

AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 29 January 2018

Present: Councillor AER Jones (Chair)

Councillors RL Abbey P Gilchrist
A Davies JE Green
P Doughty C Muspratt
D Elderton

Deputies: Councillors C Povall (In place of J Hale)

52 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 Jeff Green declared a personal interest in items 5, 'Management of Insurance and Corporate Risk' and 6, 'Insurance Fund Budget 2018/19' insofar as the references to schools, by virtue of his wife's employment.

Councillor Angela Davies declared a personal interest in agenda item 4, 'Corporate Risk Register – Update' insofar as the reference to 'all-age disability services' by virtue of her employment.

Councillors David Elderton, Adrian Jones, Ron Abbey and Phil Gilchrist declared personal interests in items 5, 'Management of Insurance and Corporate Risk' and 6, 'Insurance Fund Budget 2018/19' insofar as the references to schools, by virtue of them being School Governors.

53 MINUTES

Councillor Jeff Green raised a query regarding minute 50, 'External Audit – Annual Audit Letter' (21/11/17) and his comments and officers' responses on the use of balances and asked that they be amended to reflect these comments.

Councillor Phil Gilchrist referred to minute 42, 'Internal Audit Update' and the reference to 'Beacon Wood' golf course which should be amended to read, 'Brackenwood'.

The Interim Assistant Director: Law and Governance suggested that the minutes of 21 November, 2017 meeting would be taken back for review and brought back to the next meeting for approval.

54 INTERNAL AUDIT UPDATE

The Chief Internal Auditor, Mark Niblock, introduced his report which identified and evaluated the performance of the Internal Audit Section and included seven items of note arising from the actual work undertaken during the period 1 November to 31 December 2017. The items of note were:

- Children's Carer Payments
- Contract Extensions – Compliance with Procurement Rules
- Access Transformation Project
- Quality Assurance Improvement Programme
- Floral Pavilion
- Ethical Framework
- Merseyside Pension Fund – Governance

With regard to Children's Carer Payments, Mark Niblock reported that the matter had been escalated to the Senior Leadership Team and a report to the next meeting would detail what measures were being taken to address the issue.

In respect of Contract Extensions and Compliance with Procurement Rules, Mark Niblock, responding to a Member's comment, stated that a report would be brought to the next meeting on the process by which the Highways Maintenance contract was to be brought back in-house.

The Assistant Chief Executive commented that the matter was not entirely through Council choice as the contractor also had a view too but it would be something on which a case study could be undertaken and provide a degree of assurance on how the decision was reached with an update to the Committee in March.

The Interim Assistant Director: Law and Governance also commented that this was an ongoing process and there would be some information subject to commercial sensitivity.

In response to further comments from Members, officers' comments included:

- The review of the risk and governance arrangements for the Access Wirral Transformation Project was being undertaken in phases.
- More details would be provided in future reports in respect of the performance indicators with the actual figures provided and not just the percentage achieved.

Resolved – That the report be noted.

55 CORPORATE RISK REGISTER: UPDATE

The Senior Risk and Insurance Officer, Mike Lane, introduced the report of the Chief Executive which confirmed the outcome of the last review of the Corporate Risk Register and provided an update as to the development of risk registers for other areas. He apologised that an older update appendix had been included with the report and stated that the latest information would be brought back to the March meeting.

The Interim Assistant Director: Law and Governance confirmed to Members that although latest information could be circulated to the Committee it would not be possible to discuss it as there had to be pre-publication of reports prior to any discussion.

Members expressed concern at the way in which the information in the report was presented. A Member suggested that there was a need to see a series of actions to mitigate risks and did not feel assured that the Council had a proper risk management strategy for the top of the authority.

In response, Mike Lane and the Director of Finance and Investment commented that they would be looking at some other models for the Risk Register and a revised format would be brought back to the next meeting of the Committee.

A Member suggested that a workshop could be arranged on risk registers.

On a motion by Councillor Jeff Green, seconded by Councillor Christina Muspratt, it was –

Resolved – That this Committee expresses its concern with regard to the presentation of the Risk Register and notes the further work being done and that a report be brought back to the March meeting on how this information is presented.

56 MANAGEMENT OF INSURANCE AND CORPORATE RISK

The Senior Risk and Insurance Officer, Mike Lane, introduced the report of the Assistant Director: Finance which provided a regular update on the work undertaken in relation to Insurance and Risk Management activities and the key actions planned for 2017/18. Progress since his last report in respect of the following key actions was summarised in the report:

- Alignment of Risk Management and Performance Management
- Corporate Risk Register
- Traded Services for Schools and Academies
- Corporate Insurance Budget
- Procurement of Property Business Interruption, Museums, Marine, Crime and Personal Accident/Business Travel Insurance

- Renewal of Liability Motor Engineering and Computer Insurance Policies
- Liability Claims Handling
- Actuarial Study
- Review of Corporate Governance

With regard to a possible change in the liability motor engineering policy 'discount rate' Mike Lane stated that this was because the Government was currently in the middle of a consultation exercise on a review.

Resolved – That the report be noted.

57 **INSURANCE FUND BUDGET 2018/19**

The Senior Risk and Insurance Officer, Mike Lane, introduced the report of the Assistant Director: Finance which set out the elements which made up the Insurance Fund, the cost of running the Risk & Insurance Section and the Budget for 2018/19.

The report informed that the Budget for 2018/19 was £85,000 more than the agreed Budget for 2017/18. The increased costs had fallen on schools due to changes in the claims experience and values at risk. There was no increase in the overall cost to the General Fund in 2018/19.

A Member commended Mike Lane for the way in which the insurance fund was managed generally. Responding to comments, Mike Lane informed the meeting that insurance for schools was a traded service and they were entitled to look elsewhere for this service.

Resolved – That the Insurance Fund 2018/19, be agreed.

58 **AGS SIGNIFICANT GOVERNANCE ISSUES UPDATE**

The Director of Finance and Investment, Shaer Halewood, introduced her report which provided Members with a progress update on actions taken by officers to address items of concern identified in the Annual Governance Statement for 2016/17. The report 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.

With regard to the Improvement Plan following the Ofsted inspection of Children's Services and in response to Members' comments, Shaer Halewood stated that she would ask for a full action plan to come to the next meeting of the Committee and for the Director for Children, Paul Boyce, to present the report and answer questions.

Shaer Halewood also confirmed that walkthrough exercises had been conducted for all Business Continuity Plans of the 26 identified critical

services. With regard to ICT Resilience Planning the new datacentre would be in place and completed by the end of February, 2018.

A Member expressed concern regarding the levels of absence due to mental health and commented that the Wellbeing Strategy should have been shared with Members prior to its launch to staff.

Another Member commented that the Wellbeing Strategy was a good approach and on the need to break down the stigma of mental health.

Shaer Halewood commented that the issue of training was taken very seriously; further training was being rolled out for managers and she would report back on this as part of the next report.

The issue of compliance with essential training for all staff was also raised and the Assistant Chief Executive, David Armstrong, responded that although there could be not a 'one size fits all' approach, he did acknowledge the need to do better.

In respect of performance appraisals David Armstrong confirmed that the workforce had been split into two groups, with Children and Young People's Department (CYPD) having a completion rate of 59% and the rest of the workforce on 96% as at 8 January, 2018. A Member suggested that performance management was really weak in CYPD. Another Member queried whether this figure included agency staff, David Armstrong responded that he would assume it would only include payroll staff but an update would be brought to the next meeting.

Resolved – That the report be noted.

59 **EXTERNAL AUDIT - COMMITTEE UPDATE**

Mr Chris Whittingham 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 2018. Mr Whittingham provided the Audit and Risk Management Committee with a summary of the progress on a number of key matters since the last report to Committee in November 2017.

With regard to the Whole Government Accounts Assurance Statement work was ongoing with Council officers to resolve differences and an update would be provided in March.

Resolved – That the report be noted.

60 **RIPA**

The Interim Assistant Director: Law and Governance presented a report which gave a summary of the use of covert surveillance by the Council, to detect

evidence of criminal behaviour, between 1 September 2017 and 1 January 2018.

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 suspected illegal fly tipping at a site in Wirral. The authorisation was cancelled in December, 2017 as it was considered no longer required.

The report also gave details of a successful prosecution arising from authorised covert surveillance for illegal dumping of household waste which had concluded at the Wirral Magistrates Court in November, 2017.

Resolved – That the report be noted.