's activities.

- 3.24 In addition, the Team provides advice to departmental officers investigating suspected frauds and irregularities, in cases where these are investigated within the department. The last year has seen an increase in the number of referrals from departments as the profile of the Team continues to rise and become more widely known to management.
- 3.25 The Team maintains a fraud referral register which is used to collate details of all reported fraudulent activity across the Council, whether investigated by the Counter-Fraud Team or by the relevant department. This facilitates the completion of the CFaCT, which is coordinated by the Team on behalf of the Council. The information contained within the register is then used to identify potential weakness and areas that may be susceptible to increased attempts of fraud and as such where Counter-Fraud resources need to be directed.

Audits and Investigations

- 3.26 The Team has conducted 16 audits and investigations across a wide range of topics and, as identified in the Strategic Internal Audit Plan presented to this Committee in March 2017, and subsequently reported upon at corresponding meetings. These assignments whilst predominately planned also include pieces of work in response to requests from Chief Officers or Members or as a result of any allegations made, including whistleblowing.
- 3.27 Outcomes from individual audits and investigations are reported to Members through the bi-monthly reports, quarterly Internal Audit update reports and the Annual Internal Audit Report.
- 3.28 The Team produced the Council's Counter-Fraud and Corruption Strategy, which clearly identifies the Council's commitment to an effective Counter-Fraud and Corruption approach as part of its overall Corporate Governance arrangements. The Strategy outlines the principles that the Council is committed to in preventing and reporting fraud and corruption.
- 3.29 The Team reviewed and amended the following policy documents, which form an important part of the Counter-Fraud and Corruption Strategy by setting the tone, culture and expectations of the Council, as part of the corporate framework:
- Anti-Fraud and Corruption Policy - this outlines the Council's attitude to and position on fraud and corruption and sets out responsibilities for its prevention and detection.
 - Fraud Response Plan – this details the Council's procedures for responding to any incidents of suspected fraud or corruption.
 - Anti-Bribery Policy - this sets out the actions required by Wirral Council officers to ensure compliance with the Bribery Act 2010 and details the sanctions which are applicable to individuals and to the Council, in the event of a prosecution under the Act.

3.30 The Counter-Fraud and Corruption Strategy and Policies have been promoted across the Authority and are listed as documents that employees are required to read on an annual basis, as part of one to one or performance appraisal meetings.

CONCLUSION

3.31 Participation in counter-fraud activities and compliance with best practice helps to strengthen the Council's approach and management of these risks. Working with partners, as demonstrated by the NFI, successfully illustrates the benefit of partnership working and co-operation between all involved. The national sharing of data allows a number of organisations to effectively identify areas of potential fraud or error, reducing the future risk of such fraud or errors going undetected.

3.32 Counter-fraud activity and the investigation of any issues ensures that where appropriate, any monies lost as a result of identified frauds or errors are recovered, and any weaknesses in procedures are addressed, to improve the internal control environment and help prevent fraud or error. Work will continue in 2017/18 to ensure that the Council promotes an environment where fraud and corruption are not tolerated.

4.0 FINANCIAL IMPLICATIONS

4.1 Delivery of the counter-fraud work will be met from existing Internal Audit resources.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS

6.1 Following the bi-annual NFI exercise £154k is currently being recovered by the Council.

7.0 RELEVANT RISKS

7.1 That fraud is not properly addressed, investigated and appropriate actions are not taken to prosecute perpetrators, recover losses and improve financial controls.

7.2 Given the budgetary constraints the council has been faced with and the reduced staffing levels it will always be a risk that previously robust procedures may not be followed and therefore providing the opportunity for fraud to occur.

8.0 ENGAGEMENT/CONSULTATION

8.1 None

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

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APPENDICES

None

REFERENCE MATERIAL

Internal Audit Plan 2016/17 and 2017/18

SUBJECT HISTORY

Council Meeting	Date
Audit and Risk Management Committee	Routine report presented annually to this Committee.



**Audit and Risk Management Committee
Tuesday, 21 November 2017**

REPORT TITLE:	AGS SIGNIFICANT GOVERNANCE ISSUES UPDATE
REPORT OF:	ASSISTANT DIRECTOR OF FINANCE (S151)

REPORT SUMMARY

This report provides Members with a progress update on actions taken by officers to address items of concern identified in the Annual Governance Statement for 2016/17.

RECOMMENDATION

Members should note the report and if appropriate escalate any matters deemed relevant to Cabinet.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATION

- 1.1 The Annual Governance Statement for 2016/17 was presented to this Committee in June 2017. A standard agenda item is included for all meetings of this Committee to allow for regular updates on matters of concern identified in the AGS to be presented.
- 1.2 To ensure that risks to the Council are managed effectively.
- 1.3 To ensure that the Council complies with best practice guidance identified in the CIPFA publication 'A Toolkit for Local Authority Audit Committees'.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND

- 3.1 At the meeting of this Committee in June 2017 the Annual Governance Statement for 2016/17 was presented. Following discussion by Members it was agreed that the standard Agenda item continues to be included for all future meetings of this Committee to provide a regular update on progress being made to address key governance issues faced by the Council and to allow Members to escalate areas of concern to the Cabinet where required.
- 3.2 The body responsible for overseeing work in this area is the Council's Corporate Governance Group. This Group meets regularly throughout the year and has formulated a detailed plan of action that includes the designation of responsible officers and timescales for action to address outstanding governance issues. This action plan is attached at Appendix 1.
- 3.3 The governance issues identified in the action plan comprise the significant issues identified in the Annual Governance Statement (AGS) for 2016/17.

PROGRESS

- 3.4 Progress is being made to address all issues identified in the action plan. Targets, timescales and responsible officers having been identified and tasks allocated and work underway. Regular updates on actions to address identified issues are reported to the Corporate Governance Group on a bi-monthly basis by responsible officers and an escalation process has been implemented for reporting issues arising including failure to achieve targets to the Strategic Leadership Team for appropriate action.
- 3.5 The majority of the actions identified are currently BRAG rated as 'Amber' indicating that work is in progress to achieve 'systems' and 'outcome' targets within agreed timescales. One action relating to 'Essential Training' is

currently BRAG rated as 'Red' on account of the target for achievement of an element of this action not being achieved within the agreed timescale. This matter is currently being addressed by SLT.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS

6.1 There are none arising from this report.

7.0 RELEVANT RISKS

7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.

7.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

8.0 ENGAGEMENT/CONSULTATION

8.1 Members of this Committee are consulted throughout the process of preparing the AGS.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

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APPENDICES

Significant Governance Issues Action Plan

REFERENCE MATERIAL

CIPFA/SOLACE Delivering Good Governance in Local Government

SUBJECT HISTORY

Council Meeting	Date
Audit and Risk Management Committee	Jan/March/June/Sept 2017

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Action plan update – Significant Governance Issues reported in the 2016/17 Annual Governance Statement

Key Improvement Area (as per 2016/17 AGS)	Actions for Implementation (as per 2016/17 AGS)	Responsibility and Implementation Date (as per 2016/17 AGS)	Progress Update – as at 7/9/17	RAGB Rating - Outcome	RAGB Rating - Arrangements
<p>Improvement Notice issued by the Secretary of State for Education (30th September 2016) Ofsted's "<i>Inspection of services for children in need of help and protection, children looked after and care leavers and Review of the effectiveness of the Local Safeguarding Children Board</i>", in July 2016 found significant weaknesses in each area reviewed.</p>	<p>In response to the Ofsted findings an Improvement Plan has been established and delivery of the same is underway with oversight provided by the Improvement Board which is independently chaired.</p> <p>The board convenes monthly to consider it's progress against the Ofsted recommendations and monitor the impact of the delivery of the improvement plan.</p> <p>Additional oversight for the improvement plan is provided by the Council's Children and Families Committee.</p> <p>The Leader of the Council has also committed to the setting up of a Leader's Task Force to ensure oversight of the improvement plan.</p>	<p>Director of Children's Services</p> <p>March 2018</p>	<p>The Improvement Plan has been refreshed and will deliver to five key and overarching themes going forward.</p> <p>Underpinning these thematic priorities will be individual action plans and a Performance Management Framework which the Wirral Improvement Board will use to hold organisations to account.</p> <p>A draft of the plan was signed off at the Improvement Board which met in July 2017. The refreshed plan became operational from September 2017.</p> <p>The third Ofsted monitoring visit took place on the 30 and 31st of August. The primary focus of the visit was the local authority's arrangements for care leavers. The visit also considered the audit process.</p> <p>The next monitoring visit is scheduled to take place on 11/12 December 2017 and the focus is expected to be Children looked after.</p>	<p>Amber</p>	<p>Amber</p>

Key Improvement Area (as per 2016/17 AGS)	Actions for Implementation (as per 2016/17 AGS)	Responsibility and Implementation Date (as per 2016/17 AGS)	Progress Update – as at 7/9/17	RAGB Rating - Outcome	RAGB Rating - Arrangements
<p>ICT Business Continuity Planning</p> <p>A greater focus is needed by business plan owners and relevant Directors to ensure business continuity plans are kept up to date and subject to supportive challenge and review by advisers in the business continuity and IT teams.</p>	<p>ICT are supporting the Business Continuity team to ensure effective Business Continuity Plans are being put in place, should a disruptive incident occur. ICT have recognised a marked improvement in the ownership of the IT element of the Council's business continuity plans over the last quarter.</p> <p>Six monthly and annual reviews are planned for all business critical plans.</p>	<p>Head of Community Safety and Transport Services / Acting Head of Digital</p> <p>September 2017 March 2018</p>	<p>The Head of Community Safety and Transport Services has previously received Business Continuity Plans (BCPs) for all 26 identified critical services.</p> <p>BCP owners are responsible for contacting the Business Continuity and Environment Officer (BCEO) to arrange for a desk-top review and walkthrough by the BCEO and IT lead. ICT continue to support the BCEO with the walkthrough testing of BC plans.</p> <p>BCPs should be reviewed and updated every 6 months (or sooner whenever there is a significant change) and subject to a walkthrough review every 12 months.</p> <p>As at 3rd November, 21 of the 26 business continuity plans have been tested using a walkthrough exercise. A further four tests have been scheduled before the end of the year (Communications, Waste Management, Health & Care (DASS) and Supported Housing & Homelessness), with just SEN Transport's plan yet to be tested.</p>	Amber	Amber

Key Improvement Area (as per 2016/17 AGS)	Actions for Implementation (as per 2016/17 AGS)	Responsibility and Implementation Date (as per 2016/17 AGS)	Progress Update – as at 7/9/17	RAGB Rating - Outcome	RAGB Rating - Arrangements
			<p>All plans have been reviewed in the last six months with the exception of SEN & Adult Transport (review due October 2016); Cemeteries & Crematorium (due July 2016); Environmental Health (due February 2016); and CYPD Social Care, Specialist Services (due October 2015).</p> <p>Reminders will be sent to all plan owners when further reviews / walkthrough exercises are required.</p> <p>There is still a requirement for plans to be produced for Coastal Protection and Traffic, these were previously included in the Highways & Transportation plan which, following a review now only covers Commissioning Support - Highways. The BC Officer will work with managers in these areas to get plans completed and tested.</p>		
<p>ICT Resilience Planning A Scrutiny review in November 2016 identified that the Council's IT disaster recovery arrangements required further</p>	<p>A working group is in place to monitor progress with the key project to relocate the Treasury Building Datacentre. It is planned that a comprehensive disaster recovery plan will be prepared following the successful completion of this project, scheduled to be completed by</p>	<p>Acting Head of Digital September 2017</p>	<p>The Migration of the Treasury link datacentre (DC1) to Merseytravel Georges dock datacentre (DC3) is progressing and is planned to be completed by the end of December 2017.</p> <p>The Creation of a Disaster Recovery datacentre (DC2) on the first floor of the Treasury building in the existing room is</p>	<p>Amber</p>	<p>Amber</p>

Key Improvement Area (as per 2016/17 AGS)	Actions for Implementation (as per 2016/17 AGS)	Responsibility and Implementation Date (as per 2016/17 AGS)	Progress Update – as at 7/9/17	RAGB Rating - Outcome	RAGB Rating - Arrangements
work and that the Council does not have a current, fit for purpose IT disaster recovery plan.	September 2017. The project remains on course for completion within the proposed timeline. The Council has successfully negotiated with Merseytravel to host the data centre and the network connection through the Mersey tunnel is in place. The tendering to relocate the data centre was won by SCC. The process to plan and then move the data centre to Merseytravel will shortly be underway.		currently being planned with an expected completion date of the end of February 2018. It is expected that both these phases of the project will be achieved within the current £1.5m budget.		
Compliance Absence Management : Ensuring compliance with the Council's sickness absence policy remains a Significant Governance Issue for the 2016-17 AGS.	An action plan has recently been agreed and is being delivered in response to the (internal) audit review. The action plan includes a focus on support and training for managers including targeting of identified groups. Additional work is being put in place to strengthen the organisational approach and ensure that all managers recognise their accountability and accept and discharge their responsibilities to comply with all aspects of the Council policy.	Assistant Director: Human Resources and Organisational Development (AD HR&OD). March 2018	A revised and updated action plan has been developed and was presented to SLT on 12 September 2017. This is centred around 5 key themes: - Leadership and Commitment - Training and Support - Performance and Compliance - Targeted Action - Health and Wellbeing The attendance plan agreed by SLT is being implemented. A new suite of management information reports have	Amber	Amber

Key Improvement Area (as per 2016/17 AGS)	Actions for Implementation (as per 2016/17 AGS)	Responsibility and Implementation Date (as per 2016/17 AGS)	Progress Update – as at 7/9/17	RAGB Rating - Outcome	RAGB Rating - Arrangements
	HR are realigning resources to provide further dedicated support and monitoring of management actions in relation to absence.		<p>developed to support management of absence. Specific areas have been identified for targeted action by Service managers supported by HR. Further training for managers is being rolled out.</p> <p>The absence projection for the financial year is currently around 9.9 days against a target of 10.75 days.</p> <p>A workplace wellbeing strategy has been developed alongside the attendance action plan</p>		
<p>Compliance - Essential Training - Compliance with supporting staff development through the provision of essential training remains a Significant Governance Issue for the 2016-17 AGS.</p>	<p>A project plan to adopt a refreshed approach to the delivery of essential training in 2017-18 has been developed and is being implemented with a robust communication approach / monitoring to rapidly address noncompliance.</p> <p>In addition to the roll out of essential training for 2017-18 led by the Senior Leadership Team corporate ownership must be displayed by all management and staff to ensure routine compliance with training.</p>	<p>Assistant Director: Human Resources and Organisational Development (AD HR&OD).</p> <p>March 2018</p>	<p>There are two essential training (e-learning) modules to be completed by all employees:</p> <ul style="list-style-type: none"> - Responsibility for Information 2017 (by 31 October 2017); - Equality and Diversity in the Workplace (by 31 March 2018). <p>62% of employees had completed the Responsibility for Information training module by the deadline of 31 October 2017. SLT and DMTs have / will be provided with details of non-completed training with follow-up action required.</p> <p>Specific training workshops targeted at</p>	Red	Red

Key Improvement Area (as per 2016/17 AGS)	Actions for Implementation (as per 2016/17 AGS)	Responsibility and Implementation Date (as per 2016/17 AGS)	Progress Update – as at 7/9/17	RAGB Rating - Outcome	RAGB Rating - Arrangements
	There has been a complete refresh of the Ulearning portal, with a regular staff compliance report available to all managers. Essential training will subsequently be linked to appraisal accountability statements, to promote compliance across the organisation. This will in turn hold both staff and their managers accountable for the completion of the training program.		line managers will be delivered by June 2018: <ul style="list-style-type: none"> - Stress management (October – December 2017) - Performance management (January – June 2018) 		
Compliance Contract Procedure Rules (CPR's) Compliance with the Councils CPR's remains a Significant Governance Issue for the purposes of the 2016-17 AGS.	Development work is underway in 2017-18 to address this issue; a number of actions are being implemented. These include a new procurement model structure to be in place by September 2017. Additional training will be provided to officers and a targeted approach based on insight of areas of noncompliance put in place.	Head of Procurement March 2018	In November 2015 Members approved the existing CPR's. The CPR's went live on the 1 April 2016. A full review of the CPR's is currently being undertaken as this is required every two years. Recommendations for amendments will be presented for Member approval at the January 2018 ARMC. The recommendations will further enhance and support compliance. The Use of Procurement Rules Approval Documents (PRAD) from 1 April 2017 to the 30 TH September 2017 are being reported to the November 2017 ARMC.	Amber	Amber

Key Improvement Area (as per 2016/17 AGS)	Actions for Implementation (as per 2016/17 AGS)	Responsibility and Implementation Date (as per 2016/17 AGS)	Progress Update – as at 7/9/17	RAGB Rating - Outcome	RAGB Rating - Arrangements
			The new Corporate Procurement Structure has been finalised and is expected to be fully operational, allowing for the recruitment process, from the middle of January 2018.		

Other Governance Issues

Other Governance Issue	Actions for Implementation (as per 2016/17 AGS)	Responsible officer Expected Delivery Date	Progress Update	BRAG Rating 'Outcome'	BRAG Rating 'Arrangements'
Performance Appraisals	(Not reported as a Significant Governance Issue in the 2016/17 AGS. Reported here for information).	Assistant Director: Human Resources and Organisational Development (AD HR&OD).	90% of performance appraisals due by 31 October have been completed. SLT and DMTs will be provided with details of non-completed Performance Appraisal and Development forms and these will be followed up as a priority.	Amber	Amber

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**Audit and Risk Management Committee
Tuesday 21 November 2017**

REPORT TITLE	PROCUREMENT - USE OF PROCEDURE RULES APPROVAL DOCUMENT PERMITTED UNDER THE COUNCIL CONTRACT PROCEDURE RULES
REPORT OF	HEAD OF PROCUREMENT

REPORT SUMMARY

This report informs the Committee of the range and number of contracts awarded which have been subject to Contracts Procedure Rules ("CPRs") Rule 12 Extension/Variation; Rule 11 Waiving the Rules, as required under the CPRs.

The Appendix details the contracts subject to the Extension/Variation or Waiver rules for the period 1 April 2017 to 30 September 2017 which under Contracts Procedure Rule 16 requires that all contracts which meet the following criteria are reported to Audit and Risk Management Committee, updates are provided to Committee on a six monthly basis:-:

- a) A contract is awarded the total value of which exceeds £500,000.
- b) A variation or extension to a contract approved by the Assistant Director of Finance (S151 Officer) and by others as per the Appendix.
- c) A waiver or breach of the Contract Procedure Rules in relation to a contract which exceeds £50,000 in value.

RECOMMENDATIONS

That the report be noted.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 To provide Committee with assurance that the Council is taking appropriate measures to comply with Contract Procedure Rules.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council's Contract Procedure Rules require this report be presented to this Committee. The frequency of the reporting now covers the previous six month period as approved by this Committee on the 12th June 2017.

3.0 BACKGROUND INFORMATION

- 3.1 Revised Contracts Procedure Rules that came into effect on the 1 December 2013 significantly changed the rules and the way they are applied.
- 3.2 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.
- 3.3 Each contract listed on the ODN's 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 Assistant Director of Finance (S151 Officer) according to the nature and value of the contract.
- 3.4 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.
- 3.5 A complete review of the CPRs was undertaken and the revised Rules, approved by this committee on the 24 November 2015, came into effect on the 1 April 2016.
- 3.6 Within the revised Rules the **Officer Decision Notice** was replaced with four, distinct, **Procedure Rules Approval Documents (PRAD)** - documents of approval are 1-4, for Exceptions to CPR's (1); Variations to Contracts (2); Extensions to Contracts (3); Contract Award (4). These form the basis of all reports to this Committee in accordance with Rule 16.
- 3.7 The revised CPRs included the adoption of the Public Procurement Regulations 2015, the Transparency Code 2014, and the requirement to publish all contracts over £5,000 in value.
- 3.8 There have been 27 Exceptions (**PRAD 1**) to the CPR's approved for the period. Requests to waive the CPR's for under EU threshold contracts (or where the thresholds do not apply) been authorised only in the following circumstances, supported in all cases by appropriate evidence;
- a. goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.
 - b. compatibility issues such that procurement from another source would be uneconomic given the investment in previous infrastructure;

- c. a waiver of the rules would be in the interests of the Council, be lawful, and provide value for money;
- d. Where there is a legal requirement to contract with a particular supplier.
- e. Call-offs under framework agreements, providing procedures are adopted which are broadly equivalent to these rules and compliant with national and EU legislation
- f. Contracts awarded to sole suppliers because of exclusive rights.

3.9 The remainder of PRAD's, detailed within the appendices, are as follows:

- Extensions 22 (extended within Contract terms)
- Variations 13 (within the interests of the Council)
- Awards 5 (over £500,000.00, under a full tender process)

4.0 FINANCIAL IMPLICATIONS

4.1 The appendices detail a total of 67 PRAD's, approved in compliance with the Council's Contract Procedure Rules against an overall third party spend of in excess of £170 million during 2016/17.

5.0 LEGAL IMPLICATIONS

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

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

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

6.2 The PRAD 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.

7.0 RELEVANT RISKS

7.1 There are none arising directly from this report.

8.0 ENGAGEMENT / CONSULTATION

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

9.0 EQUALITY IMPLICATIONS

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

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APPENDICES

Appendix Procedure Rules Approval Documents 1 April 2017 – 31 October 2017

SUBJECT HISTORY (last 3 years)

Meeting	Date
Audit and Risk Management Committee – Revised Contract Procedure Rules	25 November 2015

APPENDIX –PRAD (Procurement Rules Approval Document) 01st April 2017 to 30th September 2017

Date	Project Status	Project Title	Directorate	Service Area	Project Description	Value of Decision	Departmental Contact	Signed By	Approved By
Extensions									
11/04/2017	Extension	WIRRAL PRINCIPAL BRIDGE INSPECTIONS 2016/17 Atkins Ltd	Business Services	Commissioning Support	Principal Bridge Inspections as detailed in the contract specification. The tender included an offer for extension subject to terms (see attached). Atkins Ltd is deemed to have met the contract extension conditions by the Interim Commissioned Services Manager (Highways and Traffic) as confirmed by email to the HoS on 11 April 2017. 12 month extension 31 /03/2017- 31/03/2018	101,559	Design & Commissioning Manager	AD - Commissioning Support	Director of Finance & Investment (\$151)
12/04/2017	Extension	Get Real Care Leaver Employability Programme Brathay Trust	Strategic Hub	Children's Services	Get Real is aimed at care leavers, ranging in age from 16/19, and who are currently NEET.The programme has been designed in response to an identified need to increase the number of care leavers who enter education, employment or training. The programme has been run on an annual basis since 2011 and supports the Council's performance in relation to NI 148. This has been a successful programme with a recognized employability model delivered well by current delivery organization which we would like to continue. Some programme adjustments to enhance the success rate even further has led a slight increase in price. 12 month extension 28/04/2017- 27/04/2018	19,900	14-19 Strategy Manager	Lead Commissioner – Schools	Director of Finance & Investment (\$151)
24/04/2017	Extension	The Provision of Litter Enforcement Kingdom Services Group Limited	Business Services	Commissioning Support	This contract is primarily for the provision of litter enforcement. Extending the current contract will enable the Council to explore an alternative delivery model for this service area. The contract has performed well and is exceeding the delivery standard. The contractor has agreed to retain the existing rates. It is anticipated that there will be additional income generation of £400k in 2017/18 as detailed in the attached report dated 10 April 2017. 12 month extension 30/06/2017- 30/06/2018	520,800	Contracts Manager (Waste and Environment)	AD - Commissioning Support	Director of Finance & Investment (\$151)
24/04/2017	Extension	Vodafone GCF Services Vodafone	Business Services	Digital	Connectivity for Council wide PSN services. The extension is in place to support the Crown Commercial Service strategy for retention of existing business and maximising the potential of the agreement in line with forecast growth profiles. It will align the agreement term with both key strategic projects and customers whilst maintaining a compliant route to market and delivering value for money. 24 month extension 31/03/2017- 31/03/2019	26,872.86	Group Leader (Telecoms)	Head of Digital (SIRO)	Director of Finance & Investment (\$151)

25/04/2017	Extension	Street Lighting Maintenance-Consultancy services WSP Parsons Brinkerhoff	Delivery Services	Environmental Services	Capital funding of £500,000 has been allocated to replace defective street lights, street lighting columns and cabling as part of a package of measures aimed at addressing longstanding maintenance issues with older street lighting that is beyond repair. This is essential not just in the short-term, but also for the future if the council looks to upgrade the whole network with LED lighting. WSP's initial contract was to prepare the Tender documentation for the LED Phase 1 street lighting upgrade and to review and assess the returned submissions. As part of that brief they completely updated the street lighting asset inventory and that improved data was used in the preparation of the Street Lighting Column Condition Contract which they also prepared which is currently in progress. 2 month extension 30/04/2017- 30/06/2017	24,499.99	Highways Asset Manager	AD - Environmental Services	Director of Finance & Investment (\$151)
05/05/2017	Extension	Banking Services Lloyds Bank	Business services	Finance	Banking contract covering a wide range of banking services for Wirral Council (including Merseyside Pension Fund). Includes drawings, receipts and various petty cash accounts. All significant financial activities including payroll, creditor and benefit payments and income receipts flow through the accounts. Original contract was a 5 year term with an option for up to 5 annual extensions. This is the first extension of a possible 5 allowed for in the original contract. Consultation has taken place with a number of significant service users. Feedback has been that the services provided have been good with high level of satisfaction. Costs are relatively small compared with the importance of the contract The costs of retendering plus costs of changing bank would be significant. 12 month extension 31/07/2017- 31/07/2018	65,000	Senior Manager Corporate Finance	Director of Finance & Investment (\$151)	Director of Finance & Investment (\$151)
05/05/2017	Extension	Oracle Premier Support and Maintenance for two Oracle M4000 servers and two Oracle T5220 corporate Unix servers Esteem PLC	Business Services	Digital	Support and maintenance for Oracle servers. As corporate database systems run on these machines this support is necessary. An old equipment surcharge has been applied by Oracle which is why the support costs more this year. We are going to tender for new servers but in the interim we need to keep these servers on support with Oracle as they are the sole suppliers of patches for the Solaris operating system these machines use. 12 month extension 04/06/2017- 04/06/2018	9,375	Principal ICT Technician	Head of Digital (SIRO)	Director of Finance & Investment (\$151)
16/05/2017	Extension	The Schedule of Rates Contract for Lift Maintenance Works Knowsley Lift Services	Business Services	Assets	COMPREHENSIVE LIFT MAINTENANCE 2016-2017 Incumbent Contractor providing excellent service and value for money. 12 month extension 30/04/2017- 30/04/2018	50,000	Senior Manager Construction & Facilities Management	Senior Manager Construction & Facilities Management	Director of Finance & Investment (\$151)

12/06/2017	Extension	Wirral South One to One Youth Counselling Service Response	Strategic Hub	Health and Wellbeing	Offer young people aged 13 to 18 access to a confidential counselling support service provided by professional counsellors working to BACP guidelines and best practice: Minimising waiting times for young people, offering one to one counselling services to young people throughout Wirral South on a more localised footprint and Increasing awareness that a Wirral South Specific service exists. Service was evaluated and decision to extend by 12 months was taken by a representative panel of elected members. 12 month extension 30/04/2017- 30/04/2018	11,093	Constituency Manager	Consultant in Public Health (Locum)	Director of Finance & Investment (\$151)
15/06/2017	Extension	Wirral Lifelong & Family Learning Service Tranmere Rovers in the Community	Strategic Hub	Health and Wellbeing	The Service Provider will recruit / engage Wirral adults to participate in physical activity, workshops and short Adult Learning Courses designed to improve their Health & Wellbeing. Providing workshops and Adult Learning Courses and necessary resources in terms of staffing, equipment, materials, venue room rentals, marketing project coordination/ management, and administration. The contract extension will allow the service to build on and expand a successful 7 Month pilot. 12 month extension 30/08/2017-30/08/2018	80,000	Senior Commissioning & Contracting Manager	Director for Health and Wellbeing	Director of Finance & Investment (\$151)
21/06/2017	Extension	Skills & Careers Information Interactive Portal UExplore Ltd	Strategic Hub	Children's Services	Final contract extension. Original contract had the option of 3x 1 year extensions. One extension was used in 2016/17. This is a Liverpool City Region service and the costs are shared. In 2017/18 the Combined Authority will pay £4,302.00 and Wirral's contribution will be £717.00. Maintain a universal and fully accessible careers education, information, advice and guidance resource for young people aged 11 to 19. 12 month extension 31/03/2017-31/03/2018	8,604	14-19 Strategy Manager	Lead Commissioner - Schools	Director of Finance & Investment (\$151)
07/08/2017	Extension	Healthy Child Programme 0-19 Wirral NHS Community Trust	Strategic Hub	Health and Wellbeing	Provision of the Health Child Programme for 0 19 years. The continued provision of the Health Child Programme for 0 19 years as allowed within the contract and approved at Cabinet on 17.7.2017. 12 month extension 31/01/2018-31/01/2019	6,735,044	Senior Commissioning & Contracting Manager	Director for Health and Wellbeing	Director of Finance & Investment (\$151)
07/08/2017	Extension	Intelligence Services Liverpool John Moores University	Strategic Hub	Health and Wellbeing	Provision of academic intelligence services. Plus one provision in the contract, extension to 31 st March 2018 to bring provision in line with funding period for the Collaborative as a whole. Board of Directors approved decision in December 2016. £66,602 is the prorata value for the 9 month extension period. 9 month extension 10/07/2017- 31/03/2018	66,602	Commissioning and Mobilisation Manager	Director of Champs	Director of Finance & Investment (\$151)
07/08/2017	Extension	Supported Housing Contract Disabilities Trust	Delivery Services	Environmental Services	Provision of housing related support for up to 20 people with a Learning Disability (LD) to sustain independent living. Subsidy funding is payable following client means test. Clients are joint funded by ASC. If contracts not extended this would impact on ASC budget as hours would have to be picked up as they are part of a package of care. Extension Inc. an uplift in rate paid (to £13.55ph) to match ASC rate. Extension allows time for strategic decisions at a senior level regarding commissioning/tendering of LD	211,380	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Director of Finance & Investment (\$151)

					services in the future under the new operating model.				
					12 month extension 27/08/2017-26/08/2018				
07/08/2017	Extension	Wirral Recovery Orientated Substance Misuse Treatment Services Change Grow Live (CGL)	Strategic Hub	Health and Wellbeing	Provision of integrated drug and alcohol treatment Services. Continue provision of integrated drug and alcohol treatment services as allowed within contractual terms and agreed at Cabinet on 17.7.2017.	7,279,913	Senior Commissioning & Contracting Manager	Director for Health and Wellbeing	Director of Finance & Investment (\$151)
					12 month extension 31/01/2018- 31/01/2019				
07/08/2017	Extension	Supported Housing Contract Haven Care	Delivery Services	Environmental Services	Provision of housing related support for up to 8 people with a Learning Disability (LD) to sustain independent living. Subsidy funding is payable following client means test. Clients are jointly funded by ASC. If contracts not extended this would impact on ASC budget as hours would have to be picked up as they are part of a package of care. Extension Inc. uplift in rate paid (to £13.55ph) to match ASC rate. Extension allows time for strategic decisions at a senior level regarding commissioning/tendering of LD services in the future under the new operating model.	28,184	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Director of Finance & Investment (\$151)
					12 month extension 27/08/2017-26/08/2018				
07/08/2017	Extension	Supported Housing Contract Wirral Mind	Delivery Services	Environmental Services	Provision of housing related support for up to 12 people with a Learning Disability (LD) to sustain independent living. Subsidy funding is payable following client means test. Clients are jointly funded by ASC. If contracts not extended this would impact on ASC budget as hours would have to be picked up as they are part of a package of care. Extension Inc. uplift in rate paid (to £13.55ph) to match ASC rate. Extension allows time for strategic decisions at a senior level regarding commissioning/tendering of LD services in the future under the new operating model.	121,867.2	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Director of Finance & Investment (\$151)
					12 month extension 27/08/2017-26/08/2018				
07/08/2017	Extension	Suicide Liaison Service Listening Ear T/A Amparo	Strategic Hub	Health and Wellbeing	Provision of Suicide Liaison Service. Contract extended September 2016 for 6 months funded by funds already in reserve from initial procurement as costs were below expectations. Contract allows for 12 months of extension so a further 6 months agreed with new funding. Initial contract and initial 6 month extension at annual value of 115,257. Liverpool CC ceased membership from 1st April 2017 hence reduced annual contract value.	39,219	Commissioning and Mobilisation Manager	Director of Champs	Director of Finance & Investment (\$151)
					6 month extension 01/04/2017-30/09/2017				
07/08/2017	Extension	Supported Housing Contract Options for Supported Living	Delivery Services	Environmental Services	Provision of housing related support for up to 43 people with a Learning Disability (LD) to sustain independent living. Subsidy funding is payable following client means test. Clients are jointly funded by ASC. If contracts not extended this would impact on ASC budget as hours would have to be picked up as they are part of a package of care. Extension Inc. uplift in rate paid (to £13.55ph) to match ASC rate. Extension allows time for strategic decisions at a senior level regarding commissioning/tendering of LD services in the future under the new operating model.	359,346	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Director of Finance & Investment (\$151)

					12 month extension 27/08/2017-26/08/2018				
07/08/2017	Extension	Supported Housing Contract Alternative Futures	Delivery Services	Environmental Services	Provision of housing related support for up to 16 people with a Learning Disability (LD) to sustain independent living. Subsidy funding is payable following client means test. Clients are jointly funded by ASC. If contracts not extended this would impact on ASC budget as hours would have to be picked up as they are part of a package of care. Extension Inc. uplift in rate paid (to £13.55ph) to match ASC rate. Extension allows time for strategic decisions at a senior level regarding commissioning/tendering of LD services in the future under the new operating model. 12 month extension 27/08/2017-26/08/2018	169,104	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Director of Finance & Investment (\$151)
10/08/2017	Extension	Green Waste Composting Service White Moss Horticulture Ltd	Strategic Hub	Commissioning Support	To bulk and haul collected household garden waste from Wirral to White Moss Horticulture Ltd site in Kirby for processing into certified PAS100 compost. Joint LCR exercise awarded in 2014. Core Contract Term 2 years from 1/11/14 to 30/10/16 with 3x12 month optional extensions. This is second of the 12 month extension periods. 12 month extension 30/10/2017-30/10/2018	344,610	Contracts Manager- Waste and Environment	AD - Commissioning Support	Director of Finance & Investment (\$151)
10/08/2017	Extension	Supported Housing Contract MacIntyre Care	Delivery Services	Environmental Services	Housing support for up to 13 people with a Learning Disability (LD) to sustain independent living. Subsidy funding is payable following client means test. Support funded assists ASC to meet statutory duties and reduces level of funding from that budget. ASC hold a separate agreement with the provider. Funding is not statutory but is part of clients joint funding based on service user assessment. Clients are jointly funded by ASC. If contracts not extended this would impact on ASC budget as hours would have to be picked up as they are part of a package of care. Extension Inc. uplift in rate paid (to £13.55ph) to match ASC rate. Extension allows time for strategic decisions at a senior level regarding commissioning/tendering of LD services in the future under the new operating model. 12 month extension 27/08/2017-26/08/2018	133,874	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Director of Finance & Investment (\$151)

	Variations								
07/04/2017	Variation	Business Objects Software Acuma	Strategic Hub	Intelligence	The contract is for the provision of software licences to enable use of the Business Objects suite of software, this software is owned by SAP who retail licences via 3rd party support vendors. Our existing 3rd party vendor is Acuma. This is essential to support the transfer of services under the Integrated Health & Social Care Transformation programme (cabinet 27/03/17). The Contract and service specification outline that Business Intelligence services will be provided by Wirral Council to WCFT. One off additional cost of £19,621 plus recurring annual cost of £4,316.90 to novate licences for 3rd party access.	Existing Budget £20,900 New Budget £25,200	Snr Health & Social Care Intell Manager	AD - Health and Care Outcomes	Director of Finance & Investment (\$151)
07/04/2017	Variation	Extra Care Support Cherry Tree House Local Solutions	Strategic Hub	Health and Care	Provision of domiciliary care in Cherry Tree House. Domiciliary Care Services provide personal care for people living in their own homes and are currently independently regulated by the Care Quality Commission under the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 and the Care Quality Commission (Registration) Regulations 2009. Local Solutions were contracted to deliver support in 5 extra care schemes in Wirral. From September 1st 2016 onward Local Solutions have only provided support for Cherry Tree House, but with a revision to the rate paid from 1st Dec 2016, and the requirement to participate in Open Book Accounting review of the service to reduce the rate at the earliest opportunity (please see attached report).	Existing Budget £264,134 New Budget £518,477	Commissioning Lead	AD - Integrated Commissioning Programme	Director of Finance & Investment (\$151)
12/04/2017	Variation	Economic Advice GVA BilFinger	Transformation	Transformation	Economic development advice and options report for development of property company. Reason for Variation, the original contract value was estimated at £100k. Additional work has been required in respect of development briefs for areas to support the development of specific proposals, to share with the market.	Existing budget £100,000 New budget 130,000	Snr Manager Transformation & Improvement	Strategic Commissioner - Growth	Director of Finance & Investment (\$151)
17/04/2017	Variation	VMware Subscription, Support and Professional Services Trustmarque	Business Services	Digital	Contract is to provide the council with licenses to run VMware. VMware is the virtualization platform that runs all Microsoft servers for the council. There is a project underway to virtualize the DMZ. The DMZ is the part of the council network that hosts all public facing servers. There are currently 30 servers in the DMZ and we plan to virtualize them onto 3 servers. We therefore need a further 3 VMware licenses. The reason for not tendering for these licenses is so we can tender for all VMware licenses next year.	Existing Budget £125,306 New Budget £137,628	Infrastructure Manager	Head of Digital (SIRO)	Director of Finance & Investment (\$151)
24/04/2017	Variation	KLSW combined Safeguarding Adults Board Independent Chair (previously LCR) Mrs Sue Redmond	Strategic Hub	Health and Care	The role of the Chair of the KLSW combined Safeguarding Adults Board (SAB) is to ensure that the SAB operates effectively in discharging its responsibility to safeguard adults and exercise their functions and responsibilities set out in current and any future legislation and government guidance. The amount of time and input required by the independent chair in the lead up to the start of the new board was underestimated. There is sufficient funding to cover the costs at the new level of approx. 4 days per month and all partners have agreed to this expenditure.	Existing Budget £6,000 New Budget £20,000	Lead Commissioner - All Age Independence	Lead Commissioner - All Age Independence	Director of Finance & Investment (\$151)

24/04/2017	Variation	Legal advice Bevan Brittan	Transformation	Transformation	Wirral Council are seeking specialist legal/commercial advice and support to enable the establishment of a clear structure for the delivery and procurement of a Property Company (PropCo). Legal advice is required to develop a property company. We initially estimate this work to be valued at £100k. As the work progresses it is clear further support is required.	Existing Budget £100,000 New Budget £150,000	Snr Manager Transformation & Improvement)	Director Corporate Resources & Reform	Director of Finance & Investment (\$151)
23/05/2017	Variation	Domiciliary Care Community Caring	Strategic Hub	Health and Care	Domiciliary Care Services provide personal care for people living in their own homes and are currently independently regulated by the Care Quality Commission under the Health and Social Care Act 2008 (Regulated Activities 2010 and the Care Quality Commission (Registration) Regulations 2009). Instability across the local domiciliary care market, and the potential distress for service users precluded the full recommissioning of domiciliary care service. The extension to September 30th 2018 will allow full provider engagement, service redesign and recommissioning across all domiciliary care provision. Standard agreed fee rates will apply	2,984,200	Commissioning Lead	AD - Integrated Commissioning Programme	Director of Finance & Investment (\$151)
23/05/2017	Variation	Domiciliary Care Carewatch	Strategic Hub	Health and Care	Domiciliary Care Services provide personal care for people living in their own homes and are currently independently regulated by the Care Quality Commission under the Health and Social Care Act 2008 (Regulated Activities 2010 and the Care Quality Commission (Registration) Regulations 2009). Instability across the local domiciliary care market, and the potential distress for service users precluded the full recommissioning of domiciliary care service. The extension to September 30th 2018 will allow full provider engagement, service redesign and recommissioning across all domiciliary care provision. Standard agreed fee rates will apply.	1,700,000	Commissioning Lead	AD - Integrated Commissioning Programme	Director of Finance & Investment (\$151)
23/05/2017	Variation	Reablement Services Community Caring	Strategic Hub	Health and Care	Provision of general domiciliary care services and reablement services for people living in their own homes, currently independently regulated by the Care Quality Commission under the Health and Social Care Act 2008 (Regulated Activities 2010 and the Care Quality Commission (Registration) Regulations 2009). Instability across the local domiciliary care market, and the potential distress for service users precluded the full recommissioning of reablement care service. The extension to September 30th 2018 will allow full provider engagement, service redesign and recommissioning across all domiciliary care provision (including reablement). Standard agreed fee rates will apply.	1,558,333	Commissioning Lead	AD - Integrated Commissioning Programme	Director of Finance & Investment (\$151)
07/08/2017	Variation	Festival of Beautiful Ideas Beautiful Ideas Company North (CIC) c/o North West Housing Services	Strategic Hub	Growth	Develop and deliver a Festival of Beautiful Ideas to support the development of the creative digital and cultural sector in Birkenhead and Woodside. Original budget included £5k Beautiful Ideas prize(s) Owing to the volume/quality of responses steering group recommended prize fund increase to £12.5k 5k original budget 2.5K variation/overspend 5K Chamber No additional support to supplier to administer (Supplier Contributed additional £2k of own money) Final claim/additional funds not yet paid to supplier.	27,500	Strategic Commissioner – Growth	Strategic Commissioner – Growth	Director of Finance & Investment (\$151)

07/08/2017	Variation	Library Needs Assessment Report Shared Intelligence	Corporate resources and reform	Transformation	Leader's Library Needs Assessment. The Leader requested that additional engagement activity take place to include additional staff engagement sessions and a Councillor engagement session that hadn't been included in the original contract spec.	33,788	Head of Transformation	Director Corporate Resources & Reform	Director of Finance & Investment (S151)
07/08/2017	Variation	Domiciliary Care Multiple suppliers	Strategic Hub	Health and Care	Domiciliary Care Services provide personal care for people living in their own homes and are currently independently regulated by the Care Quality Commission under the Health and Social Care Act 2008 (Regulated Activities) Regulations 2010 and the Care Quality Commission (Registration) Regulations 2009. There has been a significant and sustained lack of capacity in the Domiciliary Care market for several months which is having a significant impact on hospital discharges. Following consultation with the market, we are making contract variation changes to the Dom Care contract to immediately release capacity and support the urgent care system with flow.	200,000	Contract Lead	AD - Integrated Commissioning Programme	Director of Finance & Investment (S151)
31/08/2017	Variation	Wirral Docks Bridges Replacement Design Services Mott MacDonald Ltd	Strategic Hub	Commissioning Support	Design services under NWCH EPS framework, extended on 15 December 2015 for a further £128,000 (as allowed at tender stage) to cover Project Manager and Supervisor services. The contract site works have been delayed and the Project Manager and Supervisor services need to be varied to cover the management of the remainder of the site works and settlement of the final costs account. The existing fee ceiling for these services was £128,000. The new agreed fee ceiling will be £169,000 (increase of £41,000). Budget availability exists.	41,000	Design & Commissioning Manager	AD - Commissioning Support	Director of Finance & Investment (S151)

	Awards								
03/04/2017	Award	Town Lane Infant School Extension & Refurbishment Lyjon Co Ltd	Business Services	Assets	New classroom extension to quad area, extend one classroom, refurbish toilets and other areas. Create improved external pupil play areas. No of Invitations 7 No of Bids Received 3 Start Date 18 Apr 2017 End Date 06 Oct 2017	419,753.18	Senior Manager Asset Management	Assistant Chief Executive	Assistant Chief Executive
08/05/2017	Award	Design and Build of a new Data Centre and Migration from existing Data Centre SCC	Business Services	Digital	To design and build a new Data Centre located in George Dock Liverpool (Space rented in a building and DC owned by Mersey Travel). Migration of existing services from the Treasury Annex DC as the building is to be demolished and the design and build to convert the existing Treasury Data Centre to be a disaster recovery site. No of Invitations 43 No of Bids Received 1 Start Date 19 Jun 2017 End Date 18 Jun 2018	1,000,000	Infrastructure Manager	Head of Digital (SIRO)	Head of Digital (SIRO)
01/06/2017	Award	Pensby Wood Day Centre Extension & Refurbishment Whitfield Brown Developments Ltd	Business Services	Assets	Dining Room Extension alteration and enlargement of hydro therapy pool, electrical & mechanical upgrades and general refurbishment. No of Invitations 6 No of Bids Received 6 Start Date 03 Jul 2017 End Date 02 Feb 2018	1,150,881	Senior Manager Construction & Facilities Management	Assistant Chief Executive	Assistant Chief Executive
31/07/2017	Award	Alterations/Refurbishment to Hydrotherapy pool & changing area at Meadowside Special School North West Construction	Business Services	Assets	Remove existing pool and changing facility and renew with a Hydrotherapy pool and modern changing rooms including showers and new plant room. No of Invitations 6 No of Bids Received 3 Start Date 14 Aug 2017 End Date 28 Apr 2018	1,006,874	Estates Strategy & Projects Manager	Senior Manager Asset Management	Senior Manager Asset Management
31/07/2017	Award	Floating Support for People with Mental Health Problems Excel Housing	Delivery Services	Assets	Delivery of floating (visiting) housing related support service for People with Mental Health problems. No of Invitations 5 No of Bids Received 5 Start Date 01 Oct 2017 End Date 30 Sep 2019	577,860	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Operational Housing Services

Waivers

25/04/2017	Exception	<p>Manager Safeguarding and Quality Assurance</p> <p>Baltimore Consulting Limited</p>	Strategic Hub	Health and Care	<p>Continuance of contract due to inability to recruit to the position full time. Work is ongoing with HR around reviewing the post pay and grade and recruitment strategy. Continuity is essential to supporting the Ofsted Improvement plan. This is a request to extend a current arrangement.</p> <p>Contract Start 01st September 2016- 31st March 2017</p>	50,000	Lead Commissioner - All Age Independence	Lead Commissioner - All Age Independence	Head of Procurement
09/05/2017	Exception	<p>Carers Health and Wellbeing Service Lots 1 & 2</p> <p>Wired</p>	Delivery Services	Adult and disability services	<p>To provide a Carers practical support service and Carers Grant to Carers in Wirral.</p> <p>A further 3 month extension is required to complete negotiations with Adult Social Care Services, Public Health, CCG and Children's Services to align complementary services under one larger contract that will give greater reach into vulnerable communities of Wirral, greater efficiency across the services and a redesigned offer to service users and Carers.</p> <p>Contract Start 01st July 2017- 30th September 2017</p>	72,500	Care Navigator	AD - Integrated Commissioning Programme	Head of Procurement
09/05/2017	Exception	<p>Adult Early Intervention and Prevention Support 4 All</p> <p>Wirral Mind</p>	Strategic Hub	Health and Care	<p>Providing low level intervention and prevention to vulnerable and socially isolated adults across Wirral with mental health, learning Difficulties, Physical Disabilities and for Older People. Interventions include: Drop in Sessions, befriending, transport, shopping, training, phone support etc.</p> <p>A further 3 month extension required with negotiations continue with DASS, Public Health, CCG and Children's service to align complementary services under one larger contract that will give greater reach into vulnerable communities of Wirral, greater efficiency across services and redesigned offer to service users and Carers.</p> <p>Contract Start 01st July 2017- 30th Sep 2017</p>	53,730.75	Commissioning Lead	Lead Commissioner-Community Care Market	Head of Procurement
09/05/2017	Exception	<p>Corporate Governance Research & Proxy Voting Adviser</p> <p>PIRC Ltd</p>	Delivery Services	Merseyside Pension Fund	<p>Provide research and analysis service covering companies in global equity markets, in which the Fund invests. Provide suitable shareholder voting guidelines to support the Fund's stewardship commitments, as part of the Responsible Investment strategy. Generate suitable voting recommendations based on the Fund's voting entitlements and implement their instruction.</p> <p>The service continues to provide essential support to carrying out a critical feature of MPF's investment strategy. The Fund has adopted the provider's voting policy as its own. Ongoing review in this area is looking at the evolving support needs of the Fund's RI strategy and different business models that support this, but in a changeable policy & regulatory environment.</p> <p>Contract Start 03rd April 2017- 31st March 2018</p>	80,000	Investment Monitoring Officer	Director - Merseyside Pension Fund	Head of Procurement
09/05/2017	Exception	<p>Adult Early Intervention and Prevention Service Wellbeing 4 All</p>	Strategic Hub	Health and Care	<p>Day service provision for eligible individuals with Dementia or those Frail & Elderly. Based on a Block contract.</p> <p>A further 3 month extension required with negotiations continue with DASS, Public Health, CCG and Children's service to align</p>	129,862.5	Commissioning Lead	Lead Commissioner-Community Care Market	Head of Legal Services

		Age UK Wirral			complementary services under one larger contract that will give greater reach into vulnerable communities of Wirral, greater efficiency across services and redesigned offer to service users and Carers. Contract Start 01 st July 2017- 30 th September 2017				
15/05/2017	Exception	Software Maintenance for Revenues products Capita Business Services	Delivery Services	Customer Services	Annual Maintenance for the Revenues and Benefits core application modules. We have to pay a yearly maintenance charge as part of the existing contract with Capita for the core Revenues and Benefits application. No one else can supply this. Contract Start 01 st April 2017- 31 st March 2018	50,937.69	Manager - Income and Debt	Head of Customer Services	Procurement Manager
17/05/2017	Exception	Reablement service tier 2 for Zone 2 Professional Carers	Strategic Hub	Health and Care	Reablement services are defined as 'Services for people with poor physical or mental health to help them accommodate their illness by learning or relearning the skills necessary for daily living'. Wirral Short Term Assessment and Reablement Service (STAR) is a Collaborative Service Partnership Model between Wirral Council Department of Adult Social Services, NHS Wirral and the Independent Sector. Contract Start 26 th June 2017- 30 th September 2018	193,748	Contract Lead	AD - Integrated Commissioning Programme	Head of Legal Services
25/05/2017	Exception	Microsoft Premier Support Microsoft Limited	Business Services	Digital	Microsoft Premier Contract enables the council to receive support from Microsoft in the form of proactive and reactive hours. A reactive hour is if the council has a problem we can ring Microsoft for support. Proactive hours mean that if we are implementing new products we can engage with Microsoft to support the implementation, often this means Microsoft engineers onsite working with us. We can only purchase a Microsoft Premier support contract from Microsoft. No other company can provide this support and a Premier Support contact is essential for supporting the delivery of IT Services. Contract Start 01 st June 2017- 31 st May 2020	715,315.2	Infrastructure Manager	Head of Digital (SIRO)	Head of Legal Services
26/05/2017	Exception	Wirral Transformation Agreement Capita plc	Transformation	Transformation	For the purchase of a SaaS agreement to upgrade the Capita Advantage Digital Portal to include additional software and implementation of that software. This complies with UK Procurement Regulations 2015: Use of negotiated procedure without prior publication clause 32.5.B. Contract Start 31 st May 2017- 31 st May 2018	238,885	Project Officer	Director for Strategy and Partnerships	Head of Legal Services
05/07/2017	Exception	Interim Soft Services Appointment Interserve FS (UK) Ltd	Delivery Services	Merseyside Pension Fund	To provide all soft services on a total facilities management basis including security, cleaning, CCTV, hire of equipment etc. at Tunsgate Quarter, a shopping centre owned by MPF. An open OJEU process will be undertaken in Q1 2018 but an interim arrangement is required while the centre reopens and gears up its operation and new contract in place. Until that occurs, and health & safety arrangements can be tested, and implications of restrictions on deliveries etc. can be tried out, there is uncertainty about the appropriate specification and staffing levels etc. Contract Start 01 st September 2017- 30 th April 2018	150,000	Director - Merseyside Pension Fund	Director - Merseyside Pension Fund	Head of Procurement/ Head of Legal Services

05/07/2017	Exception	Payment for 2016-17 CRC Allowances Department for Energy and Climate Change	Business Services	Assets	The Council is a full participant in the mandatory Carbon Reduction Commitment (CRC) Energy Efficiency Scheme. For each compliance year, we need to order, pay for, and surrender allowances to cover our reported CRC CO2 emissions. Payment for our allowances is not a contract, but an obligation under the CRC Energy Efficiency Scheme Order 2013. CRC allowances can only be ordered from the CRC registry and we receive a memorandum of account. We must pay the Department of Business and Industrial Strategy (DBEIS) using the bank details provided. The nominated bank account remains under the name of Department of Energy and Climate Change (DECC). This is an obligation under the CRC Energy Efficiency Scheme Order 2013. Contract Start 01 st April 2016- 31 st March 2017	346,000	Energy Conservation Engineer	Assistant Chief Executive	Head of Procurement/ Head of Legal Services
06/07/2017	Exception	Supported Housing Contract Nacro	Delivery Services	Environmental Services	Short term housing related floating support for up to 125 vulnerable people. Aims: to assist people to establish and maintain stable accommodation; To reduce incidences of tenancy breakdown and eviction; Improve health, wellbeing and safety; Reduce crime and antisocial behaviour; Work with agencies to reduce calls for more costly statutory services. The service has been tendered but due to TUPE the new contract award date will be 1st October 2017, not 1 st August. The extension allows the tender to be completed and for service continuity for the existing service users. The extension is on the same terms and Conditions as the existing contract and does not involve a change in the nature of the service provided Reg 72 Public Contracts Reg 2015. Contract 02 nd Aug 2017- 30 th September 2017	51,585.61	Supported Housing & Homelessness Snr Manager	Head of Operational Housing Services	Head of Procurement
18/07/2017	Exception	Liverpool City Region Mainstay System YMCA Liverpool	Delivery Services	Environmental Services	Mainstay software: LCR database for Supported Housing. Includes provision of: user licenses; User helpdesk; Bespoke reporting facility. The database provides real time data re: service performance; Waiting lists; placements; Referrals both accepted and declined (including reasons for refusal); utilisation; Length of stay; Planned/unplanned moves; Support planning and risk assessments. Mainstay system was originally commissioned on behalf of the Merseyside Authorities following a successful bid for funding made by Liverpool City Council. Funding was allocated by CLG to Liverpool City Region (LCR) Single Homeless Task force to procure the Mainstay system for a period of 3 years. Developed by Capita but it is managed on behalf of the LCR by Liverpool YMCA. Contract 01 st April 2017- 31 st March 2020	159,681	Supported Housing & Homelessness Snr Manager	Head of Operational Housing Services	Head of Procurement
20/07/2017	Exception	Parking Enforcement Services NSL Ltd	Strategic Hub	Commissioning Support	Delivery of a provision for the Enforcement of On Street and Off Street Parking Contraventions. There is no provision for extension within the existing Parking Services Contract. This exception to the Contract Procedure Rules, prior to setting up a compliant Contract through a procurement has commenced and currently the SMT stage. This will allow Officers opportunity and time to develop new outcomes for a future contract and consider the risk of TUPE of WBC staff in future service provision.	230,120	Contracts Manager (Waste and Environment)	AD - Commissioning Support	Head of Procurement/ Head of Legal Services

					Contract 17 th November 2017- 31 st March 2018				
27/07/2017	Exception	Supported Housing Contract Making Space	Delivery Services	Environmental Services	Housing support service, at 2 locations, for up to 16 vulnerable people with mental health issues. Service works with clients to help them gain skills needed to live more independently and to find and retain their own home; Support alleviates incidents of crises so avoids more costly health/social care involvement. Funding is on subsidy basis and only for those people who meet eligibility criteria. Supports the Council's statutory response to homelessness duties and reduces need for more costly social care/health interventions whilst supporting 2020 pledges. Ensures support for vulnerable residents. Extension will allow service continuation until strategic decisions can be made regarding joint commissioning arrangements in the future Contract 31 st July 2017- 29 th July 2018	63,789.44	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement
27/07/2017	Exception	Supported Housing Contract Sanctuary Group	Delivery Services	Environmental Services	Housing support service for up to 10 vulnerable people with mental health issues. Service works with clients to help them gain skills needed to live more independently and to find and retain their own home; Support alleviates incidents of crises so avoids more costly health/social care involvement. Funding is on subsidy basis and only for those people who meet eligibility criteria. Supports the Council's statutory response to homelessness duties and reduces need for more costly social care/health interventions whilst supporting 2020 pledges. Ensures support for vulnerable residents. Extension will allow service continuation until strategic decisions can be made regarding joint commissioning arrangements in the future. Contract 31 st July 2017- 29 th July 2018	67,542.80	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement
27/07/2017	Exception	Supported Housing Contract HF Trust Limited	Delivery Services	Environmental Services	Housing related support for up to 9 people with a Learning Disability (LD) to sustain independent living. Subsidy is payable following client means test. Support funded assists ASC to meet statutory duties and reduces level of funding from that budget. ASC hold separate agreement with the provider. Funding is part of clients joint funding with ASC and is based on service user assessment. Clients/service is jointly funded so we cannot tender in isolation. Contract will be aligned with DASS tendering process for LD services. Ext. allows for strategic decision regarding the Council restructure and its effect on budget responsibility plus future commissioning/tendering arrangements. Contract 28 th August 2017- 26 th August 2018	73,983	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement

27/07/2017	Exception	Supported Housing Contract Potensial	Delivery Services	Environmental Services	Housing related support for up to 8 people with a Learning Disability (LD) to sustain independent living. Subsidy is payable following client means test. Support funded assists ASC to meet statutory duties and reduces level of funding from that budget. ASC hold separate agreement with the provider. Funding is part of clients joint funding with ASC and is based on service user assessment. Clients/service is jointly funded so we cannot tender in isolation. Contract will be aligned with DASS tendering process for LD services. Ext. allows for strategic decision regarding the Council restructure and its effect on budget responsibility plus future commissioning/tendering arrangements. Contract 28 th August 2017- 26 th August 2018	84,552	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement
28/07/2017	Exception	Supported Housing Contract Royal Mencap	Delivery Services	Environmental Services	Housing related support for up to 12 people with a Learning Disability (LD) to sustain independent living. Subsidy is payable following client means test. Support funded assists ASC to meet statutory duties and reduces level of funding from that budget. ASC hold separate agreement with the provider. Funding is part of clients joint funding with ASC and is based on service user assessment. Clients/service is jointly funded so we cannot tender in isolation. Contract will be aligned with DASS tendering process for LD services. Ext. allows for strategic decision regarding the Council restructure and its effect on budget responsibility plus future commissioning/tendering arrangements. Contract 28 th August 2017- 26 th August 2018	102,167	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement
28/07/2017	Exception	Housing Contract Cambrian Supported Living	Delivery Services	Environmental Services	Housing support service, across Wirral, for up to 28 vulnerable people with mental health issues. Service works with clients to help them gain skills needed to live more independently and to find and retain their own home; support alleviates incidents of crises so avoids more costly health/social care involvement. Funding is on subsidy basis & only for those people who meet eligibility criteria. Clients/service is jointly funded so we cannot tender in isolation. Contract will be aligned with DASS tendering process for LD services. Ext. allows for strategic decision regarding the Council restructure and its effect on budget responsibility plus future commissioning/tendering arrangements. Contract 31 st July 2017- 29 th July 2018	178,039.68	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement
28/07/2017	Exception	Supported Housing Contract Harbour Supported Living	Delivery Services	Environmental Services	Housing support service, across Wirral, for up to 20 vulnerable people with mental health issues. Service works with clients to help them gain skills needed to live more independently and to find and retain their own home; support alleviates incidents of crises so avoids more costly health/social care involvement. Funding is on subsidy basis and only for those people who meet eligibility criteria. The 12 month extension will allow for strategic decisions to be made regarding the future commissioning and funding of support for clients with Mental Health issues. Contract awards may be made based on joint contract arrangement with Social Care or Health in future as a result of the recent restructuring of Council services. Contract 31 st July 2017- 29 th July 2018	208,000	Supported Housing & Homelessness Senior Manager	Head of Operational Housing Services	Head of Procurement

24/08/2017	Exception	Short Term Council Tax and Housing Benefits Processing Services Liberata UK Ltd	Delivery Services	Customer Services	A) The processing of Council Tax changes (Vacations & Occupations), Council Tax Support Changes and Single Person Discount activities. B) The assessment and processing of new claims for Housing Benefit, as well as changes in circumstances and other agreed items of work: Lessons learnt session will be undertaken. Contract 05 th September 2017- 04 th September 2018	80,000	Manager - Assessments	Head of Customer Services	Head of Procurement
31/08/2017	Exception	Actuarial, Benefit & Governance Consultancy Services Mercer Limited	Delivery Services	Merseyside Pension Fund	Provide Consultancy to Merseyside Pension Fund and its participating employers. To maximise efficiency and value for money, the Fund intends to utilise the National LGPS Framework (as administered by Norfolk County Council). Approval for a five month contractual arrangement with the incumbent supplier is required in order to ensure appropriate due diligence for such a large, complicated commitment on behalf of the Fund and its 200+ constituent employers. Contract 01 st October 2017- 28 th February 2018	99,000	Principal Pensions Officer	Director - Merseyside Pension Fund	Head of Procurement
14/09/2017	Exception	Wirral Council Affordable Housing Programme Grant for former Windmill Inn Public House LHT Onward Homes	Delivery Services	Environmental Services	Council's Affordable Housing Grant, part of the £1.5M Affordable Housing Programme to enable development of affordable housing in the borough. This grant is only available to the recipient who owns the land of the former Windmill Inn Public House, and is part of a legal grant agreement. The funding is from the Council's £1.5M Affordable Housing Programme which is only available to Registered Providers of Affordable Housing as approved by Cabinet and further approved by Councillor George Davies under his delegated powers. Contract 15 th July 2017 31 st March 2018	60,000	Principal Strategic Housing & Invest Officer	Head of Operational Housing Services	Head of Procurement
22/09/2017	Exception	Licence Support and Maintenance of Civica workflow Application for 2018 Civica UK Limited	Delivery Services	Customer Services	Licence Support and Maintenance of Civica workflow Application for 2018. We currently use the Civica workflow application and Civica themselves are the only ones that can then provide support and maintenance for the application and associated hardware licences. Contract 01 st January 2018- 31 st December 2018	52,552.44	Manager - Income and Debt	Head of Operational Housing Services	Procurement Manager
25/09/2017	Exception	Agreement for build of affordable housing scheme and grant of nomination rights relating to land at former car park, South View, Bromborough Wirral Methodist Housing Association	Delivery Services	Environmental Services	Agreement for build of affordable housing scheme and grant of nomination rights relating to land at former car park, South View, Bromborough. To build 8 no. 3 bed houses and 2 no. 2 bed houses and provide 100% nomination rights to the Council for first lets through Property Pool Plus. This grant is only available to the recipient who owns the land of the former car park at South View, Bromborough, and is part of a legal grant agreement. The funding is from the Council's £1.5M Affordable Housing Programme which is only available to Registered Providers of Affordable Housing as approved by Cabinet and further approved by Councillor George Davies under his delegated powers. Contract 25 th September 2017- 31 st March 2018	75,000	Principal Strategic Housing & Invest Officer	Head of Operational Housing Services	Procurement Manager

28/09/2017	Exception	<p>Liverpool City Region Strategic Waste Review proposal for implementation / facilitation of initial element</p> <p>Local Partnerships</p>	Strategic Hub	Environment	<p>This £50k commission on behalf of five city region Districts (approx. £10k each) is to commence the next investigation/ implementation phase and based on the money spent and specialist work undertaken so far it is considered that only Local Partnerships could reasonably be considered to undertake this work in a value for money manner. Commissioned by Wirral as Eric Robinson is lead CEX for waste. LCR Leaders and CEXs commissioned a strategic review of the city region's waste collection and disposal in 2016. Collective spend on these functions across LCR is in the region of £100M p.a. Due to its highly technical and complex nature, MRWA commissioned Local Partnerships to carry out the work. The Review cost £239k in total and highlighted potential savings opportunities worth up to £20M p.a.</p> <p>Contract 09th October 2017- 22nd December 2017</p>	50,000	Senior Transportation Planning Officer	Strategic Commissioner – Environment	Procurement Manager
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AUDIT AND RISK MANAGEMENT COMMITTEE

21 NOVEMBER 2017

REPORT TITLE:	ATTENDANCE MANAGEMENT
REPORT OF:	ASSISTANT DIRECTOR: HR OD

REPORT SUMMARY

This report updates Members on the work undertaken to respond to the audit review of Attendance Management (Sickness Absence). There are four items to note concerning the development of Council Attendance Management action plan, activity to date and planned approach.

RECOMMENDATION

Members are asked to:

- Note the report
- Note the Attendance Management Action Plan

1.0 REASON FOR RECOMMENDATION

- 1.1 To provide Members with assurance that the Council is taking appropriate measures to address issues identified in the Attendance Management (Sickness Absence) Internal Audit report.
- 1.2 To update Members on the proposed approach to manage attendance in the Council via the Attendance Management action plan.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered

3.0 BACKGROUND AND AUDIT OUTPUT

- 3.1 In June 2017 the Chief Internal Auditor brought a report to Committee which highlighted that, following an audit review of Attendance Management (sickness absence) evaluating compliance with corporate policy and procedure, there was a significant governance issue and major organisational risk. The report identified that managers were not complying with policy requirements, this included under and non-reporting of sickness and not taking action in line with policy and procedure.
- 3.2 The internal audit report identified a number of recommendations to address issues of non-compliance including further training and HR support, resetting expectations for managers and proactive monitoring and management of absence by senior management.
- 3.3 In addition to the issues identified in the audit report the Council had a number of wider concerns over the management of attendance, as a result, the recommendations of the audit report were fed into a wider approach to Attendance Management. An Attendance Management action plan (Appendix 1) was developed to:
 - Respond to the recommendations within the audit report
 - Reset expectations for managers to manage attendance
 - Embed a new performance management approach to managing attendance
- 3.4 This report will:
 - Provide an overview of the Attendance Management action plan
 - Outline the approach and key actions so far
 - Outline future activity for 2017 – 18 (Quarter 3 and 4)

- Update Members on current sickness absence position

3.5 Items of Note

3.5.a Attendance Management action plan

The attendance management action plan (Appendix 1) has been developed to:

- Develop a culture where wellbeing is valued and supported
- Improve the management of attendance in line with the policy
- Target and respond to key issues in order to improve wellbeing and attendance

The key themes of the action plan include:

Leadership and communication

The Council's Accountability Statement explicitly states that managers are responsible for managing attendance and during the Performance Appraisal Managers and Team Leaders are asked to confirm they understand their responsibilities in line with the policy.

A Senior Manager Briefing has been arranged to outline the new approach to management of attendance, the performance management framework and reset expectations for Managers.

Further training and support

The audit report identified there was a need for some refresher training for managers.

We will be putting in place both desktop based' and skills based training to ensure managers understand how to use the tools available to them to manage absence and have the skills and confidence to have difficult conversations with employees when their attendance gives cause for concern.

Performance Management and compliance

We have developed a detailed performance management report framework which focuses on the management of absence including compliance with the policy rather than the absence itself. The management information will identify issues of none or under reporting of absence. This will enable senior managers to actively monitor management action in line with the policy and hold managers to account who are not effectively managing the attendance of their staff.

Targeted Action addressing the causes of absence

HR/OD have previously delivered stress management training, we are now widening this training to focus on managing wellbeing at work, including stress and mental health related absence.

Workplace wellbeing

Workplace wellbeing is a key theme of the People Strategy as the Council recognises that employees play a vital role in our ability to deliver our 2020 pledges and the improvement and development of the Council. An action plan has been developed to be supportive and proactive in our approach to workplace wellbeing so they are healthy, happy and engaged to deliver.

The action plan has been shared and agreed with Senior Leadership Team (SLT).

3.5b Approach so far

Identifying targeted areas for action

SLT requested that target areas were identified for monitoring and additional support. The purpose of identifying the hotspots is to concentrate resources on specific areas of concern. That means that we will work with the managers to identify the causes of absence and provide dedicated targeted action.

The overall attendance figure and progress on the hotspots will be monitored at SLT. The targeted areas will be reviewed as progress is made

Meetings have taken place with all Directors and relevant DMTs to discuss the area for targeted action based on these reports.

Performance management

HR has produced a new suite of reports which cover a range of different performance indicators. Discussions have taken place at DMTs outlining the new performance management framework. Feedback has been positive; managers have welcomed the approach and found the reports insightful. The new reports will cover the following areas:

- Individuals currently off sick for 60 days or more,
- Areas with highest number of occasions of sickness
- Areas with highest number of lost days per FTE.
- Absence history per employee for use by managers.
- Detailed and summary data on number of absences and action taken by service.

Long term absence

We are systematically working through list of long term cases. Starting with the longest the aim is to ensure the number of individuals off sick over 60 days is reduced. Whilst there may always be a number of long-term absence cases in an organisation of our size, they should be relatively few and exceptional.

This is being progressed via case conferences involving legal & OH advice with the Director and line manager attending

Dedicated HR resources

We have redirected HR support to form a dedicated team to implement the new attendance management performance framework and provide training and support to managers. This will initially be in hot spot areas but all managers will be expected to undertake the training over the next 6 months.

Desktop training

The first phase of training for managers will be a one hour desk based session. Around 347 managers will be trained from targeted areas. These are not necessarily just areas with high absence levels but also where there are wider concerns about compliance and under-reporting.

Improved monitoring and recording of key decisions

Development of e forms to record key actions such as Return to Work interviews in line with the policy.

3.5.c Future activity – 2017-18 (Quarter 3 & 4)

Leadership and Communication

- Launch the new Workplace Wellbeing plan and approach to attendance management.

Further training and support

- Commence desk based training for managers in 'hot spot' areas.
- Run workshops for managers on 'having the absence' conversation to improve the skills of managers when having difficult conversations/ challenging absence / addressing concerns over an employee's health and wellbeing.

Performance management and compliance

- Continue to embed the new performance management culture via management meetings.

Targeted Action addressing the causes of absence

- Commission workplace wellbeing training to be delivered to all managers.

Workplace wellbeing

- Launch the Workplace wellbeing plan.

3.5d Level of sickness absence – current position

In 2016 – 17 the average overall days lost to sickness absence per full time equivalent (FTE) was 10.72 days. When comparing ourselves to both Merseyside and North West Authorities, the Council is in the middle range. The highest number of days lost in Merseyside Authorities is 13.31 days and the lowest number of days is 8.17. Across the North West the highest number of days is 13.31 and the lowest is 4.4 days.

The published target for the overall days lost per full time equivalent (FTE) for 2017-18 is 10.75 days. The projected outturn is estimated at 10.23 days lost per FTE. This shows there has been slight improvement within the year.

APPENDICES:

Appendix 1: Attendance Management Action Plan

**WIRRAL COUNCIL
ATTENDANCE MANAGEMENT ACTION PLAN**

November 2017

Introduction

There are long standing concerns about the level and cost of sickness absence in the Council and the impact of this absence on employees, services and the Council's ability to deliver its pledges.

This action plan provides a framework for the Council to improve attendance, wellbeing and engagement in the workforce.

1. Key Issues

1.1 Level of sickness

- The Council's sickness absence levels are currently around 10.73 days lost per Full Time Equivalent (FTE) per year. This varies across services. In Children's Services, Social Care this is nearly 18 days lost per FTE per year, compared to 6.99 days per FTE per year in Business Services.
- The Council's target is 10.75 days lost days per FTE per annum. The average days lost in the public sector is 8.0.
- 65 % of absence is long term (over 4 weeks) and 35% is short term.

1.2 Cost of absence

- The cost of sickness absence is high and has a direct impact on the quality and timeliness of services which are already stretched following reductions in budget.
- The approximate cost of absence in terms of lost time for 2016 / 17 was £4.4m (including on costs).
- The cash cost can be seen in the use of cover arrangements through agency staff and additional hours.
- There is a high level of agency use in Children's services. This is very expensive and, whilst not all attributable to covering for sickness, it has an impact on quality and continuity of service delivery. This was identified as one of the significant issues to be addressed within the Ofsted report in 2016.

1.3 Under-reporting of absence

- In 2016 Human Resources and Organisational Development (HR/OD) commissioned an internal audit report to investigate concerns of under-reporting

of sickness absence. The report (published in March 2017) identified evidence of under reporting. This means there is a potential that the Council's absence figures are underrepresented.

- There is also a governance issue as employees may be in receipt of normal salary because they haven't been recorded as sick and they should be paid occupational and/or statutory sick pay.
- This has also resulted in overpayments as employees have received their normal salary rather than sick pay. There have been some cases where this has resulted in the employee receiving more occupational sick pay than they are entitled to. In one case the overpayment was over £6,000. This not only causes issues for the employee but there is a time and financial cost to the Council to deal with the overpayment.

1.4 Reasons for absence

- The most common reason for absence is Mental Health related illness. This has accounted for an average of 35% of absence in the last three years and over a quarter of long term absence is related to mental health.

1.5 Management of absence

- An Internal Audit report March 2017 identified that managers were failing to comply with the Council's Attendance Management policy and procedure.
- This matter was discussed at Audit and Risk Management Committee June 2017 as part of the Annual Governance Statement and discussed by Cabinet in July 2017.
- The Council's most senior managers have accountability for management of attendance set out within their Accountability Statements.
- HR records show that relatively little formal action is being taken by line managers to address unacceptable levels of attendance in line with the policy. This is reinforced by the findings of the Internal Audit report.

2. Aim of the action plan

The aim of the action plan is to:

- Develop a culture where health and wellbeing is valued and supported

- Improve the management of attendance in line with the policy
- Target and respond to key issues in order to improve wellbeing and attendance

3. Key themes of the action plan

- a) **Leadership and communication** – from Senior Leadership Team (SLT) and Senior Managers in order to ‘make this happen’ and demonstrate the commitment to the new approach to attendance management.
- b) **Further training and support** - will be put in place to ensure all managers understand how, and have the skills and confidence to manage attendance and wellbeing.
- c) **Performance Management and compliance** - we have developed a detailed performance management report framework which focuses on the management of absence rather than the absence itself. This will enable senior managers to hold managers to account who are not effectively managing the attendance of their staff.
- d) **Targeted Action addressing the causes of absence** - HR/OD have previously delivered stress management training, we are now widening this training to focus on managing wellbeing at work including stress and mental health related absence.
- e) **Workplace wellbeing** – a workplace wellbeing plan has been developed to be supportive and proactive in our approach to workplace wellbeing.

4. Measuring the effectiveness of the action plan

In order to measure the effectiveness of the interventions in the action plan the following need to be baselined and further indicators developed:

Issue	Indicator	Current	Target
The level of absence	Reduction in the overall days lost due to absence	10.73 days per FTE	Published target 2017-18 10.75 days
Management of attendance	Internal audit	Internal audit report says it is a major risk	Outcome of internal audit report moves from major risk
	Increase in number of Return to Work Interviews being completed	Return to work interview benchmark target to be set by 1 December 2017	1 February 2018 – set new target
	Increase in number of formal hearings being completed	Formal hearing benchmark target to be set by 1 December 2017	1 February 2018 – set new target

Appendix 1 – Attendance Action Plan

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Issue	Action	Target	Desired outcome	Timescale	Lead officer	Resource	How will we know it's been achieved?	Progress/Comments
1. Leadership and Communication								
High profile communication of Absence levels and expected action as an organisational priority	Presentation and discussion at Corporate management (CMT) team before Senior manager briefing Chief Executive and All Directors to lead with AD HR/OD	CMT	Buy in and support from leadership to roll out attendance management action plan	w/c 18 September	Chief Executive /Assistant Director HR/OD	Assistant Director HR/OD	CMT endorse the approach	Complete
	Trade Union briefing	Trade Unions	Buy in and support from Trade Unions	19 September via Corporate JCC	Assistant Director HR/OD	Assistant Director HR/OD	Meeting taken place and buy in and support gained	Complete
	Meeting with Directors to agree hotspot areas	Directors	To agree hotspot areas for the Council	2 – 31 October	Assistant Director HR/OD	Assistant Director HR/OD	Hot spot areas agreed and shared with SLT	Complete
	Meeting with DMTs in hotspot areas	Directors / Assistant Directors	To outline sickness hot spots in department and outline	1 – 30 November	Assistant Director HR/OD	Dedicated Absence team	Meetings taken place	

Issue	Action	Target	Desired outcome	Timescale	Lead officer	Resource	How will we know it's been achieved?	Progress/Comments
			proposed performance management framework and support available					
	Meeting with extended DMTs in agreed hotspot areas and/or on request	Senior Managers	To ensure managers understand new performance management reports and reset expectations	November–December	Assistant Director HR/OD	Dedicated Absence team	All DMTs briefed and performance cycle commences	
	Senior Manager briefing	Senior Managers	Senior managers are briefed on new performance management framework, workplace wellbeing plan and expectations are reset for managing attendance	November	Assistant Director HR OD	Assistant Director HR OD	Briefing taken place	
	Communication to Managers	Managers / Team	Managers are aware of	Following Senior	Assistant Director HR	Assistant Director HR OD		

Issue	Action	Target	Desired outcome	Timescale	Lead officer	Resource	How will we know it's been achieved?	Progress/Comments
	/Team Leaders	Leaders	new approach to attendance management , workplace wellbeing and reinforce policy requirements	Manager briefing	OD			
	Communication to employees via Managers brief and intranet	All employees	Employees are aware of new approach to attendance management , Workplace Wellbeing strategy and reinforce policy requirements	December	Communications Team / Assistant Director HR/OD	Communications and Engagement manager	Managers brief article and intranet communication published	

Issue	Action	Target	Desired outcome	Timescale	Lead officer	Resources	How will we know it's been achieved?	Progress/ Comments
2. Further training and support								
Compliance with policy and reporting	One hour desk based training for line managers covering: <ul style="list-style-type: none"> • Recording absence on self-serve • Accessing absence reports • Keeping in touch • OH referrals • Return to work interviews • Absence triggers and warnings • Manager role in applying policy • Sign post to help available 	Targeted managers in 'hotspot' areas and others by application / invitation	Clear understanding at line manager level of roles, responsibilities and use of self-serve system. Reduce under reporting Improved policy application	December – February 2018	Senior HR Manager (Employee Relations, Schools HR and OD)	Line manager time and commitment Human Resources Officers	100% attendance (exception for long term sick and maternity) Increase in policy compliance measured by Return to Work interviews completed and hearings taking place	

Issue	Action	Target	Desired outcome	Timescale	Lead officer	Resources	How will we know it's been achieved?	Progress/ Comments
	Managers will be required to sign that training has been undertaken							
Managers do not undertake the basic steps in relation to attendance management e.g. Calling an employee back who has rang in sick, undertaking a Return to Work Interview, visiting an employee who is off long term	Short workshop 'Having the absence conversation' ..when they call ..when they RTW ..when they're off again ..when it begins to get serious	Targeted managers in 'hotspot' areas and others by application / invitation	Managers do not 'hold back' from having difficult conversations/ challenging absence / address concerns over an employee's health and wellbeing	December – February 2018	Assistant Director HR/OD	Line manager time and commitment OD to commission training	100% attendance (exception for long term sick and maternity) Increase in policy compliance measured by Return to Work interviews completed and hearings taking place	

Issue	Action	Target	Desired outcome	Timescale	Lead Officer	Resources	How will we know it's been achieved?	Progress/ Comments
3. Performance management and compliance								
Bespoke management information that can be used to monitor the management of absence	Performance management framework including reports and key questions to facilitate discussions with managers	SLT DMTs Senior managers Team leaders	To ensure the management of attendance is being monitored / challenged Discuss key issues and resolve issues /agree actions To hold managers accountable for noncompliance with policy Identify any workforce or employee issues	1 December 2017	SLT leadership and cascade Assistant Director HR/OD	HR/OD	Reports produced and framework in place	
	Escalation reports showing noncompliance will be part of reports that go	All line managers	Improve the management of attendance and policy application	1 December 2017	Assistant Director HR/OD	HR/OD	Increase in policy compliance to be monitored over 3 – 12	

Issue	Action	Target	Desired outcome	Timescale	Lead Officer	Resources	How will we know it's been achieved?	Progress/ Comments
	to DMT		Identify trends and issues Manager held accountable for managing attendance and performance				month period	
The level of proactive monitoring of absence and casework support to managers	Redirect HR resource to work alongside managers to drive improvement including: <ul style="list-style-type: none"> • One to ones with ADs • Support ADs with senior managers • Work with Director at DMTs • Report monthly to SLT 	Line managers	To ensure that HR have sufficient resource to proactively monitor and identify attendance issues, can support managers in dealing with them and can escalate	October 2017	Assistant Director of HR/OD	HR	Dedicated absence team in place	

Issue	Action	Target	Desired outcome	Timescale	Lead Officer	Resources	How will we know it's been achieved?	Progress/ Comments
We do not record management actions in line with policy electronically	Development of e forms to record on self-serve key actions e.g. Return to Work interviews in line with policy	Line managers	To be better able to monitor management action	November 2017	Assistant Director HR/OD	HR/OD	E-forms are live	

Issue	Action	Target	Desired outcome	Timescale	Lead Officer	Resources	Measure of success	Progress/ Comments
4.Targeted action addressing causes of absence								
Stress and mental health related issues are biggest reason for long term absence Developing manager's skills and ability to manage attendance	Workplace wellbeing Training to delivered to all managers (externally commissioned)	All line managers	Increase line management awareness of their responsibility to promote, encourage and manage workplace wellbeing including stress and mental health related issues.	By 31 March 2018	Senior HR Manager (Employee Relations, Schools HR and OD)	OD Team to commission training £tbc	Training is commissioned Training is rolled out	

Issue	Action	Target	Desired outcome	Timescale	Lead officer	Resources	Measure of success	Progress/ Comments
5.Workplace Wellbeing								
Workplace Wellbeing Strategy	To develop a workplace wellbeing strategy for the organisation	All employees	Council has a workplace wellbeing plan in place with a commitment to deliver by Senior Leadership Team	November 2017	Assistant Director HR/OD	Assistant Director HR/OD	Workplace wellbeing plan launched	
Workplace Wellbeing charter	To commit and achieve workplace charter award	All employees	Council works towards Workplace wellbeing Charter which provides a framework of best practice for managing employee health and wellbeing	Initial assessment by March 2018	Assistant Director HR/OD	Assistant Director HR/OD	Initial assessment is positive	

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Audit and Risk Management Committee 21 November 2017

REPORT TITLE:	DIGITAL UPDATE
REPORT OF:	Head of Digital

REPORT SUMMARY

This report provides Members with a progress update on actions taken by Digital Officers to remove and mitigate risk associated with underinvestment in IT infrastructure in the past.

RECOMMENDATION

Members should note the report.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 George Mallam, Business Change Manger, and Surjit Tour, Senior Information Risk Officer (SIRO), gave a verbal report to members in June .
- 1.2 At the September meeting members requested a written report and a senior member of Digital to attend the November meeting.
- 1.3 Surjit Tour has left the authority. The interim Head of Digital is Jeff Ashworth, the interim SIRO is David Armstrong.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND

- 3.1 This written report will document and update George Mallam's verbal report from June and will include an update on GDPR

4.0 PROGRESS

4.1 IT Contingency and Disaster Recovery

- 4.2 The Migration of the Treasury link datacentre (DC1) to Merseytravel Georges Dock datacentre (DC3) is progressing, and is planned to be completed by the end of December 2017

- 4.3 The Creation of a Disaster Recovery datacentre (DC2) on the first floor of the Treasury building in the existing room is currently being planned with an expected completion date of the end of February 2018

- 4.4 It is expected that both phases of the project will be achieved within the current £1.5m budget

4.5 Data Loss Prevention (DLP)

- 4.6 The Council has a number of technical and procedural controls to reduce the deliberate or accidental loss of sensitive information. These include: policies and documented procedures; training of staff; endpoint protection (eg laptop encryption; anti-virus and anti-malware software); and disabling of Universal Serial Bus (USB) ports.

- 4.7 Two DLP recommendations from Internal Audit are still outstanding. Both relate to technical controls and the Information Asset Owners' responsibility to enforce appropriate working practices. Work to identify information asset owners and to identify risks to information assets has begun as part of the GDPR compliance project.

4.8 Cyber security

4.9 There are 2 outstanding internal audit cyber security recommendations.

4.10 A new perimeter firewall infrastructure is being built as part of the new Datacentre at George's Dock.

4.11 A review of the wireless infrastructure has been planned and will begin in the New Year.

4.12 Information Governance (IG)

4.13 All corporate Information Governance and Information Security policy and procedure documents are being reviewed and updated following recommendations made in the ICO Audit and the Internal Audit review of Intranet Policies and Guidance.

4.14 The Information Responsibilities pages of the intranet will be refreshed so that all staff and members have access to up-to-date guidance on how to protect Council information. The key policies and procedures will be updated in advance of the May 2018 GDPR enforcement date. All other documents will be reviewed on a rolling basis.

4.15 A plan to review policies will be presented to the next Information Governance Delivery Group (IGDG) meeting.

4.16 Information Commissioner's Office (ICO) audit

4.17 Of the original 88 recommendations only 8 are left and they graded as Green. CYPD will not take their 3 recommendations to their SLT until December due to ongoing Ofsted work.

4.18 General Data Protection Regulation (GDPR)

4.19 GDPR will be enforceable from 25/05/18 and will strengthen data protection within the EU.

4.20 A briefing note was sent to SLT in June and the Information Governance Delivery group have been holding monthly meetings.

4.21 A training course has been given to key staff. HR/OD will develop a course for all council staff.

4.22 A Project Manager has been appointed and will start on 13/11/17.

4.23 Patch Management

4.24 The policy and documentation for patch management have been written with all outstanding actions implemented

5.0 FINANCIAL

5.1 Budget has been allocated for the data centre move.

6.0 LEGAL IMPLICATIONS

6.1 There are none arising from this report.

7.0 RESOURCE IMPLICATIONS

7.1 There is none arising from this report.

8.0 RELEVANT RISKS

8.1 There is a risk to IT resilience until the completion of the data centre move.

9.0 ENGAGEMENT/CONSULTATION

9.1 None

10.0 EQUALITY IMPLICATIONS

10.1 There are none arising from this report.

REPORT AUTHOR: Jeff Ashworth
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SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	June/September 2017



Audit and Risk Management Committee Tuesday, 21 November 2017

REPORT TITLE:	ARMC SELF ASSESSMENT
REPORT OF:	CHIEF INTERNAL AUDITOR

REPORT SUMMARY

To comply with best professional practice the Audit and Risk Management Committee is required to complete an annual evaluation of its role and effectiveness as part of the systems of internal audit.

The CIPFA publication 'A Toolkit for Local Authority Audit Committees' recommends the use of a self-assessment checklist to achieve this task. The Chair has completed the checklist and effectiveness evaluation which is attached at Appendix 1 and 2.

RECOMMENDATION

It is recommended that the members of the Committee give consideration to and approve the attached Self-Assessment Checklist of compliance with best practice (Appendix 1) and Evaluation of Effectiveness (Appendix 2) which has been produced by the Chair in consultation with the Chief Internal Auditor.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To comply with best practice identified in the CIPFA publication 'Audit Committees Practical Guidance Toolkit for Local Authorities and Police'. The toolkit draws on best practice from both local government and the wider public sector.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND INFORMATION

- 3.1 The Department for Communities and Local Government (DCLG) issued amended regulations in 2006, to the 2003 Accounts and Audit Regulations – 'The Accounts and Audit (Amendment) (England) Regulations 2006.
- 3.2 One of the amended regulations impacts on the process for preparing the Statement of Internal Control (SIC) which is subsumed within the Annual Governance Statement (AGS) and relates specifically to the systems of internal audit in operation. This is:-
- Regulations require bodies to regularly review their systems of internal audit, and for the findings to be considered by a committee of the body, or by the body as a whole.
- 3.3 Advice from CIPFA includes the assertion that the "systems of internal audit" can be considered to include the role and effectiveness of the Audit Committee.
- 3.4 To assist Councils in this evaluation exercise CIPFA has provided a Self-assessment checklist (Appendix 1) to provide a means of assessment against recommended practice both to support and inform the Audit and Risk Management Committee. The guidance also now includes an assessment tool (Appendix 2) to help Members to consider where the Committee is most effective and evaluate where there may be scope to do more.
- 3.5 The views expressed in both Appendices 1 and 2 are those of the Chair and this report is therefore presented to the wider Committee to consider and come to a final conclusion as to the outcome and any actions arising.
- 3.6 The self-assessment and evaluation conclude that the Audit and Risk management Committee fulfils all of its core objectives, all of which align with best practice. Moreover, in general terms, the Committee is effective in supporting and overseeing governance throughout the Authority.

3.7 The key actions arising were as follows:

- Continue to ensure the role and value of the Committee is understood and recognised by all relevant parties including Council;
- Continue to review and challenge the role of the Committee and its interaction with other Committees; and
- Ensure that all Members of the Committee attend the relevant CIPFA training session for Audit Committee Members;
- Continue to assess the Committee against the core knowledge and skills required for Members to inform any future training plans.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising from this report.

5.0 LEGAL IMPLICATIONS

5.1 There are none arising from this report.

6.0 RESOURCE IMPLICATIONS

6.1 There are none arising from this report.

7.0 RELEVANT RISKS

7.1 Appropriate actions are not taken by officers and Members in response to the identification of risks to the achievement of the Council's objectives.

7.2 Potential failure of the Audit and Risk Management Committee to comply with best professional practice and thereby not function in an efficient and effective manner.

8.0 ENGAGEMENT/CONSULTATION

8.1 Members of this Committee are consulted throughout the process of preparing and presenting this regular report.

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

REPORT AUTHOR: Mark P Niblock
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APPENDICES

Audit and Risk Management Self-Assessment Checklist and Evaluation

REFERENCE MATERIAL

CIPFA Publication 'Audit Committees Practical Guidance Toolkit for Local Authorities and Police'

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Annual Report

Audit and Risk Management Committee

Self-Assessment Checklist - 2017

ESTABLISHMENT OPERATION AND DUTIES					
Role and Remit					
No	Good Practice Question	Yes	No	N/A	Supporting Comments
1	Does the audit committee have written Terms of Reference?	X			ARMC Terms of Reference (TOR) are included within induction for new members of this Committee
2	Do the terms of reference cover the core functions of the audit committee as identified in the CIPFA guidance?	X			
3	Are the terms of reference approved by the council and reviewed periodically?	X			
4	Has the audit committee been provided with sufficient membership, authority and resources to perform its role effectively and independently?	X			Complies with current requirements CIPFA Best Practice Guidance Toolkit.
5	Can the audit committee access other committees and full council as necessary?	X			Referrals and reporting to and from other Committees, Cabinet and Council. Action: Continue to ensure that the role and value of the Committee is understood and recognised by all relevant parties including Full Council.
6	Does the authority's statement on internal control include a description of the audit committee's establishment and activities?	X			Statement on Internal Control now subsumed into Annual Governance Statement (AGS). AGS reported regularly to ARMC during year.
7	Does the audit committee periodically assess its own effectiveness?	X			See Annual Report and Self-Assessment reports to ARMC. Action: Continue to review and challenge the role of the Committee and its interaction with other Committees.

No	Good Practice Question	Yes	No	N/A	Supporting Comments
8	Does the audit committee make a formal annual report on its work and performance during the year to full council?	X			See Annual Report to ARMC. Action: Continue to ensure that the role and value of the Committee is understood and recognised by Full Council.
Membership, induction and training					
9	Has the membership of the audit committee been formally agreed and a quorum set?	X			Confirmed with Law and Governance.
10	Is the chair independent of the executive function?	X			Confirmed.
11	Has the audit committee Chair either previous knowledge of, or received appropriate training on, financial and risks management, accounting concepts and standards, and the regulatory regime?	X			Previous Charity Auditor. Extensive experience operating small businesses. Annual Member training program attendance. Annual CIPFA Better Governance Training (Chair and Deputy). Attendance at targeted IA training for Members of this Committee.
12	Are new audit committee members provided with an appropriate induction?	X			Confirmed with Law and Governance.
13	Have all members' skills and experiences been assessed and training given for identified gaps?	X			Targeted (CIPFA) training for Members of the Committee scheduled for Nov 2017. Action: Ensure that all Members of the Committee have attended the CIPFA training session. Action: Continue to assess the Committee against the core knowledge and skills framework to inform any future training plans.
14	Has each member declared his or her business interests?	X			
15	Are members sufficiently independent of the other key committees of the council?	X			Legal and Member Services determine in consultation with Leader.
Meetings					
16	Does the audit committee meet regularly?	X			5 times a year - complies with CIPFA Best Practice Guidance.

No	Good Practice Question	Yes	No	N/A	Supporting Comments
17	Do the terms of reference set out the frequency of meetings?	X			Yes - see TOR.
18	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	X			Complies with CIPFA best practice - 2 weeks prior to meetings.
19	Does the audit committee calendar meet the authority's business needs, governance needs and the financial calendar?	X			Programme of meetings designed to accommodate key Council reporting requirements eg: financial statements, AGS, Audit Plans.
20	Are members attending meetings on a regular basis and if not, is appropriate action taken?	X			See ARMC Annual report 2016/17 for analysis of attendance.
21	Are meetings free and open without political influences being displayed?	X			See minutes of meetings.
22	Does the authority's S151 officer or deputy attend all meetings?	X			Section 151 Officer attends all meetings.
23	Does the audit committee have the benefit of attendance of appropriate officers at its meetings?	X			Complies with CIPFA best practice, Strategic Director, S151, Monitoring Officer, CIA and other officers as appropriate, see minutes of meetings
INTERNAL CONTROL					
24	Does the audit committee consider the findings of the annual review of the effectiveness of the system of internal control (as required by the Accounts & Audit Regulations) including the review of the effectiveness of the system of internal audit?	X			See Chief Internal Auditors Annual Report 2016/17.
25	Does the committee have responsibility for review and approval of the AGS and does it consider it separately from accounts?	X			See Annual Governance Statement 2016/17.
26	Does the audit committee consider how meaningful the SIC (AGS) is ?	X			See minutes of meetings where AGS presented (Mar/June/Sept pa) and discussed.

No	Good Practice Question	Yes	No	N/A	Supporting Comments
27	Does the audit committee satisfy itself that the system of internal control has operated effectively throughout the reporting period?	X			See IA Update Reports, EA Update Reports, Risk Registers report to every meeting.
28	Has the audit committee considered how it integrates with other committees that may have responsibility for risk management?	X			ARMC responsible for RM, in addition, departmental and corporate risk registers presented to every meeting identifying actions being undertaken by other committees and bodies.
29	Has the audit committee (with delegated responsibility) or the full council adopted "Managing the Risk of Fraud – Actions to Counter Fraud and Corruption?"	X			See Annual Counter Fraud report to ARMC (Nov 2017).
30	Is the audit committee made aware of the role of risk management in the preparation of the internal audit plan?	X			See annual Internal Audit Plan report (March every year) – explicitly identified in reports and explained/discussed at meetings. See meeting minutes.
31	Does the audit committee review the authority's strategic risk register at least annually?	X			Corporate Risk Register presented to every meeting.
2	Does the audit committee monitor how the authority assesses its risk?	X			Risk Management report underlining process presented to every meeting and discussed including departmental registers
32	Do the audit committee's terms of reference include oversight of the risk management process?	X			See TOR.
FINANCIAL REPORTING AND REGULATORY MATTERS					
33	Is the audit committee's role in the consideration and/or approval of the annual accounts clear?	X			See TOR See Statement of Accounts reports. See Annual ARMC Report.

No	Good Practice Question	Yes	No	N/A	Supporting Comments
34	Does the audit committee consider specifically: <ul style="list-style-type: none"> • the suitability of accounting policies and treatments • major judgements made • System for large write-offs • changes in accounting treatment • the reasonableness of accounting estimates the narrative aspects of reporting?	X			See analysis of reports presented to ARMC identified in Annual ARMC Report for breakdown of issues reported covering these categories. Reports on effectiveness of control of write off system included in Audit Plan and outcome of any work presented by IA. Actual write offs managed by other relevant Committee. Accounting – see S151 reports presented.
35	Is an audit committee meeting scheduled to receive the external auditor's report to those charged with governance including a discussion of proposed adjustments to the accounts and other issues arising from audit?	X			External Audit report to every Committee. Scheduled reports covering all key areas including accounts.
36	Does the audit committee review management's letter of representation?	X			Report to Committee pa.
37	Does the audit committee annually review the accounting policies of the authority?	X			See annual Section 151 Officer reports.
38	Does the audit committee gain an understanding of management's procedures for preparing the authority's annual accounts?	X			As above. Annual Member training by Sect 151 Officer covers this.
39	Does the audit committee have a mechanism to keep it aware of topical legal and regulatory issues, i.e. circulars/training	X			Monitoring Officer who attends all ARMC meetings manages this through training/notifications.

No	Good Practice Question	Yes	No	N/A	Supporting Comments
INTERNAL AUDIT					
40	Does the audit committee approve, annually and in details, the internal audit strategic and annual plans including consideration of whether the scope of internal audit work addresses the authority's significant risks?	X			See Strategic and Annual Internal Audit Plan reports (every March).
41	Does internal audit have an appropriate reporting line to the audit committee?	X			See IA reports to every meeting. Monthly meets with Chair/Deputy.
42	Does the audit committee receive periodic reports from the internal audit service including an annual report from the Head of Internal Audit?	X			See Report/Meeting Minutes. See Bi-Monthly ARMC Summary reports emailed directly to members.
43	Are follow-up audits by internal audit monitored by the audit committee and does the committee consider the adequacy of implementation of recommendations?	X			See Appendix to IA Update Reports - O/S Recommendations See Bi-Monthly reports.
44	Does the audit committee hold periodic private discussions with the Head of Internal Audit?	X			Weekly meetings with Chair . Regular conversations between Chair and CIA.
45	Is there appropriate cooperation between the internal and external auditors?	X			Extensive co-operation - co-ordinated approach, regular scheduled meets, joined up plans of work.
46	Does the audit committee review the adequacy of internal audit staffing and other resources?	X			See IA Plan, Annual CIA and IA Update reports for narrative and performance data relating to delivery of IA Service.
47	Has the audit committee evaluated whether its internal audit service complies with CIPFA's Code of Practice for Internal audit in Local Government in the United Kingdom?	X			See Annual CIA Report for confirmation of this and the new Public Sector Internal Audit Standards. See also separate updates during 2016/17 on new PSIAS Self- Assessment exercise to evaluate compliance.

No	Good Practice Question	Yes	No	N/A	Supporting Comments
48	Are internal audit performance measures monitored by the audit committee?	X			See regular IA Update reports that contain this data.
49	Has the audit committee considered the information it wishes to receive from internal audit?	X			Through regular meetings with Chair and discussions at meetings regarding reporting. See introduction/Updates to Bi-Monthly report and subsequent changes to content as examples.
EXTERNAL AUDIT					
50	Do the external auditors present and discuss their audit plans and strategy with the audit committee (recognising the statutory duties of external audit)?	X			See minutes from meetings at which EA present report on this including plans for year.
51	Does the audit committee hold periodic private discussions with the external auditor?	X			As required.
52	Does the audit committee review the external auditor's annual report to those charged with governance?	X			See minutes of June meeting at which annual report presented.
53	Does the audit committee ensure that officers are monitoring action taken to implement external audit recommendations?	X			Officers present reports updating Members on this. Included in IA reports.
54	Are reports on the work of external audit and other inspection agencies presented to the committee, including the annual audit and inspection letter?	X			See minutes of meetings and breakdown of reports presented to ARMC in Annual ARMC report.
55	Does the audit committee assess the performance of external audit?	X			Through Annual Reports of work planned and undertaken...see minutes of meetings.
56	Does the audit committee consider and approve the external audit fee?	X			See annual report (June pa)

No	Good Practice Question	Yes	No	N/A	Supporting Comments
ADMINISTRATION					
Agenda Management					
57	Does the audit committee have a designated secretary from Committee/Member Services?	X			Patrick Sebastien (PS).
58	Are agenda papers circulated in advance of meetings to allow adequate preparation by audit committee members?	X			2 weeks prior to meetings.
59	Are outline agendas planned one year ahead to cover issues on cyclical basis?	X			See breakdown of scheduled reports agreed with Chair June 2017.
60	Are inputs for Any Other Business formally requested in advance from committee members, relevant officers, internal and external audit?	X			Law and Governance co-ordinate.
Papers					
61	Do reports to the audit committee communicate relevant information at the right frequency, time, and in a format that is effective?	X			Meetings and reports pre-planned to ensure that key organisational targets and legislative requirements are accommodated. Law and Governance facilitate.
62	Does the audit committee issue guidelines and/or a proforma concerning the format and content of the papers to be presented?	X			Corporate pre-formatted reporting template in use.
Actions arising					
63	Are minutes prepared and circulated promptly to the appropriate people?	X			Within 5 days of meeting, Law and Governance co-ordinate.
64	Is a report on matters arising made and minuted at the audit committee's next meeting?	X			Law and Governance co-ordinate.

No	Good Practice Question	Yes	No	N/A	Supporting Comments
65	Do action points indicate who is to perform what any by when?	X			<p>On-line system records action points and target deadlines as well as notifying appropriate officers by email of any requirements pending.</p> <p>Law and Governance facilitate this process.</p> <p>'ModGov' system currently in use.. has increased effectiveness in this area.</p>

Completed By: Councillor Adrian Jones
Assisted By: Mark P Niblock.
Date: Oct 2017

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Evaluating the Effectiveness of the Audit and Risk Management Committee - 2017

Areas where the Audit Committee can Add Value.	Examples of How the Audit Committee can Add Value and Demonstrate Effectiveness.	Self Evaluation Examples, Areas of Strength and Weakness.	Overall Assessment
Promoting the principles of good governance and their application to decision making.	<p>Providing robust review of the Annual Governance Statement (AGS) and the underpinning assurances.</p> <p>Working with other members to improve their understanding of the AGS.</p> <p>Supporting reviews/ audits of governance and control arrangements.</p> <p>Participating in self-assessments.</p>	<p>Robust review of the draft AGS and review of the final version.</p> <p>Review of opinions to support the AGS from internal and external audit.</p> <p>Review of reports from the Corporate Governance Board identifying progress towards delivery of Significant Governance Issues Action Plan.</p> <p>Review of periodic and annual risk management reports.</p>	5
Contributing to the development of an effective control environment.	<p>Monitoring the implementation of recommendations from auditors.</p> <p>Encouraging ownership of the internal control framework by appropriate managers.</p> <p>Raising significant concerns over controls with appropriate senior managers.</p>	<p>Progress report from internal audit on a regular basis both at formal Committee meetings and via bi-monthly email reports identifying implementation of recommendations and progress BRAG ratings.</p> <p>Managers asked to attend Committee to discuss particular reports as</p>	5

		required. Referring Issues to Cabinet/Council.	
Supporting the establishment of arrangements for the governance of risk and for effective arrangements to manage risks.	<p>Reviewing risk management arrangements and their effectiveness.</p> <p>Monitoring improvements.</p> <p>Holding risk owners to account for major/ strategic risks.</p>	<p>Regular review of the Corporate Risk Register.</p> <p>Approval of the Risk Management Strategy, Framework and Policy.</p> <p>Regular updates provided by the Risk Manager on progress made in implementing the Risk Management Strategy.</p> <p>Overseeing implementation of actions arising from IA work undertaken of risk management.</p>	5
Advising on the adequacy of the assurance framework and considering whether assurance is deployed efficiently and effectively.	<p>Specifying its assurance needs.</p> <p>Seeking to streamline assurance gathering and reporting.</p> <p>Reviewing the effectiveness of assurance providers, eg internal audit, risk management, external audit.</p>	<p>Plans of work agreed for internal and external audit and annual reports identifying assurance opinions received and considered.</p> <p>Reports received from relevant officers responsible for governance and assurance (eg: Chair of Corporate Governance Group, Section 151 Officer, Monitoring Officer, Chief Internal Auditor).</p> <p>Framework of assurance (included as</p>	5

		<p>part of the Internal Audit Annual Report used to support opinions.</p> <p>Approval of the AGS and Assurance Action Plans arising.</p> <p>Regular reporting into the Committee from internal audit, external audit and risk management.</p>	
Supporting the quality of the internal audit activity, particularly by underpinning its organisational independence.	<p>Reviewing the audit charter and functional reporting arrangements.</p> <p>Assessing the effectiveness of internal audit through arrangements and supporting improvements.</p>	<p>Committee approves the Internal Audit Charter which includes structure and reporting arrangements.</p> <p>Committee considers performance indicators in respect of IA at all meetings.</p> <p>Committee approves the process for external evaluation of Internal Audit against current standards to support the self-assessment performed by Internal Audit and reported to the Committee.</p> <p>Close liaison with Internal Audit by Members throughout the year.</p>	5
Aiding the achievement of the authority's goals and objectives through helping to ensure appropriate governance, risk, control and assurance arrangements.	<p>Reviewing programmes to ensure that governance and assurance arrangements are in place.</p> <p>Reviewing the effectiveness of performance management arrangements.</p>	<p>Extensive work included in the internal and external audit plans.</p> <p>Call back of reports as appropriate.</p>	4/5

<p>Supporting the development of robust arrangements for ensuring value for money.</p>	<p>Ensuring that assurance on value for money arrangements are included in the assurances received by the audit committee.</p> <p>Considering how performance in value for money is evaluated as part of the AGS.</p>	<p>Financial Regulations and Contract Procedure Rules in place and approved by Members.</p> <p>External evaluation of value for money performed by external audit on an annual basis and outcomes reported to Committee.</p> <p>The outcomes of planned Internal Audit work.</p>	<p>4/5</p>
<p>Helping the Authority to implement the values of good governance, including effective arrangements for countering fraud bribery and corruption risks.</p>	<p>Reviewing arrangements against the standards set out in CIPFA's <i>Managing the Risk of Fraud</i> (Red Book 2), 'Protecting the Public Purse and Fighting Fraud Locally initiatives'.</p> <p>Reviewing fraud risks and the effectiveness of the organisation's strategy to address those risks.</p> <p>Assessing the effectiveness of ethical governance arrangements for both staff and governors.</p>	<p>Regular reports received by the Committee that cover all areas of counter fraud work carried out across the Council.</p> <p>Input and endorsement of a range of counter fraud policies, procedures and strategies designed to ensure compliance with CIPFA's <i>Managing the Risk of Fraud</i> publication.</p> <p>Support for various counter fraud campaigns designed to raise awareness across the region.</p> <p>Support provided to Internal Audit to manage the work of the Mersey Region Counter Fraud Hub.</p> <p>Oversight of robust governance arrangements including Codes of</p>	<p>5</p>

		<p>Conduct.</p> <p>Pro-active counter fraud work included in Audit Plan and outcomes reported to Committee.</p>	
<p>Promoting effective public reporting to the Authority's stakeholders and local community and measures to improve transparency and accountability.</p>	<p>Improving how the Authority discharges its responsibilities for public reporting; for example, better targeting at the audience, plain English.</p> <p>Reviewing whether decision making through partnership organisations remains transparent and publicly accessible and encouraging greater transparency.</p> <p>Statements of Accounts reporting.</p>	<p>Committee encourages full compliance with Transparency Code and press releases.</p> <p>Committee considers Statement of Accounts for Council and Pension Fund via formal reporting.</p> <p>Information on the Council's website.</p> <p>Committee reviews the AGS to ensure it reflects current levels of governance and any actions arising to improve.</p> <p>Outcomes of targeted audits reported to Committee.</p>	5

Assessment key

- 5 -** Clear evidence is available from a number of sources that the Committee is actively and effectively supporting improvements across all aspects of this area.
- 4 -** Clear evidence from some sources that the Committee is actively and effectively supporting improvement across many aspects of this area.
- 3 -** The Committee has had mixed experience in supporting improvement in this area. There is some evidence that demonstrates their impact but there are also significant gaps.
- 2 -** There is some evidence that the Committee has supported improvements, but the impact of this support is limited.
- 1 -** No evidence can be found that the Audit and Governance Committee has supported improvements in this area.

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**Audit and Risk Management Committee
Tuesday, 21 November 2017**

REPORT TITLE:	MANAGEMENT OF INSURANCE AND CORPORATE RISK
REPORT OF:	ASSISTANT DIRECTOR: FINANCE

REPORT SUMMARY

This report provides a regular update on the work undertaken in relation to Insurance and Risk Management activities t in relation to key actions planned for 2017/18.

RECOMMENDATIONS

That the report be noted.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 Regular update reports are presented to this Committee on the work around risk management and insurance which seek to support the Risk Management framework and maintain the successful management of the insurance programme.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not applicable to this report.

3.0 BACKGROUND INFORMATION

- 3.1 Risk and insurance management comprises 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 incorporates insurance procurement, management of the Council's Insurance Fund and claims management.

- 3.2 In addition to day-to-day operations the service is responsible for major procurement exercises and improvement activities. This area of the report focuses on the latter. The key actions to be implemented during 2017/18 were included in the report to this Committee on 14 March 2017. Progress since my last report in respect of those actions is summarised in the following paragraphs.

3.2.1 Alignment of Risk Management and Performance Management

The Senior Risk and Insurance Officer has agreed with the Performance and Scrutiny team a priority list of those Wirral Plan Pledge Strategy Groups which have yet to define and develop plans for addressing their key risks. The groups concerned have been advised of the requirements in this respect and have been given offers of further assistance.

3.2.2 Corporate Risk Register

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

3.2.3 Traded Services for Schools and Academies

The scope of the authority's offer in respect of risk and insurance services for schools in 2018/19 has been defined. This is part of the corporate arrangements for the promotion of traded services for schools. Costs to individual schools for this service in the coming financial year are currently

being produced as part of the corporate insurance budgeting activity (see 3.2.4 below).

3.2.4 Corporate Insurance Budget

Work is continuing on the forecast of corporate insurance costs 2018/19 and their allocation across Council functions and schools. The budget will be reported to the next meeting of this Committee.

3.2.5 Procurement of Property Business Interruption Museums, Marine, Crime and Personal Accident/Business Travel Insurance

A project plan and timetable for this exercise has now been produced. Work has also begun on the development of the Invitation to Tender. This will include substantial information about the risks to be insured under the contracts and how they are managed. Assistance in this regard is being provided by the Council's Asset Management team.

3.2.6 Liability Claims Handling

The Council is seeking to take advantage of the continuing low level of new Public Liability claims and the skills within the Risk and Insurance team by extending in-house handling to encompass low value personal injury claims arising from alleged Highway defects. Authority for this change and confirmation of the amount by which the external claims handling fee would reduce is currently being sought from the Council's Liability insurers.

3.2.7 Actuarial Study

A first draft of the report into the cost of Liability claims brought against the Council their likely ultimate cost and the sum required to be held by the Council to meet its obligations has been received. Whilst officers are currently seeking clarification on a number of points the report would appear to indicate that the funds held by the authority are sufficient to meet the liabilities that it will have as at 31 March 2018. The report also makes a recommendation as to the annual contribution to the Insurance Fund in 2018/19 to cover self-insured claims. This will inform my forecast of the Council's Liability insurance costs for the coming financial year.

3.2.8 Review of Corporate Governance

The Corporate Governance working group has met and the scope of the review has been agreed. One key objective of the review is to ensure that risk management is appropriately embedded into business and decision-making processes for all key functions including transformation, investment, strategic and financial planning and service delivery. Progress will be reported to future meetings of this committee as will any proposed changes to the Council's risk management framework resulting from the review.

3.2.9 Corporate Risk Management Policy

Following its approval by this committee at the meeting on 25 September the revised policy was formally adopted by Cabinet on 6 November. The updated document will now be placed on the Wirral Intranet and will be brought to the attention of all management teams.

4.0 FINANCIAL IMPLICATIONS

4.1 There are none arising directly from this report

5.0 LEGAL IMPLICATIONS

5.1 There are none arising directly from this report.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

6.1 There are none arising directly from this report.

7.0 RELEVANT RISKS

7.1 Output from the review of corporate governance indicated in paragraph 3.2.8 will inform changes to the Council's risk management framework which in turn should improve the ability to handle risk across the organisation.

7.2 If a large number of schools were to convert to academies the pool of contributors to the Insurance Fund would decrease. Over time this could reduce the authority's buying power and the degree to which it could self-insure. This in turn could increase the cost of financing insurable risk. However my officers remain vigilant to potential conversions and will make changes to the authority's arrangements to ensure that potential negative impacts are gradual and limited wherever possible.

7.3 Whilst the need to conduct a competitive tender exercise for a large element of the programme as indicated in paragraph 3.2.5 could lead to lower costs it does create uncertainty in the forecasting of the Council's insurance costs for 2018/19 and beyond.

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

REPORT AUTHOR: **Mike Lane**
Senior Risk and Insurance Officer
telephone: (0151) 666 3413
email: mikelane@wirral.gov.uk

REFERENCE MATERIAL

Correspondence with insurers, brokers and legal services providers

SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management Committee	25 September 2017
Corporate Risk & Insurance Management	12 June 2017
Corporate Risk & Insurance Management	14 March 2017
Corporate Risk & Insurance Management	30 January 2017

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**Audit and Risk Management Committee
Tuesday, 21 November 2017**

REPORT TITLE:	CORPORATE RISK REGISTER: UPDATE
REPORT OF:	Chief Executive

REPORT SUMMARY

This report confirms the outline of a forthcoming review of the Corporate Risk Register and provides an update as to the development of risk registers for other areas. The potential impact of a governance review on future risk recording and reporting arrangements is also indicated.

RECOMMENDATION/S

That Members note the development in relation to the production of risk registers for Wirral Plan pledge strategies

That the outcome of the forthcoming review of the Corporate Risk Register be reported to the next meeting of this committee.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 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.
- 1.2 The provision of regular reports to this Committee on the Corporate Risk Register is a requirement of the Council's Corporate Risk Management Policy.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 None.

3.0 BACKGROUND INFORMATION

- 3.1 Following adoption of the Wirral Plan in 2015 the Strategic Leadership Team (SLT) revised the Council's Corporate Risk Register. This was reported to this Committee on 14 June 2016.
- 3.2 Regular reviews are undertaken by SLT. Currently these address progress in relation to the management of the existing corporate risks as well as emerging risk areas for possible addition to the Register.

FORTHCOMING REVIEW

- 3.3 The next review is to be undertaken by the Strategic Leadership Team in November.
- 3.4 To support the review an update as to the status of key mitigating actions for all of the existing corporate risks will be provided to the team. Because the review has yet to take place it is not possible to provide the usual detailed appendix at this point. A complete copy will however be included in my next report to this committee.
- 3.5 A summary of current key risks to both elements of the Transformation Programme and to directorate service plans will also be provided to the Team.
- 3.6 The following new or developing risk areas will also be put forward for consideration:
 - 3.6.1 The Council continues to make preparations for the introduction of the General Data Protection Regulations and Cabinet agreed on 6 November to make £350,000 available to support this subject to Council approval. It is vital that progress is maintained as failure to achieve compliance could have significant financial legal and reputational consequences.

- 3.6.2 The Chancellor of the Exchequer will present his Autumn Statement on 22 November. There could be major announcements on key areas such as housing growth children's services and welfare reform particularly Universal Credit. These could impact on the Council's future financial position and its broader objectives.
- 3.6.3. The pressure on Children's Services is leading to additional demands of up to £25 million for 2018/19. This will be a key factor in the Council determining the Budget for the forthcoming financial year and indeed for subsequent years.

DEVELOPMENT OF OTHER RISK REGISTERS

- 3.7 There remain a minority of Wirral Plan pledge strategies for which formal risk registers have yet to be produced. Of these four will be supported to develop risk registers and associated action plans before the end of the current financial year. The remainder will be addressed early in 2018/19.

GOVERNANCE REVIEW

- 3.8 The working group has met and the scope of the review has been agreed. In addition to considering the requirements as regards the application of risk management to the Council's business and decision-making processes the review will address the oversight of risk and reporting arrangements.

4.0 FINANCIAL IMPLICATIONS

- 4.1 There are no direct implications arising from this report.

5.0 LEGAL IMPLICATIONS

- 5.1 There are no direct implications arising from this report

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 There are no direct implications arising from this report.

7.0 RELEVANT RISKS

- 7.1 There are no risks arising directly from this report.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 Arrangements for the production of risk registers for Pledge Strategies, the Transformation Programme and business plans were developed in consultation with the Intelligence and Change teams.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are none arising directly from this report.

REPORT AUTHOR: *(Mike Lane)*
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SUBJECT HISTORY

Council Meeting	Date
Audit & Risk Management Committee	25th September 2017
Audit & Risk Management Committee	12th June 2017
Audit & Risk Management Committee	14th March 2017
Audit & Risk Management Committee	30th January 2017

The Annual Audit Letter for Wirral Council

Year ended 31 March 2017

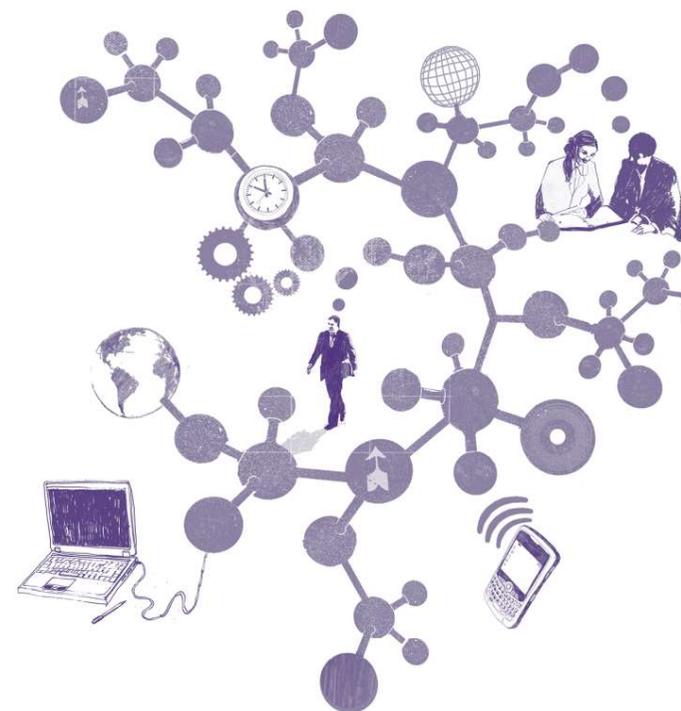
October 2017

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Agenda Item 13

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Executive summary

Purpose of this letter

Our Annual Audit Letter (Letter) summarises the key findings arising from the work we have carried out at Wirral Council (the Council) for the year ended 31 March 2017.

This Letter provides a commentary on the results of our work to the Council and its external stakeholders, and highlights issues we wish to draw to the attention of the public. In preparing this Letter, we have followed the National Audit Office (NAO)'s Code of Audit Practice (the Code) and Auditor Guidance Note (AGN) 07 – 'Auditor Reporting'.

We reported the detailed findings from our audit work to the Council's Audit and Risk Management Committee (as those charged with governance) in our Audit Findings Report on 25 September 2017.

Our responsibilities

We have carried out our audit in accordance with the NAO's Code of Audit Practice, which reflects the requirements of the Local Audit and Accountability Act 2014 (the Act). Our key responsibilities are to:

- give an opinion on the Council's financial statements (page 5)
- assess the Council's arrangements for securing economy, efficiency and effectiveness in its use of resources (the value for money conclusion) (page 8).

In our audit of the Council's financial statements, we comply with International Standards on Auditing (UK and Ireland) (ISAs) and other guidance issued by the NAO.

Our work

Financial statements opinion

We gave an unqualified opinion on the Council's financial statements on 26 September 2017.

Value for money conclusion

Our review of the Council's arrangements to secure economy, efficiency and effectiveness highlighted the following issue which resulted in a qualified – except for VFM conclusion.

In September 2016 the Office for Standards in Education, Children's Services and Skills (Ofsted) issued its report on the inspection of the Council's services for children in need of help and protection, children looked after and care leavers. The overall judgement was that children's services were rated as inadequate. The inspection found widespread and serious failures in the services provided to children who need help and protection.

Our 2016/17 review recognised that the Council has made progress in improving Children's services. However recent Ofsted monitoring visits confirmed that progress in some areas has not yet met expectations and the Council acknowledge that it will take some time to implement all the actions that should deliver the required service improvement.

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2017, except for the matter set out above. We therefore issued a qualified "except for" value for money conclusion in our audit report on 26 September 2017.

Use of additional powers and duties

We have not identified any issues that have required us to apply our statutory powers and duties under the Act. We are currently in the process of undertaking work in relation to an objection that we received on the 2015/16 financial statements. As a result of this ongoing work, the audit opinion was issued for the 2015/16 audit, but the certificate of closure of the audit was not issued as the objection was outstanding. The certificate for the 2016/17 audit cannot be issued until the consideration of the objection is complete.

Whole of government accounts

Our work on the whole of government accounts consolidation return is not yet complete. Our initial review identified a significant number of differences between figures set out in the audited financial statements and corresponding entries in the WGA consolidation return. Officers are currently working to resolve these differences ahead of us concluding our review.

Certificate

We are not yet able to certify that we have completed the audit of the accounts of Council as we have not completed the work in respect of the objection received in relation to the 2015/16 financial statements and we are yet to complete the required work on the Council's 2016/17 Whole of Government Accounts.

Certification of grants

We also carry out work to certify the Council's Housing Benefit subsidy claim on behalf of the Department for Work and Pensions. Our work on this claim is not yet complete and will be finalised by 30 November 2017. We will report the results of this work to the Audit & Risk Management Committee on completion.

Looking ahead

The Council recognise that it continues to face significant financial pressures. The Quarter 1 revenue monitoring report for 2017/18 sets out a projected £4.2 million overspend that is mainly attributable to additional investment in Children's services. An early review of the 2017/18 financial position resulted in a further £8.5 million of the revenue budget contingency being added to service budgets, consequently only £3.5 million of this contingency remains.

The revenue monitoring report details further risks and actions resulting in a projected General fund balance of just £9.4 million at 31 March 2018 which is below the £10 million minimum recommended by the Section 151 Officer. We recognise that there continues to be a £3.5 million in the contingency budget, however it is important the Council takes decisive action to ensure spending is constrained and the general fund balance does not fall below recommended levels.

Working with the Council

Your finance staff attended our final accounts closedown workshops where we provide your teams with training on current financial accounts. We also provided you with regular Audit Committee updates covering developments and best practice. We would like to record our appreciation for the assistance and co-operation provided to us during our audit by the Council's members and officers.

Grant Thornton UK LLP
October 2017

Audit of the accounts

Our audit approach

Materiality

In our audit of the Council's accounts, we applied the concept of materiality to determine the nature, timing and extent of our work, and to evaluate the results of our work. We define materiality as the size of the misstatement in the financial statements that would lead a reasonably knowledgeable person to change or influence their economic decisions.

We determined materiality for our audit of the Council's accounts to be £13.803 million, which is 1.9% of the Council's gross revenue expenditure. We used this benchmark as, in our view, users of the Council's accounts are most interested in how it has spent the income it has raised from taxation and grants during the year.

We set a lower threshold of £10,000 for senior officer remuneration. For related party transactions we assessed errors individually, with due regard given to the nature of the error and its potential impact on the materiality of the other party.

We would report errors above these thresholds to the Audit and Risk Management Committee in our Audit Findings Report.

Pension Fund

For the audit of the Merseyside Pension Fund accounts, we determined materiality to be £78 million, which is 1% of the Fund's net assets. We used this benchmark as, in our view, users of the Pension Fund accounts are most interested in the value of assets available to fund pension benefits.

The scope of our audit

Our audit involves obtaining enough evidence about the amounts and disclosures in the financial statements to give reasonable assurance they are free from material misstatement, whether caused by fraud or error. This includes assessing whether:

- the Council's accounting policies are appropriate, have been consistently applied and adequately disclosed;
- significant accounting estimates made by the Section 151 Officer are reasonable; and
- the overall presentation of the financial statements gives a true and fair view.

We also read the narrative report and annual governance statement to check they are consistent with our understanding of the Council and with the accounts included in the Statement of Accounts on which we gave our opinion.

We carry out our audit in line with ISAs (UK and Ireland) and the NAO Code of Audit Practice. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach was based on a thorough understanding of the Council's business and is risk based.

We identified key risks and set out overleaf the work we performed in response to these risks and the results of this work.

Audit of the accounts - Council

These are the risks which had the greatest impact on our overall strategy and where we focused more of our work.

Risks identified in our audit plan	How we responded to the risk	Findings and conclusions
<p>Valuation of pension fund net liability</p> <p>The Council's pension fund net liability, as reflected in its balance sheet, represents a significant estimate in the financial statements.</p> <p>Page 122</p>	<p>As part of our audit work we:</p> <ul style="list-style-type: none"> Identified the controls put in place by management to ensure that the pension fund net liability was not materially misstated and assessed whether those controls were implemented as expected and whether they were sufficient to mitigate the risk of material misstatement. Reviewed the competence, expertise and objectivity of the actuary who carried out the Council's pension fund valuation. Gained an understanding of the basis on which the IAS 19 valuation was carried out, undertaking procedures to confirm the reasonableness of the actuarial assumptions made. Reviewed the consistency of the pension fund net liability disclosures in notes to the financial statements with the actuarial report from the Council's actuary. 	<p>For the valuation of Wirral's pension fund net liability we undertook a review of the actuary's (Mercer) work to satisfy ourselves that the pension liabilities are fairly stated in the financial statements. In doing so we assess the methodology and assumptions used by the scheme's actuary.</p> <p>Our audit work did not identify any significant issues in relation to the risk identified.</p>
<p>Valuation of property plant and equipment</p> <p>The Council revalues its assets on a rolling basis over a five year period. The Code requires that the Council ensures that the carrying value at the balance sheet date is not materially different from the current value. This represents a significant estimate by management in the financial statements.</p>	<p>As part of our audit work we have:</p> <ul style="list-style-type: none"> Reviewed management's processes and assumptions for the calculation of the estimate. Reviewed the competence, expertise and objectivity of any management experts used. Reviewed the instructions issued to valuation experts and the scope of their work Held discussions with the Council's valuer about the basis on which the valuation was carried out, challenging the key assumptions. Reviewed and challenged the information used by the valuer to ensure it was robust and consistent with our understanding. Tested revaluations made during the year to ensure they were input correctly into the Council's asset register. Evaluated the assumptions made by management for those assets not revalued during the year to assess how management satisfied themselves that these were not materially different to current value. 	<p>The Council's property, plant and equipment assets are valued by the Council's in-house valuation team. Our work has assessed them as having a good knowledge of the Council's portfolio and they have used information from the Asset Register and other Council estates systems in carrying out their valuation of Council assets.</p> <p>The assumptions used are reasonable and we are satisfied that the valuer had full access to appropriate levels of information to complete reliable valuations.</p>

Audit of the accounts

Audit opinion

We gave an unqualified opinion on the Council's accounts on 26 September 2017, in advance of the 30 September 2017 national deadline.

The Council made the accounts available for audit in line with the agreed timetable, and provided supporting working papers. The finance team responded promptly and efficiently to our queries during the audit of the financial statements.

Issues arising from the audit of the accounts

We reported the key issues from our audit of the accounts of the Council to the Council's Audit & Risk Management Committee on 25 September 2017. Our audit identified two non-material errors where the Council decided to amend the draft financial statements and we agreed a small number of changes to disclosure notes. None of the adjustments affected the Council's reported financial position.

Pension fund accounts

We also reported the key issues from our audit of accounts of the Pension Fund hosted by the Council to the Audit & Risk Management Committee on 25 September 2017.

A control deficiency was identified by internal audit in relation to the calculation of lump sum payments and first pension payments. Based on the nature of the errors, we were able to conclude that there was no risk of material misstatement and no indication of fraud. We also reported some minor disclosure amendments to the financial statements.

Annual Governance Statement and Narrative Report

We are required to review the Council's Annual Governance Statement and Narrative Report. It published them on its website with the draft accounts in line with the national deadlines. Both documents were prepared in line with the relevant guidance and were consistent with the supporting evidence provided by the Council and with our knowledge of the Council.

Whole of Government Accounts (WGA)

We have not been able to complete the work on the WGA due to differences identified between the consolidation schedule and the Council's financial statements.

Other statutory duties

We also have additional powers and duties under the Act, including powers to issue a public interest report, make written recommendations, apply to the Court for a declaration that an item of account is contrary to law, and to give electors the opportunity to raise questions about the Council's accounts and to raise objections received in relation to the accounts.

Last year we received an objection to the Council's accounts. The objector requested that we prepare a public interest report and apply to the courts for a declaration that Wirral Council's Lender Option, Borrower Option loan borrowing as referenced in the 2015-2016 accounts is unlawful. Our work in relation to the objection is on-going and we have received prompt and full co-operation from the Council in both provision of relevant information and responses to our queries. Whilst it is impossible to put a definite timeframe on it, we plan to conclude our consideration of the objection as soon as possible.

Value for Money conclusion

Background

We carried out our review in accordance with the NAO Code of Audit Practice (the Code), following the guidance issued by the NAO in November 2016 which specified the criterion for auditors to evaluate:

In all significant respects, the audited body takes properly informed decisions and deploys resources to achieve planned and sustainable outcomes for taxpayers and local people.

Key findings

Our first step in carrying out our work was to perform a risk assessment and identify the key risks where we concentrated our work.

The key risks we identified and the work we performed are set out in table 2 overleaf.

Overall VfM conclusion

We were satisfied that the Council put in place proper arrangements to ensure economy, efficiency and effectiveness in its use of resources during the year ended 31 March 2017, except for the deficiencies in Children's services identified by Ofsted. We therefore issued a qualified "except for" value for money conclusion in our audit report on 26 September 2017.

Value for Money

Table 2: Value for money risks

Risk identified	Work carried out	Findings and conclusions
<p>Financial position</p> <p>The Council's medium term financial strategy (MTFS) 2017/18 – 2020/21 continues to be aligned with the delivery of the Wirral Plan and has been updated and sets out the scale of the financial challenge that the Council continues to face.</p> <p>The MTFS details an anticipated funding gap of £132 million over the four years of the plan and includes a £45 million funding gap in 2017/18. The strategy recognises that key elements of future funding are subject to further decisions resulting in increased financial uncertainty.</p> <p>Savings plans are in place for 2017/18 alongside indicative proposals for 2018/19 – 2020/21 and progress in delivery will be continue to be monitored through a combination of existing arrangements and under the direction of the Transformation Programme that will report to Cabinet on a quarterly basis.</p> <p>The ongoing uncertainty and delivery of the required savings represent a significant challenge to the Council.</p>	<p>We reviewed the Council's arrangements for updating and agreeing savings plans alongside the monitoring arrangements and communication of key findings to Cabinet and Council.</p>	<p>The Council continues to face significant financial challenges going forward. The 2016/17 revenue budget included a budget contingency of £12 million to mitigate the anticipated financial risks associated with demand pressures, mainly within Adults and Children's and the delivery of previously agreed savings. The budget was monitored throughout the year and reported on a monthly basis with £11.1 million of the contingency budget allocated to services early in Quarter 1, including £3.9 million to Adult Social Services and £5 million to Children's services. The 2016/17 outturn reported by the Council was a £2.9 million underspend on services following revisions to the budget.</p> <p>In recognition of the major financial challenges, in October 2016 the Council accepted the multi-year settlement offered by the Government to provide greater certainty around funding levels. These funding levels are reflected in the Medium Term Financial Strategy that was updated and approved in February 2017 that confirms a balanced budget has been set for 2017/18 and includes plans to address the £132 million forecast budget gap over the remaining period of the MTFS to 2020/21, including a £45 million funding gap in 2017/18. There is continued pressure on reserves and balances and in the past two years reserves of £32 million have been utilised to support both specific projects and the annual budget. It is important that the Council continues to carefully consider the level of balances maintained.</p> <p>The Council recognise that to deliver the required financial position that a fundamental re-design of how the Council works and an evaluation of services it provides has been necessary. The MTFS sets out how the Council plan to review all services provided under the "Transformation Programme" with the aim of establishing new delivery arrangements that should deliver outcomes at a sustainable cost. The scale of the financial challenge and the Council's proposed response to enable it to deliver the required outcomes will continue to need to be carefully managed. Savings plans are in place and progress is being monitored through existing financial monitoring arrangements that the Council have sought to strengthen with accountability for the delivery of savings proposals assigned to the Strategic Leadership Team.</p> <p>These arrangements operate in conjunction with the Transformation Programme that reports to Cabinet on a quarterly basis. Previously we concluded that these savings plans are based on relevant assumptions with proposed savings subject to rigorous challenge designed to test both the planned savings proposed and the assumptions on which they were based. During 2016/17 the Council's Overview and Scrutiny Committees again reviewed and challenged the Budget Proposals for 2017/18, following a series of budget scrutiny workshops with each committee producing a report for Cabinet.</p> <p><i>Our work on financial sustainability concluded that the Council has sound financial arrangements, despite continuing to operate in a very challenging financial environment. On that basis we concluded that the risk was sufficiently mitigated and the Council has proper arrangements in place.</i></p>

Value for Money - continued

Table 2: Value for money risks

Risk identified	Work carried out	Findings and conclusions
<p>Ofsted inspection of children's services Ofsted issued a report on the Council's Children's Services in 2015/16 which rated these as 'inadequate' and the Council is currently subject to follow up review. Until such time as Ofsted has confirmed that adequate arrangements are in place this remains a significant risk to the Council's arrangements.</p>	<p>We reviewed:</p> <ul style="list-style-type: none"> • update reports from Ofsted; and • progress made by the Council in the delivery of required improvement actions. 	<p>In September 2016 the Office for Standards in Education, Children's Services and Skills (Ofsted) issued its report on the inspection of the Council's Services for Children in need of help and protection, children looked after and care leavers. The overall judgement was that Children's Services were rated as inadequate. The inspection found widespread and serious failures in the services provided to children who need help and protection and outlined 19 recommendations to the Council and 7 to the Local Safeguarding Children Board.</p> <p>The Council fully accepted the findings of the inspection and work began immediately to address the key findings through the creation of an Improvement Board and the development of an Improvement Plan. The Department for Education appointed a Wirral Improvement Partner to work with the Council and approved the Improvement Plan. The Council also made an immediate £2 million investment to recruit additional social workers and improved management arrangements.</p> <p>A presentation to the June 2017 Children and Families Overview and Scrutiny Committee confirmed that the Improvement Plan detailed 103 actions and set out that the majority of actions had already been delivered across the three key elements of the plan being People, Practice and Performance. However, we noted that 14 actions are still outstanding but they remain on course to be achieved within planned timescales.</p> <p>Ofsted have undertaken three monitoring visits since the Council was initially assessed as inadequate. The April 2017 assessment noted that "the local authority is making some progress in improving services for its children and young people" – The Ofsted letter goes on to set out that "inspectors identified areas of strength, areas that are improving and some areas where they considered that the progress has not yet met expectations". The Council's own assessment is that it will take "2 to 3 years to ensure the basics were in place.</p> <p><i>It is clear that further action is still required to deliver the necessary improvements to the service and there remains evidence of weaknesses in proper arrangements for understanding and using appropriate and reliable financial and performance information to support informed decision making and performance management, and for planning, organising and developing the workforce effectively to deliver strategic priorities.</i></p>

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Appendix A: Reports issued and fees

We confirm below our final fees charged for the audit and the provision of non-audit services.

Fees

	Proposed fee £	Actual fees £	2015/16 fees £
Statutory audit of Council	159,863	159,863	*159,863
Statutory audit of Pension Fund	39,062	***39,062	39,062
Audit of entity significantly influenced by the Council – Edsential	18,500	18,500	N/a
Housing Benefit Grant Certification	23,850	**23,850	24,920
Total fees (excluding VAT)	241,275	241,275	223,845

* - The final 2015/16 audit fee will be determined on completion of our review of the objection

** - The final fee for certification will be determined on completion of our work.

*** - The fee of £39,062 includes £2,108 for work undertaken on behalf of other employers.

The proposed fees for the year were in line with the scale fee set by Public Sector Audit Appointments Ltd (PSAA)

Grant certification

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

Reports issued

Report	Date issued
Audit Plan	May 2017
Audit Findings Report	September 2017
Annual Audit Letter	October 2017

Fees for other services

Service	Fees £
Audit related services:	
Teachers Pensions Agency	4,200
Report on Skills Funding Agency	3,950
Non-audit services	None

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 confirm that we are independent and are able to express an objective opinion on the financial statements.

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

Reports issued and fees continued

We have considered whether other services might be perceived as a threat to our independence as the Council's auditor and have ensured that appropriate safeguards have been applied to mitigate these risks.

	Service provided to	Fees £	Threat identified	Safeguards
Council audit	Wirral Council	159,863	Self Interest	Each team member on the audit has been asked to declare their independence and no interests were identified. The fee was not on a contingent basis but based on the outputs for the work required, and is not significant in the context of the client and for the turnover of GTUK as a whole.
Housing benefit grant certification	Wirral Council	23,850	Self Interest	Each team member on the audit has been asked to declare their independence and no interests were identified. The fee was not on a contingent basis but based on the outputs for the work required, and is not significant in the context of the client and for the turnover of GTUK as a whole.
Audit of companies	Edsential	18,500	Self Interest	Each team member on the audit has been asked to declare their independence and no interests were identified. The fee was not on a contingent basis but based on the outputs for the work required, and is not significant in the context of the client and for the turnover of GTUK as a whole.
Pension Fund Audit	Merseyside Pension Fund	39,062	Self Interest	Each team member on the audit has been asked to declare their independence and no interests were identified. The fee was not on a contingent basis but based on the outputs for the work required, and is not significant in the context of the client and for the turnover of GTUK as a whole.
Teachers Pension	Wirral Council	4,200	Self Interest	<p>This is a recurring fee and therefore a potential self-interest threat. However, the level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work of £4,200 in comparison to the total fee for the audit of £159,863, and in particular to GTUK's turnover overall. Further, the work is an audit related services.</p> <p>It is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p>
Report on Skills Funding Agency	Wirral Council	3,950	Self Interest	<p>This is a recurring fee and therefore a potential self-interest threat. However, the level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work of £3,950 in comparison to the total fee for the audit of £159,863, and in particular to GTUK's turnover overall. Further, the work is an audit related services.</p> <p>It is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.</p>
	TOTAL	249,425		



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