



Audit and Risk Management Committee

Date:	Monday, 29 January 2018
Time:	6.00 pm
Venue:	Committee Room 1 - Wallasey Town Hall

Contact Officer: Patrick Sebastian
Tel: 0151 691 8424
e-mail: patricksebastian@wirral.gov.uk
Website: <http://www.wirral.gov.uk>

AGENDA

1. MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

2. MINUTES (Pages 1 - 12)

To approve the accuracy of the minutes of the meeting held on 21 November 2017.

3. INTERNAL AUDIT UPDATE (Pages 13 - 30)

4. CORPORATE RISK REGISTER: UPDATE (Pages 31 - 48)

5. MANAGEMENT OF INSURANCE AND CORPORATE RISK (Pages 49 - 54)

6. INSURANCE FUND BUDGET 2018/19 (Pages 55 - 64)

7. AGS SIGNIFICANT GOVERNANCE ISSUES UPDATE (Pages 65 - 76)

8. EXTERNAL AUDIT - COMMITTEE UPDATE (Pages 77 - 92)

9. RIPA (Pages 93 - 98)

10. MATTERS FOR ESCALATION TO CABINET

AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 21 November 2017

Present: Councillor AER Jones (Chair)

Councillors P Doughty JE Green
D Elderton C Muspratt

Deputies: Councillors C Carubia (In place of P Gilchrist)
A Davies (In place of A Leech)
L Rowlands (In place of J Hale)
M Sullivan (In place of RL Abbey)

37 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors R Abbey, A Leech, P Gilchrist, J Hale and Cabinet Member Councillor M Patrick.

38 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

No such declarations were made.

39 ORDER OF BUSINESS

The Chair suggested, and it was agreed that item 8 on the agenda (HR Attendance Update) be considered after item 3 on the agenda (Minutes) given that visiting officers were in attendance specifically for this item.

40 MINUTES

Resolved – That the minutes of the meeting held on 25 September 2017, be approved.

41 HR ATTENDANCE UPDATE

The Assistant Director: Human Resources and Organisational Development introduced her report that updated Members on the work undertaken in response to the audit review of Attendance Management (Sickness Absence). The report informed of key items to note concerning the development of Council Attendance Management action plan, activity to date and planned approach, namely:

- Attendance Management action plan – to develop a culture where wellbeing was valued and supported, improve the management of attendance in line with the policy, to target and respond to key issues in order to improve wellbeing and attendance;
- Approach so far – identification of target areas for action and performance management; and
- Future activity – 2017-18 (Quarter 3 & 4) - leadership and communication, further training and support.

The Assistant Director: Human Resources and Organisational Development updated the Audit and Risk Management Committee on the current position reiterating responses to key issues and actions to target the improvement of staff wellbeing and attendance. Members were further apprised on information being provided to managers via desktop and skills based training, to help understand the tools available, and to provide the requisite skills and confidence to deal with matters of attendance giving cause for concern.

Members questioned the Assistant Director: Human Resources and Organisational Development on key points in her verbal and written reports that included not only the cost to the council in financial terms, but as a direct impact on the quality and timeliness of services, already stretched following reductions in budget.

A Member highlighted that disturbingly the most common reason for absence was mental health related illness. He questioned the Assistant Director on what was being done to address this. The Assistant Director responded stating that this term covered absence as a result of stress, anxiety and/or depression. She informed that absences under this category tended to be the result of a specific trigger or response to pressure and management training aimed to help managers identify such issues at an early stage. She further informed that such reasons for absence would automatically generate a referral to occupational health for immediate assessment. The Assistant Director stated that demands placed upon staff within the workplace were changing and that uncertainty for the future both contributed to increased pressures that impacted on wellbeing and attendance.

A Member questioned the Assistant Director on performance management and why the targeted level of 100% completed staff appraisals had not been achieved. He also questioned whether the stress recognition training provided to managers was also provided to those officers 'acting up' into managerial posts, and how many such 'acting up' posts were currently recorded in the staffing structure. The Assistant Director responded, informing that the levels of completed appraisals had now exceeded 90% and training had been targeted at managers in services where the highest levels of stress were being reported.

A Member questioned the Assistant Director further on the subject of attendance management, and points raised in the report about how relatively little formal action was taking place by line managers to address unacceptable levels of attendance in line with the policy. The Assistant Director responded stating that there had been feedback from managers about the problems faced when dealing with 'difficult conversations' about absence i.e. 'feeling intrusive'. She added that manager training had helped in this respect, and figures were reducing slowly, with performance levels improving.

The Assistant Director: Human Resources and Organisational Development went on to inform that the absence targets were also improving, but the cost of absence to the council (£4.4 million) was a serious issue and accountability statements existed for Senior Directors, who in turn would ensure that the objectives of the Attendance Management Action Plan would be cascaded to staff.

Following further questioning from Members the Assistant Director informed that the raising of awareness via the report, combined with better levels of detail regarding sickness reporting would help address issues of culture and leadership that had in the past contributed to the problem faced.

At the Chair's suggestion, consideration was given to a supplementary report on matters arising from the issues raised, to be presented to the Employment and Appointments Committee for review. The Vice-Chair added that he felt the issues raised within the report were particularly alarming, and further suggested that a Task and Finish Workshop might also be appropriate.

Mr Robin Baker, Grant Thornton highlighted that the report had been requested based upon the concerns of Internal Audit and Members of the Audit and Risk Management Committee. He pointed out that the response to the request had informed of the cost and impact to the Council, and that the matter was still 'work in progress' with more to do.

A Member informed that it was important to maintain focus and that the matter be referred to the Employment and Appointments Committee, and that the need for strong support from senior management would suggest that there be merit in asking the Chief Executive (Head of Paid Service) to attend the Employment and Appointments Committee to provide further information on the subject of leadership culture and approach to stress and absence management.

It was:

Moved by Councillor Jeff Green
Seconded by Councillor Christina Muspratt

"That the matter of Attendance Management be referred to the Employment and Appointments Committee for consideration; and that the Chief Executive

be requested to provide an update on progress in respect of the Leadership approach to stress and absence management for staff.”

A vote was put and carried (5:2) One abstention.

Resolved - That

- (1) the report be noted;**
- (2) the Attendance Management Action Plan be noted and referred to the Employment and Appointments Committee for further consideration; and**
- (3) the Head of Paid Service be requested to attend the next meeting of the Employment and Appointments Committee to provide a further update on matters regarding council’s approach to stress and absence management for its staff.**

42 **INTERNAL AUDIT UPDATE**

The Chief Internal Auditor introduced his report that identified and evaluated the performance of the Internal Audit Section and included 5 items of note arising from the actual work undertaken during the period 1 September to 31 October 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:

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

General Data Protection Regulation (GDPR) - An audit of the Councils compliance with the requirements of the new GDPR was being undertaken with a completion date of December 2017. The aim of the audit was to ensure that the Council was on track for full compliance with the regulation by the 25 May 2018 deadline. The Assistant Director: Law and Governance informed that the matter of GDPR impacted on many areas of the Council, and that the project was progressing, with a number of training and audit sessions planned. He added that he would be happy to provide an update to Members on the subject when an appropriate stage in the project had been reached.

Counter Fraud Publicity Campaign - Internal Audit, in conjunction with colleagues from across the Council and the Mersey region, had 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 was to raise public awareness, change people's attitude towards fraud and encourage Wirral residents and businesses to help spot and stop fraud.

Highways Maintenance Contract - At the request of senior managers an audit visit had been made to the local base of the contractor BAM Nuttall 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. Members informed of complaints and problems experienced with regard to areas of the existing contractual service (i.e. surface coatings and white lines) and issues arising from lack of action regarding promised repairs / making good.

Golf Courses - As a result of concerns raised over cash security, two golf courses (Beacon Wood Country Park and Arrowe Park) had been audited during the reporting period that involved on-site visits with the Golf Co-ordinator. Onsite advice was provided and subsequently reported which included the re-positioning of CCTV cameras, actions for daily and weekly cash returns, and the responsibility for administrative checks on amounts banked. Effectiveness of the arrangements and the ensuing outcomes would be reported to the Audit and Risk Management Committee.

A Member questioned why the Data Loss Prevention Follow Up Audit had, as yet, not been completed. The Assistant Chief Executive informed that the previous (Head of Digital) post holder had been optimistic in terms of delivery of this particular project, having based his estimations upon an expectation of additional funding. He thanked the current Interim Head of Digital and SIRO post holder for taking on the role and informed the Audit and Risk Management Committee that an update report on this and other IT matters was due to be considered later in the meeting under Agenda Item 9.

Resolved – that the report be noted.

43 **COUNTER FRAUD UPDATE**

The Chief Internal Auditor introduced his report that provided Members of the Audit and Risk Management Committee with an update on the activities of the Counter-Fraud Team within Internal Audit. The report covered the year 2016/17 and current year to date.

The report informed that although the Counter-Fraud Team worked closely and collaboratively with the Fraud and Compliance Team within Revenues and Benefits, the report did not include the extensive specialist activities of their work which was reported to Members separately.

A Member congratulated the Chief Internal Auditor and his team in respect of the work undertaken in respect of the National Fraud Initiative (NFI) that had resulted in significant savings for the Council, arising largely from payments recovered or stopped. Members noted that for the 2016/17 NFI exercise £167,000 had been identified to date, of which £154,000 was currently in the process of being recovered.

The Chief Internal Auditor thanked the Member and informed that it was the role of the Counter-Fraud Team to prepare relevant best practice policies and procedures, and proactively manage the risk of fraud to the Council through targeted audits in high risk areas. He added that the Counter-Fraud Team also facilitated changes to the culture of the organisation by raising awareness amongst the workforce to fraud and corruption through targeted training, and provided both a proactive and a reactive response to tackling fraud across the authority.

The Chief Internal Auditor informed that the Counter Fraud Team continued to chair and co-ordinate the activities of the Mersey Region Fraud Group (MRFG) that consisted of a number of neighbouring authorities and partner organisations. He further informed that the Team also contributed to the North West Chief Audit Executives Counter-Fraud Sub Group, to develop practical solutions to mitigate current and emerging fraud risks.

Resolved – that the report be noted.

44 **AGS SIGNIFICANT GOVERNANCE ISSUES UPDATE**

The Assistant Director: Finance and Investment (S151 Officer) introduced his report that 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. The Audit and Risk Management Committee was apprised that issues appearing in the action plan (appendix to the report) relating to Human Resources, Information Technology and Procurement were all subject of separate reports on the meeting agenda.

The Assistant Director: Finance and Investment (S151 Officer) further informed that the matter relating to the Improvement Plan regarding the Ofsted Inspection of Children's Services continued to be subject to review and action, with regular detailed reports on progress presented to both the Children and Families Overview and Scrutiny Committee and to Cabinet.

Members questioned the officers on the matter of Business Continuity and why, given business continuity plans (BCPs) had been received for all 26 identified critical services the RAGB rating remained at Amber.

A Member questioned why, given the length of time that this matter had been identified as an area for action, only 21 of the 26 areas had been tested using a walkthrough exercise, particularly in key risk areas such as Health and Care (DASS), Supported Housing and SEN Transport. It was also identified that the CYPD Social Care, Specialist Services Plan had not been reviewed as at September 2017.

The Assistant Chief Executive informed that although walkthrough tests had been completed and the implementation in the majority of areas was much improved, he believed that the rating (for the entire plan) reflected the current position, but further assessment reviews were underway and the improvement plan was scheduled for review again in 6 months. A Member suggested that only those areas that were not achieving the required targets should be listed.

Members commented on the need for the Audit and Risk Management Committee to be kept informed of progress on these matters, given the Committee's role in ensuring actions and process compliance is monitored, particularly those issues highlighted by both the external and internal auditors.

Resolved – that the report be noted.

45 **PROCUREMENT - USE OF PROCEDURE RULES APPROVAL DOCUMENT PERMITTED UNDER THE COUNCIL CONTRACT PROCEDURE RULES**

The Head of Procurement introduced his report that report informed the Committee of the range and number of contracts awarded which had been subject to Contracts Procedure Rules (CPRs) Rule 12 Extension/Variation; Rule 11 Waiving the Rules, as required under the CPRs.

The report appendix detailed 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 required that all contracts which met the following criteria were reported to Audit and Risk Management Committee, i.e.

- a) A contract awarded where 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 (per criteria detailed within the report appendix).
- c) A waiver or breach of the Contract Procedure Rules in relation to a contract which exceeds £50,000 in value.

The Head of Procurement informed that there had been 27 Procedure Rule Approval Documents (PRAD) exceptions to the CPR's approved for the period, and highlighted the summary report appendix, detailing the following:

- 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)

Members questioned the Head of Procurement on actions taken in respect of a number of contracts and robustness of the contract procedures and procurement processes. The Head of Procurement responded, providing the Committee with specific detail on the reasons for extension, variation and exception on the projects concerned.

The Head of Procurement allayed Member's particular concerns that that an extension within contract was not automatic and contracts were subject to monitoring and review on a regular basis.

A Member also questioned officers on the circumstances relating to contract extension relating to the Wirral Recovery Orientated Substance Misuse Treatment Services (£7.2million contract). Members were informed that the Cabinet had taken up a 2nd year option, which provided the Council with good value for money.

The Chair requested that the Head of Internal Audit provide Members with some additional information on this particular contract extension. Members also requested that future report appendices be listed by contract value.

Resolved – that the report be noted.

46 IT PROGRESS UPDATE

The Head of Digital introduced his report that provided 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. The report informed that the Business Change Manager and the Senior Information Risk Officer (SIRO) had provided a verbal report to the June meeting of the Audit and Risk Management Committee, and at the following September meeting Members had requested a written report and the attendance of a senior member of Digital at their November meeting.

The Head of Digital's report provided Members with a progress update on the following key areas:

- IT Contingency and Disaster Recovery
- Data Loss Prevention (DLP)
- Cyber Security
- Information Governance (IG)
- Information Commissioner's Office (ICO) Audit
- General Data Protection Regulation (GDPR); and
- Patch Management

Members questioned the Head of Digital on the key areas of his report relating to the Council's risk exposure and the previous post holder's optimism regarding implementation of IT contingency and disaster recovery and the delays experienced in the past relating to the progression of this particular

project. The Head of Digital informed that the migration of the Treasury link datacentre to Merseytravel Georges Dock datacentre was progressing, and was planned to be completed by the end of December 2017. The report informed that the Creation of a Disaster Recovery datacentre on the first floor of the Treasury building in the existing room was currently being planned with an expected completion date of the end of February 2018. The Head of Digital apprised Members that the digital transmission between the Wirral based datacentre and Liverpool datacentre also incorporated two separate cable routes through the Mersey tunnel.

The Head of Digital also updated Members on the strengthening of data protection within the EU, afforded by the GDPR, and how the Council's existing firewalls were sufficient for protection against external threat. He added that the Information Governance Group, headed up by the Law and Governance Service had been holding regular meetings and that HR/OD were developing a course for all council staff.

In response to a Member question on cyber security and the Wallasey Town Hall Wi-Fi provision, the Committee was informed that the age and construction of the building meant that to maintain adequate levels of data transmission further upgrade to the Wi-Fi service would be required.

The Head of Digital informed that a review of the wireless infrastructure had been planned and would commence in the New Year.

The Audit and Risk management Committee expressed thanks the Head of Digital for his report and welcomed progress on what had been a lengthy journey.

Resolved – that the report be noted.

47 **ARMC SELF ASSESSMENT**

The Chair introduced his report, compiled in association with the Chief Internal Auditor that informed that to comply with best professional practice the Audit and Risk Management Committee was required to complete an annual evaluation of its role and effectiveness as part of the systems of internal audit. His report informed that the CIPFA publication 'A Toolkit for Local Authority Audit Committees' recommended the use of a self-assessment checklist to achieve this task. The Chair informed that the completed checklist and effectiveness evaluation was attached at appendices 1 and 2 to his report.

The Head of Internal Audit informed the Audit and Risk Management Committee of best practice applied in support of the Chair's report and stated that the overall conclusion in respect of the ARMC Self-Assessment had been that the Committee was functioning well, had met the regulatory requirements and was compliant with the necessary regulations.

Members questioned the Chair and the Chief Internal Auditor on the relevance of some of the prescribed questions, but noted that the supporting comments provided additional clarity on the actions expected and undertaken to ensure compliance with the CIPFA assessment 'toolkit'.

Resolved – that the report be noted.

48 **MANAGEMENT OF INSURANCE AND CORPORATE RISK**

The Senior Risk and Insurance Officer introduced the report of the Assistant Director: Finance that provided a regular update on the work undertaken in relation to Insurance and Risk Management activities in relation to key actions planned for 2017/18.

The report informed that the risk and insurance management comprised two significant areas of activity, namely:

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

The report further informed that In addition to day-to-day operations the service was responsible for major procurement exercises and improvement activities.

The Senior Risk and Insurance Officer provided a short verbal update to the Audit and Risk management Committee on the key areas of work summarised in the report, that included:

- 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;
- Liability Claims Handling;
- Actuarial Study;
- Review of Corporate Governance; and
- Corporate Risk Management Policy.

Resolved – that the report be noted.

49 **CORPORATE RISK REGISTER: UPDATE**

The Manager: Insurance and Risk introduced the report of the Chief Executive that confirmed the outline of a forthcoming review of the Corporate Risk Register and provided 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 was also indicated.

The report informed that following adoption of the Wirral Plan in 2015 the Strategic Leadership Team (SLT) revised the Council's Corporate Risk Register. This had been reported to the Audit and Risk Management Committee on 14 June 2016. The report further informed that regular reviews had been undertaken by the Senior Leadership Team (SLT). Currently these addressed progress in relation to the management of the existing corporate risks as well as emerging risk areas for possible addition to the Register.

The Senior Risk and Insurance Officer informed that an update report was scheduled for consideration by the SLT the following week and a full report and conclusions would be reported to the Audit and Risk Management Committee at its next meeting in the New Year.

Resolved - That

- (1) the development in relation to the production of risk registers for Wirral Plan pledge strategies be noted; and**
- (2) the outcome of the forthcoming review of the Corporate Risk Register be reported to the next meeting of this committee.**

50 **EXTERNAL AUDIT - ANNUAL AUDIT LETTER**

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 a summary of the detailed findings from their audit work to the Audit and Risk Management Committee on 25 September 2017.

The report informed that the External Auditor had provided an unqualified opinion on the Council's financial statements on 26 September 2017. The report also informed that the External Auditor's review of the Council's arrangements to secure economy, efficiency and effectiveness which had resulted in a qualified - except for value for money conclusion. The reason for this being concern that progress in respect of Ofsted monitoring visits had not yet met expectations and some time would be needed to implement all the actions to deliver the required service improvement.

Mr Baker apprised the Audit and Risk Management Committee on the independence of the auditor and that the same team would be delivering the next year's audit. He added that the Council faced additional pressures with regard to the required reporting deadlines, in addition to the pressures faced by the majority of local authorities in the current financial climate. Mr Baker took the opportunity to thank Mr Tom Sault, Assistant Director: Finance and Investment (S151 Officer) for his honest, clear and supportive assistance with the work of the External Auditor.

A Member questioned the delay in resolving an objection to the Council's 2015-16 accounts that related to a request for a public interest report and application to the courts for a declaration that Wirral Council's Lender Option, Borrower Option loan borrowing as referenced in the 2015-16 accounts was unlawful. The External Auditor informed that the Council had provided prompt and full co-operation on this matter, but was not possible at present to place a definitive timescale to reach a resolution regarding the objection.

The Assistant Director: Finance and Investment (S151 Officer) informed the Committee that the Council continued to face significant financial pressures and Q2 accounts had been presented to Cabinet, along with the need to action a projected overspend of £4.2million from Q1 mainly attributable to additional investment in Children's Services.

Resolved – that the Annual Audit Letter for Wirral Council be noted.

51 **MATTERS FOR ESCALATION TO CABINET**

None.



**Audit and Risk Management Committee
Monday, 29 January 2018**

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 1st November to 31st December 2017. There are seven 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

Members note the report.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To provide the Members with assurance that the Council is taking appropriate measures to ensure that the control environment is effective and to comply with statutory requirements to provide an adequate and effective internal audit service.
- 1.2 To ensure that risks to the Council are managed effectively.
- 1.3 To ensure that the Council complies with best practice guidance identified 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 1st November to 31st December 2017.

3.2. Items of Note

3.2.a Children's – Carer Payments

Discussions have taken place with relevant Senior Managers from the Children's directorate during the period to evaluate progress being made to address some control issues previously reported to this Committee regarding Carer Payments and the resulting generation of an overpayment.

Unfortunately, in our opinion sufficient progress has not yet been taken to improve the control environment and prevent any future recurrence of issues of this nature. A number of actions agreed with senior management at the time of the audit remain unaddressed and the control weakness identified remain in place. This issue has been raised with the relevant senior manager and actions agreed to be taken, further updates on this issue will continue to be provided to this Committee.

3.2.b Contract Extensions – Compliance with Procurement Rules

Internal Audit were requested by Members at the November ARMC to undertake some detailed audit work to substantiate compliance with corporate policy and procedure in respect of two Public Health contracts for £6.7 and £7.2 million identified in a report to the Committee from the Head of Procurement.

It was established that in both of these cases one year extensions to the existing contacts had been approved by senior management and it was confirmed that at this stage correct authorisations and operational processes had been applied in obtaining these extensions in compliance with the corporate Contract Procedure Rules. Audit work will continue over this month with relevant officers to ensure that the contract management procedures that led to the request for the extension and that are currently ongoing are correct and include key control elements such as monitoring of performance of the contractor, delivery against specification, payments aspects, user satisfaction evaluation etc.

Any issues arising from this continuing work will be reported to this Committee as appropriate.

3.2.c Access Transformation Project

An audit is currently being undertaken to review the risk and governance arrangements for the Access Wirral Transformation Project. The report is currently being finalised and will highlight lessons learned that can be applied to future Transformation projects. More details on this will be provided to Members at a future meeting of this Committee.

3.2.d Quality Assurance Improvement Programme

Members will recall that the Internal Audit Service has previously developed and reported a Quality Assurance Improvement Programme for the service to ensure that it continues to perform its work in accordance with its Charter and the Public Sector Internal Auditing Standards.

A self-assessment exercise has recently been undertaken to ensure that the service continues to comply with all aspects of the programme. It is pleasing to report that the service remains fully compliant with the programme and the detailed results are attached to this report at Appendix 2.

3.2.e Floral Pavilion

A comprehensive audit review of the Floral Pavilion took place in November, involving two audit staff being at the theatre for two days conducting a range of tests including events, cash handling, income maximisation and controls, and stock holdings. A number of recommendations to improve arrangements

in operation were identified in the report and action plan and agreed with the Venue Manager, including timescales for implementation. These included four high level recommendations concerning documenting procedures, declarations of interests, building access security and cash transportation controls.

Audit will follow up these agreed recommendations and report the outcome of this exercise to Members of this Committee as appropriate.

3.2.f Ethical Framework

An audit review has been conducted of the Council's Ethical Framework.

The objective of the audit was to undertake an initial review of the key arrangements the Council has in place in respect of its Ethical Framework. The review has built on audit work undertaken in relation to the review of the Council's Annual Governance Statement, and in particular focussed on a baseline review of the arrangements that the Council has in place that underpin the 'Behaving with integrity' and the 'Demonstrating strong commitment to ethical values' elements of the Council's Code of Corporate Governance.

The outcome of the audit identified that whilst the Council has reasonable policies, processes and procedures in place some improvements are required to the current arrangements to ensure that systems are effective and compliant with current best practice. It is acknowledged that a number of actions are currently underway to make the improvements in some areas and an action plan has been agreed with senior management that incorporates all of these actions and includes additional items to improve the overall effectiveness of the framework.

Follow up work will be conducted to evaluate progress against this action plan and Members of this Committee notified in due course.

3.2.g Merseyside Pension Fund - Governance

A routine audit has been conducted to review the effectiveness of the governance arrangements of the Merseyside Pension Fund (MPF). The audit objective was to provide management and stakeholders with reasonable assurance that governance principles, behaviours and actions at MPF reflect compliance with recognised good practice identified in the CIPFA/SOLACE Delivering Good Governance Framework and Department for Communities and Local Government (DCLG) Guidance.

The review identified systems and processes that consistently demonstrate effective compliance with the principles of good governance and fully complies with the relevant best practice guidelines on governance and a positive opinion was provided in the audit report.

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 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 The only current audit report identifying outstanding actions is BRAG rated as 'amber' indicating that progress is being made to address identified 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.	63	61
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:

- Implementation of the revised 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;
- Continued ongoing 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;
- Completion of self-assessment against QAIP;
- Continuing development of the Wirral Assurance Map identifying areas of assurance for the Council for utilisation in audit planning process;
- Ongoing improvements to the audit reporting format;
- Ongoing improvements to the audit planning process for 2018/19.

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.

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

APPENDICES

Appendix 1: Audit Recommendations Status Report
Appendix 2: QAIP Self-Assessment Outcomes

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.

This page is intentionally left blank

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

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

INTERNAL AUDIT OUTSTANDING AUDIT RECOMMENDATIONS

PERIOD: 01 APRIL 2016 TO 31 DECEMBER 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
Grievances 14/15	24/05/2017	Oct 15	Business Services [Human Resources & OD]	Minor	Two recommendations were made which did not present a significant risk to the organisation.	2 (0)	December 2017 Assistant Director - HR/OD	Senior HR Manager confirmed that training has not yet been completed within Children Services due to the department resolving issues from Ofsted report. Training for Children Services is to be included within a programme of personal development to be rolled out by December 2017. Internal Audit are satisfied that this issue was appropriately covered by the head of HR and OD at November's meeting, and will continue to be monitored.	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.

This page is intentionally left blank

Quality Assurance and Improvement Programme Review - 2017/18

Page 25

Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
1. Development of the Quality Assurance and improvement Programme					
1.1	QAIP has been established for Internal Audit in line with the PSIAS.	QAIP established and approved by Audit and Risk Management Committee – September 2016.	Annual	Chief Internal Auditor (CIA)/ARMC.	No issues
1.2	QAIP comprises of Internal assessments (both ongoing and periodic) and external Assessments.	QAIP contains these elements.	Annual	Chief Internal Auditor/ARMC.	No issues
2. Requirements of Internal Assessments – Ongoing					
2.1	Management Supervision.	Tracked changes on documents, documented evidence of supervisory review, Post Audit Assessment undertaken identifying training/development on relevant documentation.	Ongoing - every audit has a review.	All Programme Auditor's and Audit Manager (AM).	No issues
2.2	Structured, documented review of working papers during audits and draft/final reports.	Tracked changes on documents, evidence supervisory review, training and development / improvement issues arising documented as part of PAA.	Ongoing - every audit has a review	All Programme Auditor's and Audit Manager.	No issues

Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
2.3	Audit Policies and Procedures used to ensure consistency, quality and compliance with appropriate planning, fieldwork and reporting standards.	Template documents exist and are utilised by all auditors on all assignments. Internal Audit Manual identifies all relevant policies, procedures and protocols. Quality Assurance Checklists in operation. Internal Audit Charter provides summary overview of the audit process	As required	Chief Internal Auditor	No issues.
2.4	Comprehensive Internal Quality Reviews regularly undertaken.	Ongoing supervisory reviews undertaken for all audits utilising documented template 4, includes final review by CIA/AM. Post Audit Assessment utilised for all audits, documenting the process and identifying areas for development/improvement. Control Checklist utilised as part of this process.	Ongoing – all audits.	Chief Internal Auditor/Audit Manager/Programme Auditors.	No Issues identified.
2.5	Feedback obtained via audit Client Questionnaire	Standard questionnaire issued after each and every audit. Outcomes reported to all ARMC meetings.	Ongoing	Chief internal Auditor/ Audit Manager/Programme Auditors/ Lead Auditors.	No issues.
2.6	Auditor Skills Appraisal Assessments regularly	Auditor Skills Appraisal Assessment undertaken after	Ongoing	Reviewed by Audit Manager and Chief	No issues

Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
	undertaken to assess auditors performance	every audit, evaluating auditors performance against key core competencies and identifying areas for development and improvement.		Internal Auditor.	
2.7	Monitoring of internal performance targets and quarterly outturn reporting to ARMC.	Performance targets achievement monitored on ongoing basis via performance spreadsheet and reported to every meeting of ARMC.	Ongoing	Chief Internal Auditor/ Audit Manager/Programme Auditor's.	No issues
2.8	Review and approval of all final reports by Chief Internal Auditor/Audit Manager.	Established quality review process requires reports to be reviewed and approved by CIA or AM and outcomes documented.	Ongoing	Chief Internal Auditor/Audit Manager.	No issues
3. Requirements of Internal Assessments – Periodic					
3.1	Self-assessment against PSIAS	Annual self- assessment completed, latest in August 2017.	Annual or as the Standards change.	Chief Internal Auditor	No issues
3.2	Quarterly IA Update Reports presented to ARMC.	Quarterly update reports prepared by CIA summarising IA activity, items of note/escalation and performance data presented at every quarterly meeting of ARMC.	Annual	Chief Internal Auditor	No Issues

Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
3.3	Annual performance evaluation form to all Chief Officers.	Performance Evaluation Questionnaire discussed with Chief Officers at annual planning meetings in February of each year and feedback utilised to help improve/develop the IA service.	Annual	Chief Internal Auditor	No issues although actual completion of forms can be problematic at times.
3.4	Annual Audit Planning Risk Assessments	The comprehensive annual audit planning process identifies all key issues and risks to the organisation and targets audit work in these areas. The Audit Plan is approved and endorsed by Chief Officers and ARMC.	Annual	Chief Internal Auditor/ARMC.	No Issues
3.5	Annual review of Internal Audit Service by Chief Internal Auditor.	Chief Internal Auditor undertakes ongoing review and evaluation of the service identifying areas for development/improvement arising from customer feedback, PAA's, Away Day sessions, Team Briefings, Peer sessions, self assessments against PSIAS and other best practice guidance etc and reports actions to ARMC on a quarterly basis. This is summarised in the Chief Internal Auditors Annual report.	Ongoing	Chief Internal Auditor	No Issues.

Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
3.6	Annual review of compliance with QAIP.	Review undertaken annually, reported to ARMC in January 2018.	Annual	Chief Internal Auditor	No Issues
3.7	Feedback from Chief Executive, Section 151 Officer and Chair of ARMC to inform annual appraisal of CIA.	Annual appraisal of CIA undertaken by Section 151 Officer who obtains input from CEO and ARMC Chair prior to appraisal.	Annual	Section 151, CEO, ARMC Chair.	No issues
3.8	Periodic Skills and Competency appraisal conducted for all Auditors.	Auditor Skills Appraisal Assessment undertaken after every audit, evaluating auditors performance against key core competencies and identifying areas for development / improvement. In addition, Corporate Performance Appraisal completed for each Auditor annually with outcomes from Auditor Skills Appraisal feeding this process and culminating in a development plan.	Ongoing/Annual	Chief Internal Auditor/Audit Manager/Programme Auditor/Lead Auditors.	No Issues
3.9	Improvement/development actions arising from assessments will be reported to ARMC.	Quarterly Internal Audit Update reports for ARMC identify actions taken to improve and develop the internal audit service.	Annual	Chief Internal Auditor	No Issues

Ref	Requirement	Evidence	Frequency of review	Who is involved?	Improvement Actions/ No issues
3.10	Any significant areas of non compliance with PSIAS are included in the Chief Internal Auditors Annual Report.	Any areas of non compliance would be routinely included in the Annual Report.	Annual	Chief Internal Auditor	No Issues
4. External Assessment					
4.1	An independent external assessment should be performed every 5 years	Not yet completed	Every 5 years	Chief Internal Auditor/ North West Audit Group Peer Review	External Assessment is scheduled for Feb 18.
5. Reporting on the QAIP					
5.1	Review of compliance against the requirements of the QAIP, the results of which are reported to the ARMC.	Compliance reviewed annually and reported to ARMC in IA Update Report – January 2018.	Annual	Chief Internal Auditor/ARMC.	No Issues

MPN

04/01/18



**Audit and Risk Management Committee
Monday, 29 January 2018**

REPORT TITLE:	Corporate Risk Register: Update
REPORT OF:	Chief Executive

REPORT SUMMARY

This report confirms the outcome of the last review of the Corporate Risk Register and provides an update as to the development of risk registers for other areas.

RECOMMENDATION/S

That Members note the outcome of the most recent review of the Corporate Risk Register.

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

That further updates on the Corporate Risk Register be reported to future meetings 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.

REVIEW – 28 NOVEMBER 2017

- 3.3 To support the review a summary of the status of key mitigating actions for all of the existing corporate risks was provided to the team. A copy is appended to this report.
- 3.4 The summary indicated that all mitigating actions appeared to be progressing broadly as planned.
- 3.5 Reviews also consider developments within the Council and in the wider operating environment and their potential to impact on the Council's objectives. In the November 2017 review the following risk areas were discussed by the team.
 - 3.5.1 Whilst preparations for the introduction of the General Data Protection Regulations continue and additional funding has been made available to support this it is vital that progress is maintained as failure to achieve compliance could have significant financial legal and reputational consequences. The team acknowledged that a significant challenge remains and will monitor this area closely in the coming months.
 - 3.5.2 The Chancellor of the Exchequer's Autumn Statement was also considered. At the time of the review details of the Local Government settlement were yet to be announced. Although it was acknowledged that this could impact on the Council's future financial position and its broader objectives the team also

recognised the degree of financial planning undertaken and oversight exercised in this area.

3.5.3 The pressure on Children’s Services and the additional demands that this could make on the Council’s financial resources was also considered. It was agreed that this topic would be reviewed when the details of the Local Government settlement were known.

KEY RISKS FROM OTHER AREAS

3.6 To give the team an understanding of the nature and significance of risks to the delivery of the Council’s wider objectives details of risks to the delivery of both elements of the Transformation Programme and two Directorates were also provided. That information is replicated below. For each area there is a table showing the number of risks for different scores within the standard scoring table and a summary of all risks which at the time were evaluated as ‘red’.

Business Services

		Impact →				
		Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Likelihood ↑	Very High (5)					
	High (4)					
	Medium (3)		1	6	5	
	Low (2)		1	8	1	
	Very Low (1)					

- | |
|--|
| <p><u>Support Delivery of Transformation Programme</u></p> <ul style="list-style-type: none"> Effectiveness of project management (12) <p><u>Robust governance and compliance</u></p> <ul style="list-style-type: none"> Limited capacity could impede ability to effect strong information governance - including compliance with GDPR (12) Non-compliance with procedures and practices (12) <p><u>Maximise opportunities from assets</u></p> <ul style="list-style-type: none"> Scope of the programme (12) Uncertainty over market conditions (12) |
|--|

Delivery Services

		Impact →				
		Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Likelihood ↑	Very High (5)					
	High (4)			4	2	
	Medium (3)			5	2	
	Low (2)			3	2	
	Very Low (1)					

- Scale of the expectations of savings that the Leisure / Culture / Library review will deliver **(16)**
- Council's organisational culture could inhibit its ability to act more commercially **(12)**

Integration of Mental Health & Disability

- Insufficient time to make required payroll changes could prevent the transfer of staff taking place on 1/4/18 **(12)**

Preparation for future ADMs

- Insufficient resource (human and otherwise) to prepare for reviews of delivery units could lead to flaws in the review process **(16)**

Customer Experience Programme

		Impact →				
		Very Low (1)	Low (2)	Medium (3)	High (4)	Very High (5)
Likelihood ↑	Very High (5)					
	High (4)			3	3	
	Medium (3)		1	4	4	
	Low (2)		1	1	1	
	Very Low (1)	1				

- Current uncertainty around the totality of funding required to deliver the Programme could result in insufficient funds being made available in a timely manner **(12)**
- Lack of necessary skills within the workforce could limit the potential benefits of change **(16)**
- Differing timelines and agendas of other agencies could undermine the level of support for the Programme **(16)**
- The need for acceptance of and compliance with implemented governance arrangements could delay some elements of the Programme delivery **(12)**
- The conflicting priorities and timelines of colleagues could affect their degree of engagement and the speed of implementation of change **(12)**
- Resistance amongst affected staff could inhibit the speed and degree of change **(12)**
- Political agenda might not support some of the options proposed **(12)**

Assets Programme

		Impact →			
		Low (2)	Medium (3)	High (4)	Very High (5)
Likelihood ↑	Very High (5)				
	High (4)		1	1	
	Medium (3)		2	4	2
	Low (2)		1	6	8
	Very Low (1)		1		

- Wirral Growth Company could become unsustainable because of the level of debt held **(12)**
- Consequences of Brexit may have negative financial impact on Wirral Growth Company - e.g. increased costs of labour and / or materials **(16)**
- Need for a defined pipeline of assets for development in order to maximise success and investment opportunities for the Company **(15)**
- Lack of demand for commercial, residential, multi-use developments **(15)**
- Identifying sites for development could raise community expectations for delivery; but also potential objections **(12)**
- Skilled technical resources may not be sufficient to move at speed to take best advantage of commercial opportunities **(12)**

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. Initial work by the steering groups for four of these strategies was undertaken in November and December 2017. It is intended to develop the output from this work into risk registers before the end of the current financial year. Production of risk registers for the remaining strategies will be addressed in 2018/19.

3.8 The business planning process for Council directorates including requirements around the identification and recording of risk has been determined to support the development of service plans for 2018/19.

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*
Senior Risk and Insurance Officer
telephone: (0151) 666 3113
email: mikelane@wirral.gov.uk

APPENDICES

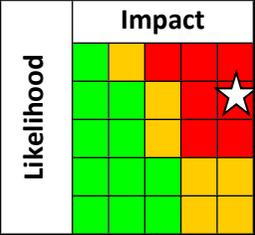
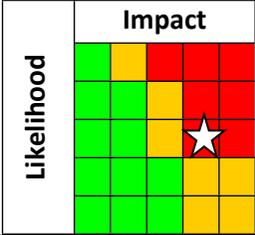
2017/18 CRR Controls 281117

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee	21 st November 2017
Audit & Risk Management Committee	25 th September 2017
Audit & Risk Management Committee	12 th June 2017
Audit & Risk Management Committee	14 th March 2017

2017/18 Corporate Risk Register – Q2 Update Report

Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
1.Financial Resilience		20 Likelihood 4 x Impact 5	<ul style="list-style-type: none"> Financial planning, management and reporting Management of demand Programmes to reduce costs Programmes to increase revenue 		12 Likelihood 3 x Impact 4
Lead Responsibility	Assistant Director: Finance / S151 Officer				
Additional Controls – Quarter 4 update	<p>Reducing costs <u>Integration with Health</u> - The Integrated Care Team with Wirral Community Foundation Trust will go-live from June 1st 2017, following a further period of negotiation and consultation. Work on the Integrated commissioning hub has commenced with workshops completed and a draft structure has now been created. A draft memorandum of understanding has been developed supported by an accompanying financial framework. A due diligence exercise is currently underway with a view to move to a formal arrangement being in place for Autumn 2017. <u>Enhanced Transformation Programme</u> - The Transformation Programme is established with Customer Experience and Asset programme definitions completed and programme managers in position. A Portfolio Board reviews a dashboard setting out the programmes financial benefits, key milestones risk and issues. This is underpinned by monthly Programme Boards for Customer Experience and Assets. 2 new programmes have recently been established for digital and libraries Leisure and Cultural Services – recruitment is underway for 2 additional programme managers. A review of the structure content and governance of Transformation Programme is being undertaken by the new Director who took up the post in February. <u>Working across the Liverpool City Region (LCR)</u> - LCR Chief Executives group are progressing the LCR Public Service Transformation Programme to reduce duplication, deliver better outcomes and generate significant financial efficiencies across the City Region. The Programme is a key strategic priority for the CEXs group, and is producing a set of feasibility studies and business cases to develop new partnership delivery proposals for a number of services. Strategic linkages continue to be developed with Wirral’s Transformation Programme to identify opportunities to collaborate across the LCR to accelerate local proposals and maximise opportunities to generate additional savings.</p> <p>Increasing revenue <u>Business Rates Retention Pilot</u> - This Liverpool City Region Pilot will commence April 2017. Agreement with Government signed in March 2017 which includes there being no financial detriment from participation. <u>Commercialisation/Income Maximisation</u> - The main activity for quarter 4 included:</p> <ul style="list-style-type: none"> Income collection report and recommendations passed across to BAU 				

- Investments – developing a proposal for increasing investment in assets
- Property company development
- Energy Company report through Cabinet
- Commercial training programme for managers being developed
- Work is ongoing with the positioning of the commercial strategy and subsequent governance and support being determined
- Additional income through increased fees and charges assessed and final figures being agreed through Finance

Implementation of Growth Plan - A range of actions are in place in order to deliver the Growth Plan. Outcomes were as follows:

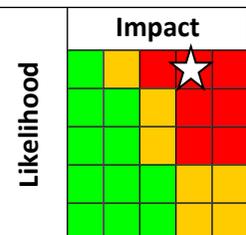
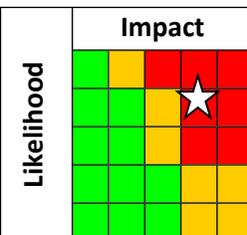
Greater Job Opportunities: Delivery of the Wirral Ways to Work programme is progressing well, with 1,426 clients engaged across all 4 Ways to Work projects as at the 31st March 2017.

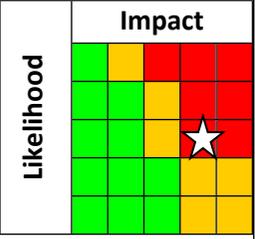
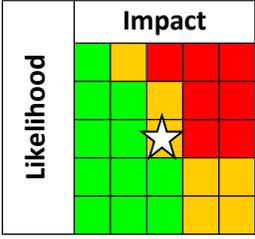
Delivery of the two services which make up the Wirral Health Related Worklessness programme began on 1 February.

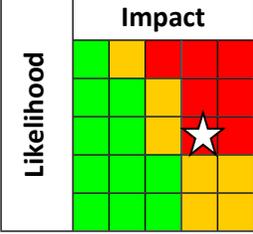
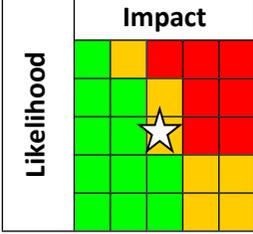
Of the Wirral applications to the Liverpool City Region Single Investment Fund (SIF), 3 have been invited to proceed to Round One Second Stage and 2 have been invited to proceed via an alternative route. The Council is supporting applicants proceeding to the Round One Stage Two application process and further work is planned to prepare further strategic projects for submission to SIF Round Two, expected Summer 2017.

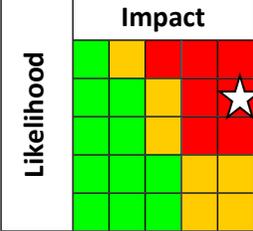
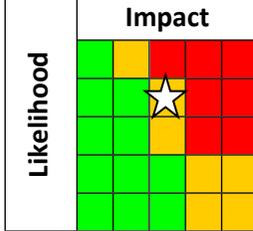
Work between the Combined Authority and the DWP to design future employment support for harder to reach claimants is complete and supplier selection is underway, with final contract award scheduled for September.

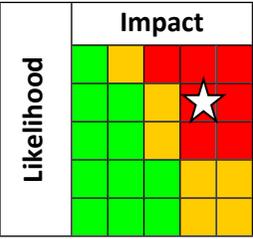
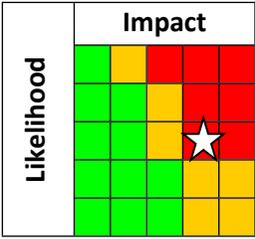
Growing Competitive businesses: Contract mobilisation by the new business support supplier is underway, with a scheduled start date of 1st June. Key activities include: sector networking, start-up and growth support, workforce development and pilot projects in support of town centre high streets.

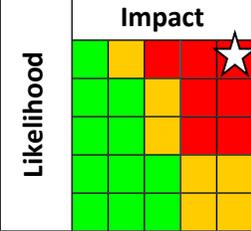
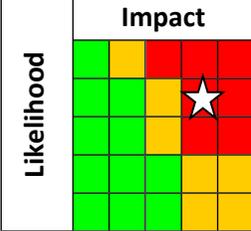
Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
2.Organisation Development and Pace of Transformational Change		20 Likelihood 5 x Impact 4	<ul style="list-style-type: none"> • Performance appraisals • Accountability statements • Ad-hoc initiatives -e.g. Children’s Social Work • HR involvement in development of business cases for Alternative Delivery Models 		16 Likelihood 4 x Impact 4
Lead Responsibility	Director for Transformation				
Additional Controls – Quarter 4 update	<p>Capacity and Expertise – The work on organisational culture is being finalised and will feed into the Organisational Development Plan – April. Team’s culture plans are to be included within the accountability framework to be issued in May. A report on progress will be taken to the Strategic Leadership Team in May.</p> <p>Transformation <u>Resources needed to support Alternative Delivery Models</u> – Programme Boards receive monthly updates on the work in progress and work within the pipeline to be initiated. Work with the Strategic Hub continues to ensure the totality of change initiatives is documented. HR colleagues attend Project / Programme Boards. The Transformational Change programme has been agreed and resourced. A Director of Transformation (a key role in driving transformation at the required pace) was appointed and started in February. The Transformation Office continues to recruit resources through a mixture of permanent, interim, and specialist staff. Recent appointments due to start in May are 2 Programme support officers and recruitment process is underway for 2 programme managers. An appraisal of resources required to support the transformation programme has been conducted and reported to Business Services in February.</p> <p><u>Implementation of agreed governance to monitor and control delivery</u> – Governance arrangements have continued as programmes are established. Gateway model for business case development has been agreed, based on the HM Treasury five case model.</p> <p><u>Strengthen programme management arrangements using standardised tools and techniques</u> - Configuration of the Concerto system is complete, with ongoing upload of Projects. Concerto training continues to be delivered for officers outside the Transformation Office but who are involved in project delivery and programme management. A project toolkit has been developed with standard guidance and templates. This is available to the project management community via Concerto and is scheduled to be launched on the intranet in Q1 for access by the wider organisation. A Transformation Office web page launched with overview, links to the commercialisation and Alternative Delivery Model toolkits and individual pages for the transformation projects that currently impact on staff, so they have a central point for any communication. Further development required in Q1 for the Transformation Team, Roles, and Governance along with the publication of the supporting toolkits and documentation for the wider organisation. Business analyst framework developed and being used by the Transformation Office. Scheduled to be launched on the intranet in Q1, for access by the wider organisation</p> <p><u>Establish a central Transformation Office with clearly defined roles / responsibilities</u> –Resourcing of the transformation Office continues to be kept under review as the programme(s) develop. Additional recruitment was established in Q4 and further permanent resource is to be recruited in Q1.</p>				

Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
3.Partnerships		<p>12</p> <p>Likelihood 3 x Impact 4</p>	<ul style="list-style-type: none"> The Wirral Partnership agreed a single Wirral Plan with joint priorities, and committed to a partnership approach with collective actions to deliver it Partners have lead responsibility for a number of the Pledges and are involved in delivery of all of them To ensure a single approach, the Partnership Delivery Group (PDG) meets regularly, bringing together Chief Executives of partner organisations to co-design implementation of the Plan and emerging strategies 		<p>9</p> <p>Likelihood 3 x Impact 3</p>
<p>Lead Responsibility</p> <p>Additional Controls – Quarter 4 update</p>	<p>Chief Executive</p> <p>Implementation of new governance arrangements - Established governance and reporting processes for the Wirral Plan and strategies continue to drive the production of comprehensive progress reports. Q4 performance/implementation reports have now been produced and will be considered by Cabinet, SLT and the Wirral Partnership. A comprehensive Review of the Wirral Plan and Pledges has been taking place with partners, to systematically assess the implementation, performance and achievements of all the Pledges to date, and to ensure that future action plans, partnerships and delivery arrangements are the most effective they can be .</p> <p>Activity to strengthen links between the Partnership Development Group (PDG) and other groups/boards - As referenced above, the Review of the Wirral Plan has been systematically considering all of the Action Plans and Partnership Groups to summarise progress, identify any issues and propose solutions in relation to governance, partnership working and effective delivery. The Wirral Leadership Academy commenced in February 2017. Wirral’s Programme is based on the national commissioning academy programme, uses a collaborative learning approach and is attended by senior representatives of the Wirral Partnership. The Programme is significantly building greater collaboration across the Partnership to deliver the Wirral Plan and Pledges and through the underpinning Pledge Boards, to utilise collective resources to deliver better outcomes for Wirral residents.</p>				

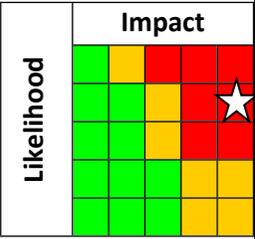
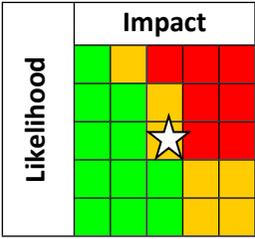
Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
4.Devolution		<p>12</p> <p>Likelihood 3 x Impact 4</p>	<ul style="list-style-type: none"> To ensure up to date knowledge and communication of developments: Regular updates and briefings with elected members and Strategic Leadership Team (SLT) i.e. through Leader's Portfolio reports; Policy & Performance progress reports; Scrutiny Review; SLT discussions To optimise Wirral's influence: Wirral's Chief Executive and Leader part of regular LCR meetings to develop new LCR arrangements and devolution deal Wirral elected members appointed to LCR Scrutiny and other thematic Boards Wirral officers represent Wirral's interests and priorities at relevant LCR boards and networks Ongoing activity to develop Wirral projects and ensure that they are represented within LCR strategic priorities SLT ongoing discussions to ensure a strategic and comprehensive knowledge of developments; to agree Corporate approach; and identify Wirral's priority focus and projects for the short, medium and long term 		<p>9</p> <p>Likelihood 3 x Impact 3</p>
Lead Responsibility	Chief Executive				
Additional Controls – Quarter 4 update	<p>Review arrangements for City Region governance and implementation - Following the Liverpool City Region (LCR) Governance Review and public consultation, in December 2016 Wirral, the other City Region Local Authorities, and the LCR Combined Authority agreed the final legal and governance requirements to establish the Liverpool City Region Combined Authority (LCRCA) Mayoral Model with the devolved powers and functions agreed as part of the Devolution Deal in November 2015. A review of the LCR Combined Authority has since taken place and a revised Constitution will be considered by the Combined Authority in April.</p> <p>Consultation to enable Wirral and partners to play an effective role in the new arrangements - The LCR Combined Authority mayoral election was launched on 24th March, with the election to take place on 4th May 2017. Following the election, further detailed proposals for implementation (including the new Mayor's Office) will be produced. To ensure Wirral awareness, understanding and effective input into all LCR developments, the Policy Team continues to deliver a set of structured updates and briefings including at Scrutiny Committee; Cabinet/SLT; Leadership; the Wirral Partnership.</p>				

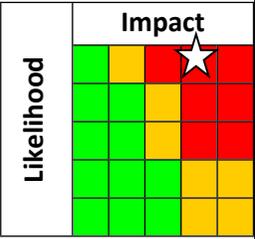
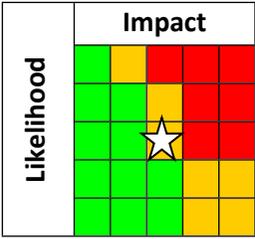
Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
5.Integration of health and social care		20 Likelihood 4 x Impact 5	<ul style="list-style-type: none"> Integration of community and older people's services Integrated commissioning hub Integration project for all age mental health services Integration of all age disability services Initiative to reduce long term care admissions Initiatives around review of activity and replacement with alternatives (e.g. assistive technology) Wirral Independence Service Short term crisis support, to avoid admission STAR Re-ablement service Integrated single gateway into services Rapid Community Response Service – with Wirral Community NHS Trust 		12 Likelihood 4 x Impact 3
Lead Responsibility	Director for Health and Care				
Additional Controls – Quarter 4 update	<p>Introduction of on-line self-assessment - Self-assessment has been fully rolled out and we are now receiving online submissions for individuals and carers seeking support. A review of the current process is underway and further actions in place to improve activity in this area. We are continuing to work with partner agencies to maximise uptake of self-assessments. Care connectors are facilitating self-assessment within community settings.</p> <p>Development of extra care housing - Challenges remain with the Government not having resolved the issues in relation to the local rent levels, and potential caps. There are concerns as to how the Chancellor's plans to cap the amount of rent that Housing Benefit will cover in the social sector will apply to supported housing. The new system is planned to be implemented from 2019 and the proposed Local Housing Allowance (LHA) cap will not apply to supported and sheltered housing until then. A consultation by the Government on the proposals closed in February. No conclusions or recommendations have yet been published. This has resulted in continued resistance from registered providers (RP) of housing to develop Extra Care at risk, given the capital and revenue implications. Capital and Assets group have been given an exception report outlining these risks and action planned to address them.</p> <p>Review of the supported living service model – Work is underway with providers to 'pilot' the new model which has been agreed as part of the annual fees work, and two agencies have volunteered to work with the local authority on testing it. The work on the model has been shared with colleagues in the Liverpool City Region as part of the "new models of care" group and interest has been shown from other areas on the outcomes including Cheshire West & Chester.</p> <p>Support regional work around specialist services and fees - A cost of care indicator tool introduced to look at placements that cannot be placed at standard Wirral rates is being used to work with providers and operational staff to provide costs on individual cases for placement. We continue to attend the Liverpool City Region "models of care" group for specialist services with identified commissioning leads in place.</p>				

Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
6.Effect of demographic changes on demand for services		16 Likelihood 4 x Impact 4	<ul style="list-style-type: none"> • Integrated Care programme • Joint Commissioning arrangements with the Clinical Commissioning Group • Delivery of commissioned lifestyle services - Head of Public Health • Vision 2018 work stream on early intervention and prevention 		12 Likelihood 3 x Impact 4
Lead Responsibility	Director for Health and Care				
Additional Controls – Quarter 4 update	<p>Integration agenda (Healthy Wirral) - The Business Intelligence Hub has now been formed and is working with commissioners as part of the Integrated Commissioning Hub project. Commissioners and Intelligence staff are working collaboratively to agree shared work plans. A Wirral Intelligence Network has also been set up with health and other key public sector partners. This group will seek to embed a culture of partnership working and will explore opportunities for maximising the use of intelligence across all partners. The marketplace and self-assessment tools are available to the public and work is remains on going across the Liverpool City Region regarding publicity and branding of the marketplace.</p> <p>Programmes of early intervention and prevention - The joint commission for advice and information contract has been awarded and will commence in April 2017. Work is currently underway with the third sector to look at a Wirral offer across to respond positively to council commitments. This work is being led by Adult social care and includes the requirements for adults, children, public health and the Clinical Commissioning Group.</p> <p>Implement health and social care integration - Approval has been given by both Cabinet and the NHS Community Foundation Trust Board. Implementation is underway following consultation with staff. The go-live date is 1st June and will see a phased transfer of staff to Wirral Community Foundation Trust. Dedicated work streams remain on going to work through the practicalities of the transfer and also agree the contractual relationship which will be underpinned by the Section 75 agreement. The Section 75 agreement has been drawn up and an initial draft has been shared with the Community Trust. Comments have been received back by the Council and are currently being worked through. A final version of the agreement will be in place by 18th May.</p>				

Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
7.Safeguarding		<p>25</p> <p>Likelihood 5 x Impact 5</p>	<ul style="list-style-type: none"> • An Improvement Board was established to drive the improvements needed to respond to the Ofsted recommendations; the board meets monthly to ensure the improvement plan including the safeguarding board. recommendations are gripped, and progress is monitored and challenged. The Board now includes an independent chair and an independent adviser appointed by the DFE. • Deputy Director for Children’s Care Services and an Independent Chair of the Wirral Safeguarding Children Board recruited. • Interim strategic lead for children’s social care and experienced social work practice improvement lead appointed • Children’s early help and intervention offer strengthened through increased partnership engagement to meet children’s needs earlier and so reduce demand for children’s social care. • Single senior manager established to lead and oversee the MASH (Multiagency Safeguarding Hub) Performance management and reporting arrangements for managers, leaders and elected members will be overhauled to ensure these are based on accurate, reliable data that is used to effectively measure and inform service improvements. • An HR and OD team co-located in the Children and Young People’s Department enabling close working with service managers to rapidly recruit, induct, develop and retain social workers and social work managers; and support managers at all levels to develop and challenge staff to meet the higher bar set through the Wirral Social Work Practice Standards. 		<p>16</p> <p>Likelihood 4 x Impact 4</p>
Lead Responsibility	Director for Children				

Additional Controls – Quarter 4 update	<p>Implement service improvement plan resulting from the recent diagnostic and self-assessments – actions identified within the Plan which commenced prior to the Ofsted visit continue to be refined in the light of further work to ensure there is a robust plan in place to deliver the improvement.</p> <p>Implement programme in relation to children in care and on the edge of care – as above the actions identified within the Programme are being progressed to improve and strengthen our approach in this area.</p> <p>Deliver the priorities of the Local Children’s Safeguarding Board (LSCB) and the Safeguarding Adults Partnership Board (SAPB) –In relation to Adult Safeguarding there is now a combined authority SAPB established across Liverpool, Sefton, Wirral and Knowsley. Its inaugural meeting was held in April month, and a new set of priorities for joint working was agreed</p> <p>Implement ‘Making Safeguarding Personal’ (MSP) and evaluate its impact – There has been a programme of audits to evaluate the approach and inform a refresh of the safeguarding procedures</p>
---	--

Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
8.Governance (including information governance)		20 Likelihood 4 x Impact 5	<ul style="list-style-type: none"> • Council Constitution • Code of Corporate Governance • Member / Officer Protocol • Staff Policies (e.g. Dignity at Work) • Corporate Policies (e.g. Whistleblowing) • Operational policies (e.g. Information Governance, Gifts and Hospitality) • Ethical Framework for Members • Regulatory policies - Planning and Licensing 		9 Likelihood 3 x Impact 3
Lead Responsibility	Assistant Director - Law & Governance				
Additional Controls – Quarter 4 update	<p>Review the Constitution, Code of Corporate Governance and Members Code of Conduct - The revision of the Constitution continues to be overseen by the Standards and Constitutional Oversight Committee. In the quarter there have been further amendments to the Constitution which have been considered by the Standards and Oversight Committee and subsequently approved by Council in Dec 2016. The Code of Corporate Governance has been refreshed and also approved by Council at its meeting in Dec 2016 and will be subject to an annual review thereafter. The Constitution has been updated to reflect the approved changes and to include the revised Code of Corporate Governance The Members’ Code of Conduct was to be reviewed by the Standards and Constitutional Oversight Working Group during Q4 and report any recommendations to the Standards and Constitutional Oversight Committee by the end of this Municipal Year, however due to the untimely passing of the Chairperson, Cllr Denise Roberts, the scheduled work of the Working Group has been postponed to the next Municipal Year.</p> <p>Introduce the webcasting of Council Committee and Cabinet meetings – Soft marketing testing has been completed, suppliers identified and tender documentation drafted. SLT and Leadership have approved the specification and tendering arrangements for this project. Funding has now been approved and the tendering exercise is to commence next month (May 2017).</p> <p>Review and enhance information governance arrangements – The Information Governance Delivery Group has continued to implement the action plan drafted to address the recommendations in the report produced by the Information Commissioners’ Office following the review undertake in 2016. A review of the Information Governance and Security policy and guidance documents and Intranet content has begun.</p>				

Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
9.Economic Activity	 <p>Impact 4 Likelihood 5</p>	<p>20</p> <p>Likelihood 5 x Impact 4</p>	<ul style="list-style-type: none"> Implementation of the Growth Plan 	 <p>Impact 3 Likelihood 3</p>	<p>9</p> <p>Likelihood 3 x Impact 3</p>
Lead Responsibility	Strategic Commissioner - Growth				
Additional Controls – Quarter 4 update	<p>Implementation of place marketing activities – The City Region ERDF Bid for Place Marketing activities was successful and work is underway to develop sector focused foreign direct investment marketing in conjunction with Liverpool Vision and Combined Authority partners for 2017/18. Investor delegations from Netherlands, China and Indonesia have been supported. Investor focused: wirralwellmade.com was launched in March to coincide with the Council’s presence at MIPIM Cannes.</p> <p>Delivery of programmes to drive key growth sectors, such as the Maritime Knowledge Hub - Skills Brokers have engaged with 30 employers across Wirral during 2016/17 with 349 Wirral based employees receiving training to strengthen businesses in key growth sectors. A Single Investment Fund application for funding to deliver Phase 2 of the Maritime Knowledge Hub was successful at Stage One of the process and the Stage Two application: Outline Business Case is being prepared for submission in April 2017.</p> <p>Implementation of the Wirral Waters Investment Fund - The collaboration agreement has been finalised between the Council and Peel, with the formal signing scheduled for April 2017. Applications for the Investment Fund are now being prepared by Peel for submission.</p> <p>Delivery of the Ways to Work programme - Delivery of the Wirral Ways to Work programme is progressing well, with 1,426 clients engaged across all 4 Ways to Work projects as at the 31st March 2017.</p>				

Risk Number and Description	Unmanaged Risk Rating	Original Risk Score	Key Existing Controls	Current Risk Rating	Current Risk Score
10.Resources and Infrastructure		<p>16</p> <p>Likelihood 4 x Impact 4</p>	<ul style="list-style-type: none"> Implementation of current asset management strategy. Business continuity policy. Additional backup /security at Cheshire Lines. Standardised, refreshed IT hardware. 		<p>9</p> <p>Likelihood 3 x Impact 3</p>
Lead Responsibility	Director for Business Services				
Additional Controls – Quarter 4 update	<p>Establishment of data centres –The decision was taken in January to develop the Merseytravel Georges Dock facility as the primary Council datacentre, by re-provisioning all productions services to Georges dock. The Treasury building datacentre is to be repurposed as the council’s Disaster Recovery site. This not only reduces costs, but also gives greater flexibility in terms of the future usage of sites. The specification of a tender for the migration of services has been drafted and the Invitation to Tender published, with a return date of the end of April. The fibre ring serving key Council buildings in central Birkenhead (including the Treasury) has been upgraded to give improved resilience and provide a link to the Merseytravel data centre.</p> <p>Implementation of new Digital Strategy (including Rationalisation and standardisation of systems and applications) – As part of the comprehensive Review of the Wirral Plan and Pledges, the Digital Strategy is currently being reviewed to assess progress and further refine future priorities and drive forward key actions. The Strategy is a key enabler to the Wirral Plan and many of the Pledges, and has a number of cross-cutting measures and action plans, which are currently being reviewed to ensure a single, co-ordinated and strategic Digital approach. The refreshed Digital Action Plan will be produced in May.</p> <p>Implementation of new Asset strategy - Unfortunately the One Public Estate bid was unsuccessful, which will not allow us to appoint additional support for the project. In the absence of external funding, support will be provided by the Transformation office to Asset Management which will be aligned to the new Civic Hub Project. The accommodation risks associated with Council-wide Transformation projects have largely been managed within existing Council structures. However, some of the identified risks are controlled by non-Council organisations. Better communication between project leads for the key Transformation projects has helped manage the risk more effectively. But this still requires improvement for some projects. Key decisions have been made to vacate and demolish operational premises, which reduces the risk of revenue overspend; this will continue into the new reporting year. A clearer vision has been developed for the future use of premises across the Borough, linked to the new Civic Hub and the formation of PropCo. There remains an issue with the slow progress of approval for release and the low Capital potential of sites identified for sale, many of which had been withdrawn for sale due to objections. The anticipated progress made towards the end of Q4 should start to accelerate the disposal process. Improved dialogue with Cabinet members will assist to accelerate the approvals to sell.</p> <p>Roll out of testing programme for business continuity plans – Desktop exercises have been carried out on 10 plans (Building Control, Env Health, Payroll, One Stop Shops, Electoral Services, Legal & Member Services, Strategic Housing, Public Health, Registrars & CYPD Specialist Services). Reminder emails are being sent to plan owners to schedule in their desk top exercises.</p>				



**Audit and Risk Management Committee
Monday, 29 January 2018**

REPORT TITLE:	Management of Insurance and Corporate Risk
REPORT OF:	Assistant Director: Finance

REPORT SUMMARY

This report sets out progress made since my previous report in relation to key actions planned for 2017/18.

RECOMMENDATION/S

1. That the content of this report be noted.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 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 paragraphs below.

3.2.1 Alignment of Risk Management and Performance Management

The Interim Director for Strategy & Partnerships has written to the leads for all Wirral Plan pledge strategies to remind them of the expectations in relation to the identification and management of risks to the delivery of those strategies. The Senior Risk and Insurance Officer and the Performance and Scrutiny team have provided support to a further 4 groups to develop registers of the key risks to their strategies. The business planning process for Council directorates including requirements around the identification and recording of risk has been determined to support the development of plans for 2018/19.

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

On 12 January the Risk and Insurance team participated in a major event promoting the authority's traded services for schools. Costs to individual

schools for the Risk and Insurance service in the coming financial year have been produced as part of the corporate insurance budgeting activity (see 3.2.4 below). Schools will need to confirm by the end of March if they wish to continue buying back the service.

3.2.4 Corporate Insurance Budget

Work on the forecast of corporate insurance costs for 2018/19 and their allocation across Council functions and schools was completed earlier this month. The budget is the subject of a separate report to this meeting.

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

Work has continued on the production of the Invitation to Tender which will be published next month. The document will include substantial information about the risks to be insured under the contracts and how they are managed. Assistance in this area is being provided by colleagues across the authority

3.2.6 Renewal of Liability Motor Engineering and Computer Insurance Policies

Although these policies are on multi-year contracts there is an annual renewal process each April. Updated information on the risks covered by the policies and how they are managed is being provided to insurers. However premiums for both the Liability and Motor policies are expected to rise as a result of central government changing the 'Discount Rate.'

3.2.7 Liability Claims Handling

Officers are continuing to evaluate the merits of extending in-house claims handling to encompass lower value personal injury cases arising from alleged Highway defects. Insurers have given their authority for such a change and have offered a reduction in the external claims handling fee. Whilst the extension would take advantage of the skills within the Risk and Insurance team it would require changes to systems and processes and would demand a larger proportion of the team's capacity. A decision as to whether to introduce such an extension for 2018/19 will be taken shortly.

3.2.8 Actuarial Study

Clarification of a number of points covered in the report has confirmed that the funds held by the authority to cover Liability claims should be sufficient to meet the liabilities that it will have at the end of the current financial year. The study will be reported in detail to this committee in June as part of my Insurance Fund Annual Report. The study also recommended that the annual contribution to the Insurance Fund should be increased in the coming years to cover potential rises in the cost of self-insured claims. This has been reflected in my forecast of the Council's Liability insurance costs for 2018/19.

3.2.9 Review of Corporate Governance

An action plan for the working group has been agreed. Improving decision-making processes is at the core of the review. The nature and extent of information required to support decision-making including information on risks and benefits will be a key element of the review. 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.

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 3.2.9 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 has created 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 & Insurance Officer
telephone: (0151) 666 3413
email: mikelane@wirral.gov.uk

APPENDICES

None

REFERENCE MATERIAL

Correspondence with insurers, brokers and legal services providers

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Corporate Risk & Insurance Management	21 November 2017
Corporate Risk & Insurance Management	25 September 2017
Corporate Risk & Insurance Management	12 June 2017
Corporate Risk & Insurance Management	14 March 2017

This page is intentionally left blank



**Audit and Risk Management Committee
Monday, 29 January 2018**

REPORT TITLE:	Insurance Fund Budget 2018/19
REPORT OF:	Assistant Director: Finance

REPORT SUMMARY

This report sets out the elements which make up the Insurance Fund, the cost of running the Risk & Insurance Section and the Budget for 2018/19.

The Budget for 2018/19 is £85,000 (2.98%) more than the agreed Budget for 2017/18. The increased costs have fallen on schools due to changes in the claims experience and values at risk. There is no increase in the overall cost to the General Fund in 2018/19

The Insurance Fund Budget affects all Wards within the Borough.

RECOMMENDATION/S

1. That the Insurance Fund Budget 2018/19 be agreed

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 The setting of the Insurance Fund Budget is necessary to adequately fund insurable risk and ensure the equitable allocation of insurance costs.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options were considered

3.0 BACKGROUND INFORMATION

Introduction

- 3.1. Under the provisions of the Local Government and Housing Act 1989 Local Authorities are allowed to set aside financial provisions to cover self-insured losses.
- 3.2 By self-insuring an Authority avoids paying insurers' administration profit margins and Insurance Premium Tax on predictable levels of claims. Furthermore only rarely do external insurers return any proportion of premium irrespective of the profits generated by a policy.
- 3.3. Wirral Borough Council has operated an Insurance Fund since its formation and was one of the first local authorities to adopt a high degree of self-insurance when large excesses on liability and material damage insurance were negotiated in the 1980s.
- 3.4. Self-funding is a fundamental element of the Council's approach to managing risk. It provides a greater incentive to deal with risk more effectively as the Council benefits directly from any reduction in claims.

Risk Management

- 3.5 To achieve overall best value in funding insurable losses a carefully considered mixture of external and self-insurance is needed.
- 3.6 The Authority wholly self-insures those risks that have the capacity to generate relatively low value losses. In respect of risks that have the potential to produce catastrophic losses, the Council undertakes to meet the cost of all claims in any given year up to an agreed figure. Insurers meet all costs above this sum subject to contract terms and insurer solvency.
- 3.7 External insurance premiums are met by the Insurance Fund and are recharged to Schools and General Fund services together with self-insurance premiums according to formulae which take into account their relative risk exposure and their share of the claims experience.

Self-Funded Risks

- 3.8 Detailed below are the principal risks which the Council currently self-insures together with the probable maximum sum (subject to contractual indemnity) the Council might have to pay for losses in any given financial year. The contracts for Material Damage & Business Interruption and Crime will be the subject of a procurement exercise in the coming months which could lead to changes in the aggregate deductibles for these classes of business.

Type of Insurance	Aggregate Deductible 2017/18	Aggregate Deductible 2018/19
Casualty	£3,200,000	£3,200,000
Material Damage & Business Interruption (Fire)	£ 500,000	To be confirmed
Material Damage & Business Interruption (Storm/Flood/Burst Pipes)	£1,000,000	To be confirmed
Comprehensive Motor	£ 200,000	£ 200,000
Crime	£ 25,000	To be confirmed
Loss/Damage to Equipment	Unlimited	Unlimited
Glazing (Schools)	Unlimited	Unlimited

Insurance Contracts

- 3.9. The premiums charged in recent years in respect of the three principal risks covered by the Insurance Fund are detailed below. Premiums for all external insurance contracts are being impacted by the rises in Insurance Premium Tax (IPT) which in June 2017 rose from 10% to 12%. The overall impact of this increase has been mitigated by the extent of the self-insurance programme.

a. CASUALTY (LIABILITY)

This policy was the subject of a competitive procurement exercise in 2016-17 which resulted in a higher limit of cover at a reduced premium. However after the contract was awarded The Lord Chancellor announced a change in the discount rate. This figure is used to help set compensation pay-outs when people suffer serious injuries. The rate was reduced from +2.5% to -0.75% with effect from 20 March 2017. The effect of this has been to massively increase the cost of more serious claims and insurers are having to pass on this cost in higher premiums to their customers. The Council's Liability insurers announced at the end of October that as a result of the change they would require a significant increase in the premium for 2018/19. This left insufficient time to conduct a competitive tender. Moreover the increased claims costs are affecting all Liability insurers so I do not believe that a tender would result in lower premiums. I am able to partly offset the higher cost from a predicted surplus in the Insurance Fund. However the charges to Council services and schools for future years may need to rise further if the discount rate remains at the current level and higher premiums are sustained.

Members may recall that I commissioned an actuarial review of the cost of self-insured Liability claims and the adequacy of existing reserves and provisions. That report also made recommendations as to the level of the annual contribution to the Insurance Fund. The actuary is suggesting that future claims costs could be greater than we have experienced in recent years and that the contribution should rise to accommodate this. So I am increasing the Insurance Fund contribution for 2018/19 by £50,000 to £1,450,000.

External claims handling costs under the current contract are lower than in previous years because the Council took on responsibility for the handling of claims for low value property damage from 1 April last year. I expect those lower costs which were introduced in 2017/18 to continue for 2018/19.

The table below shows how costs have changed in recent years.

Year	Premium	
	External Insurance*	Insurance Fund
	£000	£000
2012/13	155	1,550
2013/14	175	1,550
2014/15	204	1,615
2015/16	229	1,575
2016/17	247	1,475
2017/18	217	1,400
2018/19	252	1,450

* Exclusive of claims handling charges.

b. **MATERIAL DAMAGE AND BUSINESS INTERRUPTION**

The existing Long Term Agreements for these policies expire on 29 June this year. As such a competitive procurement exercise will need to be conducted. This creates a degree of uncertainty in relation to the premiums for 2018/19 and beyond. However I am confident that there will be significant competition for these risks and have assumed that premium rates will be no greater than at present.

To prepare for the procurement exercise I commissioned professional valuations of a representative sample of the Council's property portfolio. This indicated that the existing sums insured for some properties were inadequate and should be increased. Those higher sums insured have been factored into the forecast for 2018/19. This has placed some upward pressure on external premium costs. This is offset to a degree by property disposals. There are no claims handling charges for these classes of insurance as they are managed within existing team resources.

Year	Premium	
	External Insurance	Insurance Fund
	£000	£000
2013/14	311	300
2014/15	259	300
2015/16	271	300
2016/17	266	250
2017/18	269	250
2018/19	284	250

c. **COMPREHENSIVE MOTOR**

This contract is subject to a Long Term Agreement until 31 March 2019. As such I would not ordinarily expect premium rates to change. However the cost of third party motor claims is also being severely impacted by the change in the discount rate referred to above. As such the Council's Motor insurers have also indicated that they require a significant percentage increase in the premium. However because the Motor insurance premium is much smaller than that for Casualty the financial impact is more modest. External claims handling charges will rise by the increase on the index of Average Earnings as allowed for in the contract. No change to the level of the Insurance Fund contribution is forecast.

Year	Premium	
	External Insurance**	Insurance Fund
	£000	£000
2012/13	33	70
2013/14	30	70
2014/15	35	70
2015/16	35	80
2016/17	40	80
2017/18	41	80
2018/19	50	80

** Exclusive of claims handling charges.

Other Risks

- 3.10 In addition to the three main classes of insurance the Authority also procures external insurance for a number of smaller risks. There are now fewer externally insured risks following a decision in 2016 to introduce wider self-insurance. Although the basic premiums received by the Insurance Fund for underwriting these risks is broadly similar to those which were formerly paid to external insurers the Council does not pay Insurance Premium Tax on contributions to its Fund. This means that the overall cost is less.

- 3.11 A range of other risks including loss of equipment and damage to glazing are already fully self-insured. These generate modest losses and as a result the associated internal premium is also relatively small.

Administration

- 3.12 In addition to promoting the effective management of risk within the Authority the Risk and Insurance Section places and administers all external insurance policies manages the Insurance Fund provides an internal and external consultancy service and oversees the handling of all claims. The balance of work has altered with greater emphasis now being placed on risk management activity and increased support for schools. The amount of the team's capacity devoted to managing liability insurance claims has also increased with the introduction in April 2017 of self-handling of low value claims for damage to third party property.
- 3.13 The costs of the Risk & Insurance Section are charged to the Insurance Fund and recharged in the form of a percentage overhead on insurance premiums.
- 3.14 Below is a breakdown of the estimated administration expenditure and income:-

	Budget 2017/18	Budget 2018/19
	£	
<u>Spend</u>		
Staffing & overhead recharges	233,000	218,000
Insurance Brokers	6,000	5,000
Other professional fees	11,000	11,000
Figtree claims database	10,000	8,000
Total	260,000	242,000
<u>Income</u>		
Consultancy – schools	99,000	89,000
Consultancy - Academy schools	34,000	40,000
General Fund	127,000	113,000
Total	260,000	242,000

Insurance Fund Budget 2018/19

- 3.15 The Insurance Fund Budget is shown in the Appendix. The table below compares the Budget for 2018/19 with the Budget for 2017/18.

	Budget 2017/18	Budget 2018/19
	£	£
Schools	893,000	972,000
General Fund	1,923,000	1,923,000
Academies	34,000	40,000
Total	2,850,000	2,935,000

4.0 FINANCIAL IMPLICATIONS

- 4.1 The 2018/19 Insurance Fund Budget of £2,935,000 is an increase of £85,000 (2.98%) on the Budget for 2017/18.

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 Whilst there are no direct staffing implications the work for Academy Schools and ongoing improvements to the Council's risk management framework and processes continue to place pressure on the capacity of the Risk & Insurance Section.

7.0 RELEVANT RISKS

- 7.1 The Long Term Agreements (LTAs) which apply to all of the Council's major insurance contracts help to reduce the likelihood of any significant changes to the extent of cover or to external premiums. However the tender for Material Damage & Business Interruption, Terrorism, Museums All Risks and Crime insurance does create a degree of uncertainty around the actual costs which will be incurred for 2018/19.
- 7.2 Insurance Fund contributions form the largest element of the total. As these are directly related to claims costs they could rise in the event of a series of major losses. The impact of that risk is mitigated by maintaining a prudent level of reserves. Even if there were a series of losses greater than the reserves the cost would be incurred over several financial years. This would give the Council time to rebuild reserves.
- 7.3 If further schools decided to convert to Academy status this could create a shortfall in income for the Insurance Fund. By way of mitigation the Risk & Insurance section takes steps to gain early notice of any potential conversions.
- 7.4 The reserve held for property risks means that the Fund could currently withstand two consecutive years containing individual large losses. However, given the scale of self-insurance in respect of this risk, it would be necessary to increase the Insurance Fund contribution for this exposure in this scenario.
- 7.5 There remains uncertainty in the civil justice system. On a positive note behavioural changes and the reduction in claims numbers which followed reforms enacted in recent years have continued. In addition the government had previously announced further changes which were generally expected to have a positive impact on claims funding requirements. However those which require primary legislation have been delayed. In addition unanticipated

developments may still occur which could result in increased claims costs. Claimant solicitors have continued to move away from Public Liability claims and into more profitable areas such as Employers Liability disease work. Further similar developments could negatively impact on overall claims costs. Both the insurance industry and the NHS have been badly affected by the change in the Discount Rate and the government is currently consulting on what the future rate should be and how often the rate should be reviewed. The results of that consultation are not expected before the middle of 2018. Even if this results in an improvement to the rate its impact will not be retrospective. Should it remain at the current level the increased premiums for Casualty and Motor insurance referred to in 3.9 will continue into future years.

8.0 ENGAGEMENT/CONSULTATION

8.1 No specific consultation has been undertaken in relation to the Insurance Budget.

9.0 EQUALITY IMPLICATIONS

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

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

APPENDICES

Comparison of Insurance Budgets for 2017/18 and 2018/19

REFERENCE MATERIAL

Risk & Insurance Section Database

Claims records for Protector Insurance, Zurich Municipal and Teceris Claims Management

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management – Insurance Fund Budget 2015/16	27 January 2015
Audit & Risk Management – Insurance Fund Budget 2016/17	17 February 2016
Audit & Risk Management – Insurance Fund Budget 2017/18	30 January 2017

WIRRAL COUNCIL

INSURANCE FUND BUDGET

Budget 2017/18

Budget 2018/19

Expenditure

Class of Insurance	External Premiums	Insurance Fund Contributions	Total	External Premiums	Insurance Fund Contributions	Total
	£	£	£	£	£	£
Liabilities	297,000	1,400,000	1,697,000	321,000	1,450,000	1,771,000
Fire	265,000	250,000	515,000	279,000	250,000	529,000
Motor	45,000	80,000	125,000	54,000	80,000	134,000
Other	196,000	57,000	253,000	188,000	71,000	259,000
Management Account			260,000			242,000
Total Expenditure			<u>2,850,000</u>			<u>2,935,000</u>

Income

Academies – Consultancy	(34,000)	(40,000)
Schools - Consultancy	(99,000)	(89,000)
Schools - Premiums	(794,000)	(883,000)
General Fund – Premiums and Administration	(1,923,000)	(1,923,000)
Total Income	<u>(2,850,000)</u>	<u>(2,935,000)</u>

This page is intentionally left blank



**Audit and Risk Management Committee
Monday, 29 January 2018**

REPORT TITLE:	AGS - SIGNIFICANT GOVERNANCE ISSUES UPDATE
REPORT OF:	DIRECTOR OF FINANCE AND INVESTMENT

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 Of the seven actions identified in the plan four are currently RAGB rated as 'Amber' indicating that work is in progress to achieve 'systems' and 'outcome' targets within agreed timescales. One action is rated as 'Green' indicating that

significant actions have been taken by senior management to address issues identified and two actions relating to ICT Business Continuity and Essential Training Compliance are currently RAGB rated as 'Red' to reflect the current position regarding progress. The Corporate Governance Group is monitoring and facilitating actions by senior management to address all of these outstanding issues.

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.

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

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	All ARMC Meetings

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 15 Jan 18	RAGB Rating - Outcome	RAGB Rating - Arrangements
<p>Improvement Notice issued by the Secretary of State for Education (30th September 2016)</p> <p>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 its 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 refreshed improvement plan (approved by the improvement board in July 2017) has been in place since September 2017. Progress is reported monthly to the improvement board.</p> <p>Ofsted monitoring visits continue. The third Ofsted monitoring visit took place on the 30 and 31st of August. During this visit, inspectors focused on the progress made in improving support to care leavers. Additionally, inspectors reviewed the effectiveness of independent reviewing officers (IROs) and the quality and impact of auditing processes.</p> <p>The fourth monitoring visit took place on 11th and 12th December with a focus on children looked after.</p> <p>A new Director for Children Services, Paul Boyce, was appointed with effect from 4th December 2017.</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 15 Jan 18	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 walkthrough review every 12 months.</p> <p>Walkthrough exercises have now been conducted for all plans, with the exception of SEN & Adult Transport where the walk-through is scheduled for 22nd January 2018.</p> <p>There are two plans that have not been reviewed in the past six months:</p> <ul style="list-style-type: none"> - SEN & Adult Transport – due Oct 16 (planned for review with scheduled 22 Jan 18 walkthrough) - CYPD Social Care, Specialist Services – due October 2015. 	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 15 Jan 18	RAGB Rating - Outcome	RAGB Rating - Arrangements
ICT Resilience Planning A Scrutiny review in November 2016 identified that the Council's IT disaster recovery arrangements required further work and that the Council does not have a current, fit for purpose IT disaster recovery plan.	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 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.	Acting Head of Digital September 2017	As of the end of December the corporate risk of having 2 datacentres in the same building has been addressed with services either running from Georges Dock (DC3) or the Treasury Building (DC1). Due to a technical issue with the new network, a small percentage of production services are still running from DC1 (but could run from DC3 in the case of a disaster). The issue should be resolved by the end of January resulting in all production services running from Georges Dock (DC3) with the development of disaster recovery capabilities in Treasury Building (DC1) on schedule to be completed by end of February.	Amber	Amber
Compliance Absence Management : -	An action plan has recently been agreed and is being delivered in response to the	Assistant Director: Human	A revised and updated action plan has been developed and was presented to SLT on 12 September 2017.	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 15 Jan 18	RAGB Rating - Outcome	RAGB Rating - Arrangements
Ensuring compliance with the Council's sickness absence policy remains a Significant Governance Issue for the 2016-17 AGS.	<p>(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.</p> <p>HR are realigning resources to provide further dedicated support and monitoring of management actions in relation to absence.</p>	Resources and Organisational Development (AD HR&OD). March 2018	<p>This is centred around 5 key themes:</p> <ul style="list-style-type: none"> - Leadership and Commitment - Training and Support - Performance and Compliance - Targeted Action - Health and Wellbeing <p>The attendance plan agreed by SLT is being implemented. A new suite of management information reports have 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 and this included a workshop for Senior Managers on 9 January 2018.</p> <p>The absence projection for the financial year is currently around 10.66 days against a target of 10.75 days.</p> <p>A workplace wellbeing strategy has been developed alongside the attendance action plan and is being launched on 15 Jan 2018.</p>		
Compliance - Essential Training with	A project plan to adopt a refreshed approach to the delivery of essential training in	Assistant Director: Human	There are two essential training (e-learning) modules to be completed by all employees: - Responsibility for Information 2017	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 15 Jan 18	RAGB Rating - Outcome	RAGB Rating - Arrangements
<p>supporting staff development through the provision of essential training remains a Significant Governance Issue for the 2016-17 AGS.</p>	<p>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>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</p>	<p>Resources and Organisational Development (AD HR&OD). March 2018</p>	<p>(by 31 October 2017);</p> <ul style="list-style-type: none"> - 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. This figure has risen to 80% by 8 January 2017. Some adjustments have been made to tailor the training for some groups within the workforce.</p> <p>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 line managers are due to be delivered by June 2018:</p> <ul style="list-style-type: none"> - Stress management (due October – December 2017) - Performance management (January – June 2018) <p>HR Business Partners are meeting with relevant Senior Managers to discuss outstanding requirements for training in each area and agree follow up action. This will also be monitored by SLT. The Director</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 15 Jan 18	RAGB Rating - Outcome	RAGB Rating - Arrangements
	program.		of Corporate Resources and Reform took the matter to SLT on 13/12/17 for further action.		
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 has been undertaken as this is required every two years. Recommendations for amendments will be presented for Member approval at the January 2018 ARMC. If approved they will be operational from the 1 April 2018. 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 has been reported to the November 2017 ARMC. At Members request all future report details will be reported showing highest value first. The new Corporate Procurement Structure has been finalised and is expected to be operational, allowing for the recruitment process, from the middle of January 2018.	Green	Green

Other Governance Issues

Other Governance Issue	Actions for Implementation (as per 2016/17 AGS)	Responsible officer Expected Delivery Date	Progress Update as at 15 Jan 18	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 were completed by the deadline. 96% have been completed by 8 January 2018. 59% of all CYPD staff have completed appraisals by 8 Jan 218 (deadline 31 March 2018). HR Business Partners have met relevant Senior Managers to discuss outstanding performance appraisals and training in each area and agreed follow up action where appropriate. This will also be monitored by SLT.	Amber	Amber

This page is intentionally left blank

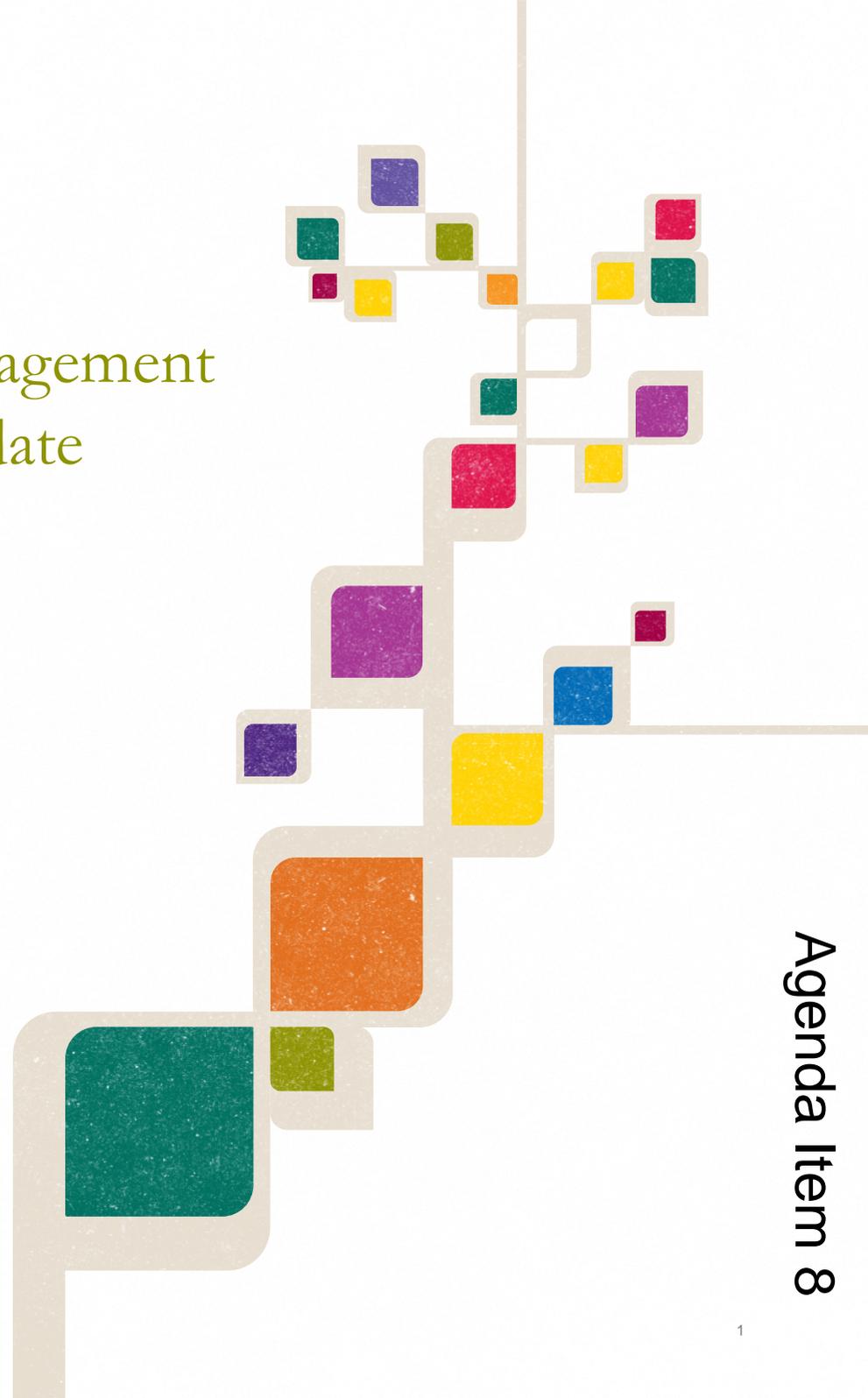
Wirral Council - Audit and Risk Management Committee Progress Report and Update *Year ended 31 March 2018*

January 2018

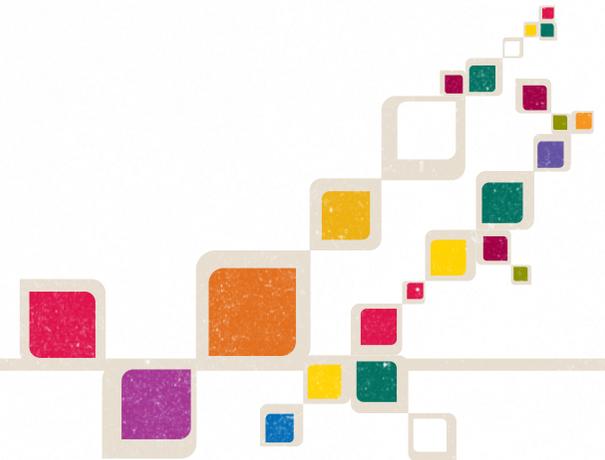
Page 77

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

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



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



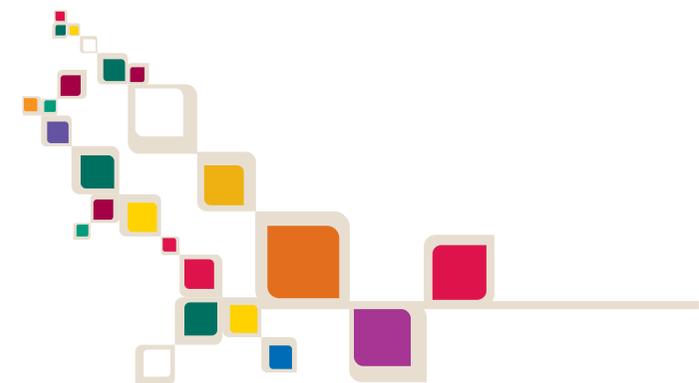
Introduction

This paper provides the Audit and Risk Management Committee with a report on progress in delivering our responsibilities as your external auditors.

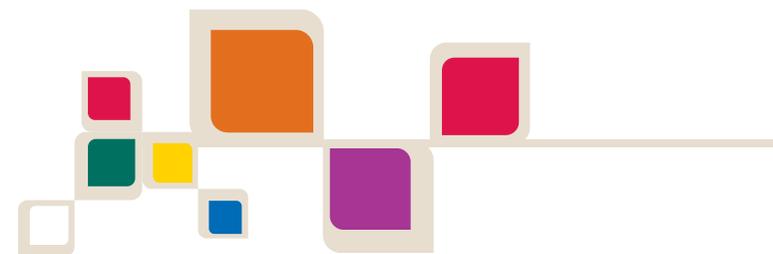
Members of the Audit and Risk Management Committee can find further useful material on our website www.grant-thornton.co.uk, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications and articles, including the reports mentioned in this update along with other items:

- Income generation is an increasingly essential part of providing sustainable local services ; <http://www.grantthornton.co.uk/en/insights/the-income-generation-report-local-leaders-are-ready-to-be-more-commercial/>
- Social enterprises are becoming increasingly common vehicles for delivering services that are not an ‘essential’ service for an authority but still important to the local community; <http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>
- Fraud risk, 'adequate procedures', and local authorities; <http://www.grantthornton.co.uk/en/insights/fraud-risk-adequate-procedures-and-local-authorities/>
- Brexit and local government; <http://www.grantthornton.co.uk/en/insights/a-global-britain-needs-more-local-government-not-less/> and <http://www.grantthornton.co.uk/en/insights/brexit-local-government--transitioning-successfully/>

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



Progress at January 2018



2016/17	Planned Date	Complete?	Comments
---------	--------------	-----------	----------

2016/17 statutory audit:

The 2016/17 Annual Audit Letter was presented to the 21 November Committee.

30 September 2017

Our work on the Whole of Government Accounts (WGA) Assurance Statement remains on going. We are unable to agree the assurance statement prepared by the Council to the 2016/17 audited financial statements. We have provided a schedule of queries to the Council and officers are working to resolve differences.

The deadline for completion of this work was 30 September 2017

2016/17 certification:

Housing Benefits:

The Housing benefits certification was completed ahead of the deadline of 30 November 2018 and we will report our findings in the certification report

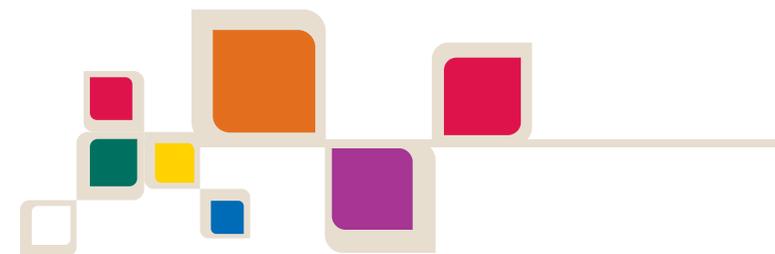
30 November 2017

Yes

Teacher's Pensions Return:

The audit of the Teacher's Pension Return was completed ahead of the deadline of 30 November 2018.

Progress at January 2018



2017/18	Planned Date	Complete?	Comments
---------	--------------	-----------	----------

Fee Letter

We are required to issue a 'Planned fee letter for 2017/18 by the end of April 2017. This is the final audit year under the current contract. PSAA has awarded contracts to audit suppliers and is currently consulting on local appointments.

April 2017 Yes We have issued the 2017/18 fee letter to the Council.

Your audit supplier from 2018/19 will be confirmed by the end of December 2017.

Accounts Audit Plan

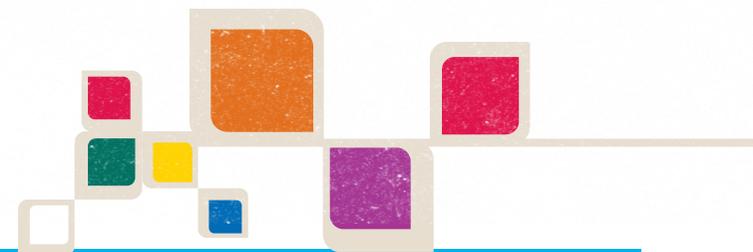
We will issue a detailed accounts audit plan to the Council setting out our proposed approach the audit of the Council's 2017/18 financial statements. This will be issued upon completion of our audit planning.

The statutory deadline for the issued of the 2017/18 opinion is brought forward by two months to 31 July 2018. We are discussing with your officers a plan and timetable to ensure that we complete our work by this earlier deadline.

February 2018 In progress

We may also need to discuss and agree with you arrangements for the issue of the draft Audit Findings Report, in view of the time available to complete our work and your committee report deadlines.

Progress at January 2018



Page 82

2017/18	Planned Date	Complete?	Comments
<p>Interim accounts audit</p> <p>Our interim fieldwork visit plan will reflect the need to complete as much as possible earlier in the audit cycle. Our work will include:</p> <ul style="list-style-type: none"> • review of the Council's control environment • Updating our understanding of financial systems • review of Internal Audit reports on core financial systems • early work on emerging accounting issues • early substantive testing • Value for Money conclusion risk assessment. 	February – March 2018	Not yet started	
<p>Final accounts audit</p> <ul style="list-style-type: none"> • proposed opinion on the Council's accounts • proposed Value for Money conclusion • review of the Council's disclosures in the consolidated accounts against the Code of Practice on Local Authority Accounting in the United Kingdom 2016/17 	June - July 2018	Not yet started	
<p>Value for Money (VfM) conclusion</p> <p>The scope of our work is unchanged to last year and is set out in the final guidance issued by the National Audit Office in November 2015. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".</p> <p>The guidance confirmed the overall criterion as; "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".</p> <p>The three sub criteria for assessment to be able to give a conclusion overall are:</p> <ul style="list-style-type: none"> • Informed decision making • Sustainable resource deployment • Working with partners and other third parties 	February - July 2018	Not yet started	We will undertake our risk assessment alongside our interim work and will report any areas of significant risk to you in the Audit Plan.

Technical Matters

Page 83



Code of Practice on Local Authority Accounting in the United Kingdom 2017/18 and forthcoming provisions for IFRS 9 and IFRS 15

Code of Practice on Local Authority Accounting in the United Kingdom 2017/18

CIPFA/LASAAC has issued the Local Authority Accounting Code for 2017/18. The main changes to the Code include:

- amendments to section 2.2 (Business Improvement District Schemes (England, Wales and Scotland), Business Rate Supplements (England), and Community Infrastructure Levy (England and Wales)) for the Community Infrastructure Levy to clarify the treatment of revenue costs and any charges received before the commencement date
- amendment to section 3.1 (Narrative Reporting) to introduce key reporting principles for the Narrative Report
- updates to section 3.4 (Presentation of Financial Statements) to clarify the reporting requirements for accounting policies and going concern reporting
- changes to section 3.5 (Housing Revenue Account) to reflect the Housing Revenue Account (Accounting Practices) Directions 2016 disclosure requirements for English authorities
- following the amendments in the Update to the 2016/17 Code, changes to sections 4.2 (Lease and Lease Type Arrangements), 4.3 (Service Concession Arrangements: Local Authority as Grantor), 7.4 (Financial Instruments – Disclosure and Presentation Requirements)

- amendments to section 6.5 (Accounting and Reporting by Pension Funds) to require a new disclosure of investment management transaction costs and clarification on the approach to investment concentration disclosure.

Forthcoming provisions for IFRS 9 and IFRS 15

CIPFA/LASAAC has issued 'Forthcoming provisions for IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers in the Code of Practice on Local Authority Accounting in the United Kingdom 2018'. It sets out the changes to the 2018/19 Code in respect of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers. It has been issued in advance of the 2018/19 Code to provide local authorities with time to prepare for the changes required under these new standards.

IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 includes a single classification approach for financial assets, a forward looking 'expected loss' model for impairment (rather than the 'incurred loss' model under IAS 39) and some fundamental changes to requirements around hedge accounting.

Technical Matters

Questions:

- Is your Head of Finance aware of the changes to the Code of Practice in 2017/18 and the forthcoming changes to lease accounting and revenue recognition?

IFRS 15 replaces IAS 18 Revenue and IAS 11 Construction Contracts. IFRS 15 changes the basis for deciding whether revenue is recognised at a point in time or over a period of time and introduces five steps for revenue recognition.

It should be noted that the publication does not have the authority of the Code and early adoption of the two standards is not permitted by the 2017/18 Code.

Sector issues

Page 85



Independent Review of Building Regulations and Fire Safety

Sector Issues

The Government has published the terms of reference for the independent Review of Building Regulations and Fire Safety, commissioned following the Grenfell Tower fire tragedy.

The DCLG press release states:

“This Review will urgently assess the effectiveness of current building and fire safety regulations and related compliance and enforcement issues, with a focus on multi occupancy high rise residential buildings. This will include addressing whether the government’s large-scale cladding system testing programme identified any potential systemic failures.

The Review’s 2 key priorities are to develop a more robust regulatory system for the future and provide further assurance to residents that the buildings they live in are safe and remain safe. While the Review will cover the regulatory system for all buildings, it will have a specific focus on multi occupancy high rise residential buildings.

Dame Judith Hackitt, a qualified engineer with strong regulatory background, is leading the Review and will draw on the experience of local government, industry, the fire sector, international experts and MPs. She will also engage with residents of multi occupancy residential buildings.

The Review will report jointly to Communities Secretary Sajid Javid and Home Secretary Amber Rudd. An interim report will be submitted in autumn 2017 and a final report submitted in spring 2018. The Review will co-operate fully with the Public Inquiry, and Dame Judith Hackitt will review her recommendations in the light of the findings of the Inquiry.”

The terms of reference state that the review will:

- map the current regulatory system (i.e. the regulations, guidance and processes) as it applies to new and existing buildings through planning, design, construction, maintenance, refurbishment and change management;
- consider the competencies, duties and balance of responsibilities of key individuals within the system in ensuring that fire safety standards are adhered to;
- assess the theoretical coherence of the current regulatory system and how it operates in practice
- compare this with other international regulatory systems for buildings and regulatory systems in other sectors with similar safety risks;
- make recommendations that ensure the regulatory system is fit for purpose with a particular focus on multi-occupancy high-rise residential buildings.

The full terms of reference are available at:

<https://www.gov.uk/government/publications/independent-review-of-building-regulations-and-fire-safety-terms-of-reference>

Procurement of external audit services



Procurement outcome

As a result of the highly successful procurement of auditor services, opted-in Local government and police bodies throughout England will collectively benefit from reduced fees for audit services in 2018/19 compared to 2016/17. Aggregate savings are expected to exceed £6 million per annum, equivalent to a reduction of approximately 18% in the scale fees payable by local bodies.

Page 87

The results of the process announced on 20 June 2017 involve the award of the following contracts:

- Lot 1 of approx. £14.6 million per audit year was awarded to Grant Thornton LLP;
- Lot 2 of approx. £10.9 million per audit year was awarded to EY LLP;
- Lot 3 of approx. £6.6 million per audit year to awarded to Mazars LLP;
- Lot 4 of approx. £2.2 million per audit year to awarded to BDO LLP;
- Lot 5 of approx. £2.2 million per audit year to awarded to Deloitte LLP; and
- Lot 6 with no guaranteed value of work to awarded to a consortium of Moore Stephens LLP and Scott-Moncrieff LLP.

Contracts were awarded on the basis of most economically advantageous tender with 50% of the available score awarded to price and 50% awarded to quality.

The procurement strategy, agreed by the PSAA Board in December 2016, sets out the basis on which the procurement of audit services was carried out.

Having concluded the procurement, PSAA will commence the process of appointing auditors to opted-in bodies. For more information on the auditor appointment process [click here](#).

Sector Issues

Finalising and confirming appointments

The PSAA Board will approve all proposed appointments from 2018/19, following consultation with audited bodies, at its meeting in mid-December. The Board's decision on the appointment of auditors is final. Following Board consideration, we will write to each audited body to confirm their appointment. We plan to send all confirmations on 18 December..



Housing Benefit (Subsidy) Assurance Process 2018/19: Module 1 Special Purpose Framework Instruction:

This Circular sets out the arrangements for the audit of the housing benefits subsidy for 2018/19. It is for the LA to appoint a reporting accountant to undertake this work and notify the DWP of this. A standard letter of notification for the LA use is set out in Appendix 1. This letter of notification must be issued to the DWP by the LA no later than the 1st March 2018.

Local Authority 2016/17 Revenue Expenditure and Financing

Sector Issues

DCLG has produced a summary of Local Authorities' 2016/17 provisional revenue spending and financing. It notes that Local government expenditure accounts for almost a quarter of all government spending and the majority of this is through local authority revenue expenditure. The summary is compiled from the Revenue Outturn (RO) returns submitted by all local authorities in England. Coverage is not limited to local councils in England and includes other authority types such as Police and Crime Commissioners and Fire authorities.

The headline messages include:

- Local authority revenue expenditure totalled £93.5 billion for all local authorities in England in 2016-17. This was 1.1% lower than £94.5 billion spent over 2015-16.
- Expenditure on Adult Social Care increased to £14.9 billion in 2016-17. This was £0.5 billion (3.6%) higher than in 2015-16. 2016-17 was first year local authorities were able to raise additional funding for Adult Social Care through the council tax precept.
- The largest decrease in local authority expenditure was on Education services. This was £0.8 billion (2.4%) lower in 2016-17 than in 2015-16. The majority of this decrease is due to local authority funded schools converting to academies.
- Local authorities are financing more of their expenditure from locally retained income. 40.4% of revenue expenditure was funded through council tax and retained business rates and 57.5% from central Government grants. The remaining 2.1% was funded by reserves and collection fund surpluses. These percentages were 38.7%, 60.4% and 0.9% respectively in 2015-16.
- Local authorities used £1.5 billion (6.2%) of the £24.6 billion reserves balance held at the start of the 2016-17.
- Local authorities' use of reserves was £1.1 billion higher in 2016-17 than in 2015-16. Due to changes in their capital programme, £0.5 billion of this increase is due to the Greater London Authority.

The full report is available at:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/639755/Revenue_Expenditure_and_Financing_2016-17_Provisional_Outturn.pdf

Did you know....

This data set and many others are included in CFO Insights.

CFO Insights is the Grant Thornton and CIPFA online analysis tool. It gives those aspiring to improve the financial position of their organisation instant access to insight on the financial performance, socio-economic context and service outcomes of theirs and every other council in England, Scotland and Wales.

More information is available at:

<http://www.cfoinsights.co.uk/>

Grant Thornton publications

Page 89



Setting up a successful social enterprise

Local government continues to innovate as it reacts to ongoing austerity. An important strand of this response has been the development of alternative delivery models, including local authority trading companies, joint ventures and social enterprises.

This report focuses on social enterprises in local government; those organisations that trade with a social purpose or carry out activities for community benefit rather than private advantage. Social enterprises come in a variety of shapes and sizes as they do not have a single legal structure or ownership rule and can adopt any corporate form as long as it has a social purpose.

In this report we explore what social enterprises look like, the requirements for setting one up, how they should be managed to achieve success and how they can be ended.

We have complemented this with a range of case studies providing inspiring ideas from those that have been successful and some lessons learned to take into consideration.

Key findings from the report:

- Austerity continues to be a key driver for change: social enterprises are a clear choice where there is an opportunity to enhance the culture of community involvement by transferring these services into a standalone entity at its centre
- The social enterprise model tends to lend itself more to community services such as libraries, heritage management and leisure, but not exclusively so
- Social enterprises can open up new routes of funding including the ability to be flexible on pricing and access to pro bono or subsidised advice
- Some local authorities have converted existing models into social enterprises; for example where a greater focus on social outcomes has been identified

Striking a balance between financial and social returns

If you are a local authority looking to transition a public service to a social enterprise model certain factors will be key to your success including: leadership, continuing the culture, branding, staff reward and secure income stream.

Download our guide to explore how to handle these factors to ensure success, the requirements for setting up a social enterprise; and how social enterprise can be ended. The guide also showcases a number of compelling case studies from local authorities around England, featuring inspiring ideas from those social enterprises that have been a success; and lessons learned from those that have encountered challenges.

Grant Thornton publications

Questions:

- Is your Council exploring options for delivery of services?
- Have you read our report?
- Have you downloaded our guide?



<http://www.grantthornton.co.uk/en/insights/a-guide-to-setting-up-a-social-enterprise/>

A Manifesto for a Vibrant Economy

Developing infrastructure to enable local growth

Cities and shire areas need the powers and frameworks to collaborate on strategic issues and be able to raise finance to invest in infrastructure priorities. Devolution needs to continue in England across all places, with governance models not being a “one-size-fits all”. Priorities include broadband, airport capacity in the North and east-west transport links.

Addressing the housing shortage, particularly in London and the Southeast, is a vital part of this. There simply is not enough available land on which to build, and green belt legislation, though designed to allow people living in cities space to breath, has become restrictive and is in need of modernisation. Without further provision to free up more land to build on, the young people that we need to protect the future of our economy will not be able to afford housing, and council spending on housing the homeless will continue to rise.

Business rates are also ripe for review – a property-based tax is no longer an accurate basis for taxing the activity and value of local business, in particular as this source of funding becomes increasingly important to the provision of local authority services with the phasing out of the Government’s block grant.

Demographic and funding pressures mean that the NHS no longer remains sustainable, and the integration of health and social care – recognised as critical by all key decision makers – remains more aspiration than reality. .

There is an opportunity for communities to take a more holistic approach to health, for example creating healthier spaces and workplaces and tackling air quality, and to use technology to provide more accessible, cheaper diagnosis and treatment for many routine issues

Finding a better way to measure the vibrancy of places

When applied to a place we can see that traditional indicators of prosperity such as GVA, do not tell the full story. To address this we have developed a [Vibrant Economy Index](#) to measure the current and future vibrancy of places. The Index uses the geography of local authority areas and identifies six broad objectives for society: prosperity, dynamism and opportunity, inclusion and equality, health wellbeing and happiness, resilience and sustainability, and community trust and belonging.

The city of Manchester, for example, is associated with dynamic economic success. While our Index confirms this, it also identifies that the Greater Manchester area overall has exceptionally poor health outcomes, generations of low education attainment and deep-rooted joblessness. These factors threaten future prosperity, as success depends on people’s productive participation in the wider local economy, rather than in concentrated pockets.

Every place has its own challenges and opportunities. Understanding what these are, and the dynamic between them, will help unlock everybody’s ability to thrive. Over the coming months we will continue to develop the Vibrant Economy Index through discussions with businesses, citizens and government at a national and local level.

Guy Clifton – Head of Local Government Advisory

Grant Thornton publications

Question:

- Have you read our manifesto?



<http://www.grantthornton.co.uk/globalassets/1.-member-firms/united-kingdom/pdf/documents/creating-manifesto-vibrant-economy-draft-recommendations.pdf>



© 2017 Grant Thornton UK LLP. All rights reserved

'Grant Thornton' refers to the brand under which the Grant Thornton member firms provide assurance, tax and advisory services to their clients and/or refers to one or more member firms, as the context requires.

Grant Thornton UK LLP is a member firm of Grant Thornton International Ltd (GTIL).GTIL and the member firms are not a worldwide partnership. GTIL and each member firm is a separate legal entity. Services are delivered by the member firms. GTIL does not provide services to clients. GTIL and its member firms are not agents of, and do not obligate, one another and are not liable for one another's acts or omissions.

grantthornton.co.uk

© 2017 Grant Thornton UK LLP. All rights reserved.



AUDIT AND RISK MANAGEMENT COMMITTEE

29 JANUARY 2018

REPORT TITLE	<i>REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)</i>
REPORT OF	<i>ASSISTANT DIRECTOR: LAW AND GOVERNANCE</i>

REPORT SUMMARY

This report summarises the use of covert surveillance by the Council between 1 September 2017 and 1 January 2018.

This report was requested in the work plan for the Committee.

It affects all Wards within the Borough.

The decision is not a key decision.

RECOMMENDATIONS

The Committee notes the report.

SUPPORTING INFORMATION

1.0 REASONS FOR THE RECOMMENDATIONS.

The Committee receives quarterly reports on the Council's use of covert surveillance.

2.0 OTHER OPTIONS

None

3.0 BACKGROUND INFORMATION

- 3.1 The Regulation of Investigatory Powers Act 2000 (RIPA) governs how public bodies use surveillance methods. The Council may use covert surveillance for the purpose of preventing or detecting crime.
- 3.2 The origin of RIPA lies in the Human Rights Act 1998 which places restrictions on the extent to which public bodies may interfere with a person's right to respect for his or her home and private life and correspondence during the course of an investigation into suspected criminal activities. The provisions of RIPA ensure (in summary) that any such interferences are in accordance with the law and are necessary and proportionate (i.e. the seriousness of the suspected crime must outweigh any possible interferences with the personal privacy of the persons being investigated and of persons who associate with them).
- 3.3 The Council's Constitution authorises Directors to designate Heads of Service and Service Managers to authorise the use of covert surveillance in accordance with the procedures prescribed by RIPA. Since 1 November 2012 such authorisations require the further approval of a magistrate where the legislation applies.
- 3.4 The Office of Surveillance Commissioners (OSC) was responsible for overseeing the operation of RIPA. The OSC inspected the Council on 13 May 2015. The outcome of that inspection was reported to the Committee on 22 September 2015. The Committee approved amendments to the Council's Policy and Guidance Document made in response to the Report.
- 3.5 The OSC has now been replaced by the Investigatory Powers Commissioner.
- 3.6 Further amendments to the Policy and Guidance Document were approved by the Committee at its meeting on 22 November 2016

4.0 THE USE OF RIPA BY THE COUNCIL

- 4.1 On 18 October 2017 the Council obtained approval from a magistrate to continue to use covert surveillance to detect suspected illegal flytipping at a site in Wirral. The authorisation was cancelled in December 2017

5.0 ANNUAL TRAINING

- 5.1 Annual training for Applying and Authorising Officers was delivered on 30 October 2017 by “Act Now” a well recognised provider of training on RIPA. The consensus of those attending was that it combined very well theoretical and practical guidance on a complex area of the law.
- 5.2 Each officer must attend suitable training on RIPA at intervals of not less than two years.

6.0 CHANGES IN LEGISLATION

- 6.1 The Protection of Freedoms Act 2012 came into force on 1 November 2012 and made the following changes to the law;
- A Magistrate's approval is required for a local authority's use of RIPA. It is in addition to the authorisation needed from a senior officer and the more general oversight by elected councillors.
 - Use of RIPA to authorise directed surveillance is confined to cases where the offence under investigation carries a custodial sentence of six months imprisonment or more except in relation to underage sales of alcohol and tobacco, where this sentencing threshold will not apply.

7.0 PROSECUTIONS ARISING FROM AUTHORISED COVERT SURVEILLANCE

- 7.1 On 30 November 2017 a 24 year old local man pleaded guilty to the illegal dumping of household waste on 24 October 2016 on Bidston Hill.
- 7.2 Wirral Magistrates Court imposed a fine of £290, together with compensation for clean up costs (£250) and ordered him to pay prosecution costs of £250 and a victim surcharge of £30 (a total financial penalty of £820).

8.0 FINANCIAL IMPLICATIONS

None.

9.0 LEGAL IMPLICATIONS

- 9.1 The Protection of Freedoms Act 2012, which requires local authorities(where RIPA applies) to obtain the approval of a magistrate for the use of covert surveillance, came into force on 1 November 2012.
- 9.2 In suitable cases where the RIPA legislation does not apply, covert surveillance could be authorised under the Data Protection Act 1998 and Article 8 of the European Convention on Human Rights(which balance the value of the surveillance against intrusions into people's private lives).This is explained in the previous report to the Committee on 22 November 2016.

10.0 RESOURCE IMPLICATIONS: ICT,STAFFING AND ASSETS

- 10.1. There are none at present.

11.0 RELEVANT RISKS

11.1 These have been discussed in previous reports.

11.2 There is a risk that some investigations of anti-social behaviour will not be able to use covert surveillance because the suspected criminal behaviour does not carry a custodial sentence of 6 months or more.

11.3 The Anti-Social Behaviour Team are however intent on applying to the Court for approval of covert surveillance in suitable cases of suspected harassment of individuals which would amount to an offence under the Protection from Harassment Act 1997 (which can attract a sentence of 6 months or more imprisonment).

11.4 Where RIPA does not apply but covert surveillance would be legitimate necessary and proportionate then it would have to be authorised by the Authorising Officers in accordance with the Data Protection Act 1998 eg to supply evidence in disciplinary or care proceedings as explained in paragraph 10 of the amended Policy and Procedures Guidance Document and the report to the Committee on 22 November 2016.

12.0 ENGAGEMENT/CONSULTATION

12.1 Not applicable.

13.0 EQUALITY IMPLICATIONS

13.1 Has the potential impact of your proposal(s) been reviewed with regard to equality?

No because there is no proposal which is relevant to equality.

REPORT AUTHOR: **Colin Hughes**
Group Solicitor
telephone: (0151 691 8502)
email: colinhughes@wirral.gov.uk

REFERENCE MATERIAL

Authorisations for directed surveillance - exempt from publication because they relate to individuals and may be the subject of continuing investigations into alleged criminal behaviour.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Reports to the Audit & Risk Management Committee	27 January 2015 8 June 2015 22 September 2015 17 February 2016 22 November 2016 14 March 2017

	12 June 2017 25 September 2017
--	-----------------------------------

This page is intentionally left blank