



Audit and Risk Management Committee

Date:	Monday, 18 November 2019
Time:	6.00 p.m.
Venue:	Committee Room 1 - Wallasey Town Hall

This meeting will be webcast at
<https://wirral.public-i.tv/core/portal/home>

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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 23 September 2019.

3. ARMC TERMS OF REFERENCE (Pages 13 - 34)

4. WHISTLE BLOWING PROCEDURE REVIEW (Pages 35 - 56)

5. THORNTON MANOR - HIGH COURT JUDGEMENT (Pages 57 - 62)

6. LGA PEER REVIEW - PLANNING (Pages 63 - 76)

7. CLIENT FINANCE SUPPORT UNIT REPORT (Pages 77 - 84)

8. INTERNAL AUDIT UPDATE (Pages 85 - 100)

9. ARMC ANNUAL SELF ASSESSMENT (Pages 101 - 110)

10. ARMC ANNUAL REPORT 2018/19 (Pages 111 - 134)

11. SPENDING FREEZE

To receive a verbal report from the Director of Finance and Investment.

12. CORPORATE RISK MANAGEMENT UPDATE (Pages 135 - 150)

**13. DEEP DIVE - ADULT SOCIAL CARE CORPORATE RISKS
(Pages 151 - 160)**

**13a Local Government Ombudsman Report (March 2019)
(Pages 161 – 178)**

Item added at the request of the Chair, to be considered in conjunction with Deep Dive - Adult Social Care Corporate Risks.

14. PROCUREMENT UPDATE (Pages 179 - 190)

**15. EXTERNAL AUDIT - COMMITTEE PROGRESS REPORT
(Pages 191 - 204)**

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AUDIT AND RISK MANAGEMENT COMMITTEE

Monday, 23 September 2019

Present:

Councillor	JE Green (Chair)	
Councillors	K Cannon	K Hodson
	A Gardner	AER Jones
	P Gilchrist	S Whittingham
	K Greaney	G Wood

9 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.

10 MINUTES

Resolved – That the minutes of the meeting held on 22 July 2019, be approved.

11 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Tom Anderson.

12 URGENT BUSINESS - WHISTLEBLOWING POLICY

The Chair advised of the acceptance onto the agenda of an urgent item of business relating to the Council's Whistleblowing Policy and the need for consideration of the matter by the Audit and Risk Management Committee at the earliest opportunity. With the agreement of Members, the item was considered prior to commencement of the listed agenda business.

The Chair informed that he considered that the matter was urgent by virtue of evidence that had been provided to him that oversight by the Committee in terms of policy review was required.

The Chair further informed that it would be appropriate that a report be presented to the Audit and Risk Management Committee at the earliest opportunity. The Chair requested that in respect of the Policy, information relating to the detail of the process i.e. when an investigation started, finished,

length of investigation and communication to those individuals involved also be included in the report.

Resolved –

That a report in respect of the Council's Whistleblowing Policy be presented to the next meeting of the Audit and Risk Management Committee.

13 CHAIR'S ANNOUNCEMENT - REPORTS FOR FUTURE MEETING

Prior to consideration of the next item of business, the Chair informed the Audit and Risk Management Committee of the circumstances relating to the delay in presentation of a report on the Judicial Review relating to Thornton Manor (Planning) and advised that it would be appropriate that an additional report regarding an LGA Peer Review (Planning) also be prepared and submitted to the next meeting of the Committee.

It was agreed that reports on the Judicial Review relating to Thornton Manor (Planning) and LGA Peer Review (Planning) be presented to the next meeting of the Audit and Risk Management Committee.

14 STATEMENT OF ACCOUNTS 2018/19 FOR WIRRAL COUNCIL AND MERSEYSIDE PENSION FUND

Dan Kirwan, Assistant Director Finance and Investment introduced the report of the Director of Finance and Investment (S151) that informed that the draft Statement of Accounts for 2018/19 was initially published on 31 May 2019, followed by an updated version on 31 July 2019, which included:

- Additional pension fund liabilities, following a recent court ruling on the McCloud & Sargeant case;
- Changes to the accounting treatment of the Minimum Revenue Provision (MRP); and
- Additional disclosures to reflect the impact of IFRS 15 'Revenue from Contracts with Customers' and IFRS 9 'Financial Instruments'.

The report also provided further details changes included in the Accounts Publication Notice (Appendix 1 to the report). This document was published with the draft Statement of Accounts on 31 July 2019, to meet the Council's statutory obligation to disclose the reasons for the external Auditors - Grant Thornton LLP - being unable to complete their audit by this date.

The Assistant Director Finance and Investment apprised Members that recent statistics published by the Public Sector Audit Appointments Limited (PSAA) confirmed that 40% of Local Authority audits had not concluded by the target date of 31 July. He added that the latest Accounts of Wirral Council had now

been subject to audit and the External Auditors - Grant Thornton LLP - were in attendance to present their Audit Findings Report (AFR), together with any additional update, to the Committee.

In presenting the report the Assistant Director Finance and Investment informed that once agreed by the Audit and Risk Management Committee, Council would be in a position to comply with its statutory obligation to publish the Statement of Accounts - which includes the Annual Governance Statement, Narrative Statement and Audit Opinion – as soon as reasonably practicable after receipt of the Audit Findings Report.

Members noted that the Statement of Accounts included the Merseyside Pension Fund (MPF) Accounts (Wirral Council is the Administering Authority for MPF). As the MPF received a separate Audit Findings Report (Appendix 5 to the report), this also had to be considered by the Pensions Committee (Appendices 6 & 7 to the report) and the Audit and Risk Management Committee as part of approving the Accounts. The Council's Constitution allocates responsibility for the approval of the Statement of Accounts to the Audit & Risk Management Committee.

The External Auditor presented a verbal report informing Members on the detail of specific content, namely:

- The Audit Findings
- The requirement to report
- Key points relating to their audit opinion i.e. a challenging audit relating to changes to accounting procedures.
- Amendments arising from the 'McCloud judgement', pension scheme transitional arrangements.

There also followed discussion on how these various factors will affect the Local Authority pension scheme, with a best estimate of £16m, material consideration.

Members were apprised that there had been discussion between the Council and the External Audit regarding the Auditors recommended adjustment to the accounts over a period of 10 years, which subject to Council approval, will produce a £2.6m benefit to Council each year.

The Chair identified that regarding items in the accounts, the Chief Executive salary had been quoted, but not the name (this had been corrected). Recommendation in accounts as a result. Members were also apprised that in respect of a recent Coroners Court Judgement, External Auditors had been kept informed and although these were to be treated as post balance sheet events it was the Auditors view that these were 'not material', it was suggested that a post balance sheet event statement be produced.

The Chair thanked the External Auditor and reiterated that it was this Committee's role to manage compliance and provide assurance of process regarding all aspects of the accounts.

The External Auditor then provided Members with information on their opinion regarding 'Value for Money' arrangements and progress against past recommendations (improvements to Children's Services). Intention and their intention to offer an unqualified VFM conclusion.

The External Auditor also provided an update on the LOBO objection – stating that they had responded to objector and expected to offer a final decision in due course.

The External Auditor concluded his report, requesting Committee to note that audit was now complete, and asked that Members note the disclosure, conclusions, and improvements.

A short period of question and answers followed, with Members seeking clarification on a number of points, that included:

- Minimum Revenue Provision
- Debt reprofiling reserve
- Summary of amendments – arising from complexity of double entry accounting.

The Assistant Director Finance and Investment informed Members on the ongoing Enterprise Resource Planning (ERP) project and associated software that would help transform the work of the Financial Services in terms of resource planning and reporting.

Councillor Phil Gilchrist requested that the Committee also take note of specific reference to paragraph 3.6 of the report referring to the changes in the reporting that he believed did not fully highlight the changes in the reporting of the Minimum Revenue Provision (MRP) and that this section of the report and appendix one should clearly refer to substantial sums involved.

Members concurred, and the Chair instructed that an update on progress relating to the Minimum Revenue Provision (MRP), and the Enterprise Resource Planning (ERP) project be provided to the Committee at a future meeting.

Resolved – That:

- 1) The Audit Findings Report presented by the External Auditor, and the actions taken regarding the amendments to the Statement of Accounts for the Council and Mersey Pension Fund Accounts, be agreed;**

2) The Statement of Accounts for 2018/19 as presenting a true and fair view of the Council's income and expenditure for the year and its overall financial position, be approved; and

3) The Chair and Director of Finance and Investment (S151) to sign and date the Letter of Representation.

15 **CLOSEDOWN PROCESS 2019/20**

Dan Kirwan, Assistant Director Finance and Investment introduced the report of the Director of Finance and Investment (S151) in response to a request from the Audit & Risk Management Committee to provide assurance on planned improvements to the annual Closedown Process. The report informed that the improvements were designed to achieve submission of the Annual Statement of Accounts to the Committee - for final approval - in advance of the target publication date of 31 July.

The report informed that current Closedown Process accounted for a significant proportion of finance resource time and effort in any given year - with activity spanning an intensive period of at least six months, from February to July each year. Members noted that the intensity of this activity had heightened in 2017/18 when the deadline for finalisation of the accounts had been brought forward from 30 September to 31 July. This mandatory change had been made despite warnings issued by the Local Government Association (LGA) about curtailing the timetable, in the context of reducing funding and pressures on front-line services. The report further informed that recent statistics published by the Public Sector Audit Appointments Limited (PSAA) confirmed that 40% of Local Authority audits had not been concluded by the target date of 31 July. In response to this, the LGA had made a request for the deadline of 30 September to be restored.

With the assent of the Committee, the Chair gave encouragement to Officers to investigate the option to purchase Chartered Institute of Public Finance and Accountancy (CIPFA) Closedown Software, to enable greater automation of the Closedown Process and Statement of Accounts production and other anticipated improvements.

The Chair questioned whether the External Auditor had been consulted on the proposals. Robin Baker, External Auditor – Grant Thornton LLP advised Members that this was the case.

Resolved - That

1) the report be noted; and

2) the Director of Finance and Investment (S151) be instructed to:

- a. Investigate the option to purchase Chartered Institute of Public Finance and Accountancy (CIPFA) Closedown Software, to enable greater automation of the Closedown Process and Statement of Accounts production; and
- b. Initiate a joint workshop with Grant Thornton LLP, the Council's external auditors, on audit planning improvements for the year ending 31 March 2020.

16 **STATEMENT OF REVENUE AND CAPITAL BUDGET POSITION FOR 2019/20 (Q1)**

Dan Kirwan, Assistant Director Finance and Investment introduced the report of the Director of Finance and Investment (S151) that provided a summary of the projected year-end revenue and capital positions as at Quarter 1, 2019/20 (June 2019). The report informed that regular monitoring and reporting of the Revenue Budgets, savings achievements, medium term financial strategy (MTFS) position and the Capital Programme enabled decisions to be taken faster that may produce revenue benefits and improve financial control in Wirral Council. The content of the report was presented to the Cabinet at its meeting on 2nd September 2019. It was noted that was the responsibility of Cabinet to monitor and make decisions on budgets and that Scrutiny Committees had a responsibility to scrutinise the decisions of Cabinet.

The Assistant Director Finance and Investment informed that the report had been produced to provide assurance to the Audit and Risk Management Committee that officers were monitoring and forecasting regularly and that any risk of an adverse forecast was being mitigated.

The Assistant Director Finance and Investment further informed that the year-end revenue forecast recorded as part of June's financial monitoring activity represented an adverse variance from budget of £4.327m. He added that plans were, in some cases, in place to mitigate the overspend whereas in other areas these were still undergoing development. Due to the Council's financial position, an adverse budget variance was not viable and Corporate Directors would be supported to ensure that a balanced budget will be achieved by the year-end.

Members were also apprised of progress in respect of the Capital Programme for 2019/20 as at the end of June 2019. The 2019/20 Capital Programme of £88.3 million was inclusive of re-profiling, additional funding requirements and grant variations identified since February 2019. Expenditure to date was £2.9 million.

The Assistant Director Finance and Investment informed the Audit and Risk Management Committee of the year-end adverse forecast position, as at

Quarter 1, of £4.327 million above budget, savings proposed for 2019/20, revisions to the Medium-Term Financial Strategy 2020-2025 and details of the Capital expenditure position as at Quarter 1 of £2.9 million.

The Assistant Director Finance and Investment informed that more recent forecasts had shown improvements, but there was still further work to be done. In response to a question from the Chair regarding the Audit and Risk Management Committees role to receive assurance and to oversee actions to be taken, he informed that significant finance challenges had been passed to individual directorates and would be reported back to the Committee.

Resolved –

That in respect of the Quarter One Revenue and Capital Budget Position for 2019/20

Revenue

- 1) the year-end adverse forecast position, as at Quarter 1, of £4.327 million above budget, be noted;**
- 2) the savings proposed for 2019/20, be noted;**
- 3) revisions to the Medium-Term Financial Strategy 2020-2025, be noted; and**

Capital

- 4) the expenditure position as at Quarter 1 of £2.9 million, be noted.**

17 INTERNAL AUDIT UPDATE REPORT

The Chief Internal Auditor, Mark Niblock, introduced his report which identified and evaluated the performance of the Internal Audit Section and included four items of note arising from the actual work undertaken during the period 1 July to 31 August 2019. The items of note were:

- Client Finance Support Unit
- Mersey Pension Fund (MPF) – Civica Pensions5 Data Migration
- Financial Regulations
- ICT audit work to evaluate the effectiveness of controls in operation covering 3 key areas, namely:
 - GDPR compliance in schools
 - Business Continuity Planning – Crisis Communications;
 - Cyber Security Awareness

Details of audit work undertaken in these areas and actions arising were provided to the committee.

In response to Members' questions Mark Niblock commented that a comprehensive forward plan had been prepared, which included lessons learned and this information would be picked up and reported to the Audit and Risk Management Committee in the course of his regular reporting. He added that this ongoing work involved clear action plans, stage points and timescales.

The Director of Finance and Investment, Shaer Halewood, confirmed that within the 2019/20 budget there were savings for Children's Services which would come out of a restructure and these innovative changes to processes would contribute to the savings.

The Chief Internal Auditor concluded his report referring to a comprehensive list of internal audit activity over the reporting period attached at Appendix 1 to his report that detailed the audits completed, identifying opinions provided and a current BRAG rating indicating the current status of the report and progress being made by officers to address identified issues.

Resolved – That the report be noted.

18 **CORPORATE RISK MANAGEMENT UPDATE**

The Chief Internal Auditor, Mark Niblock, introduced the report of the Director of Finance and Investment (S151) that provided information on arrangements to manage risk and improved focus on those most critical risks. The report provided an update in relation to the arrangements underpinning the corporate risk register. A copy of the current version of the register was appended to the report.

The Chief Internal Auditor informed that SLT had agreed that no changes to risk descriptions were required at this stage and the only changes to risk scores that were needed, since the register had been reported to the 22 July 2019 ARMC. These were:

- Risk 2 - Demand Management - the likelihood of the risk arising has been reduced from 4 (Likely – will most probably occur within the period covered by the plan) to 2 (Unlikely – not expected to occur within the period covered by the plan), taking into account the updated mitigations in place as detailed in the updated register. This results in an overall risk score reduced from 16 to 8.
- Risk 4 – Failure to Implement Cultural Change necessary... - the likelihood of the risk arising has been reduced from 4 (Likely – will most probably occur within the period covered by the plan) to 3 (Possible –

may possibly occur at some point within the period covered by the plan), taking into account the updated mitigations in place. This results in an overall risk score reduced from 16 to 12.

The Chief Internal Auditor's report further informed Members on actions planned for the future that included:

- Continued audits to shed light on the effectiveness of existing mitigation and areas for improvement, in support of mapping the key controls for each risk.
- Target scores for the corporate risks will be completed following an exercise planned for later in 2019/20 to draw out the risk appetite of political and executive leaders.
- Directorate and Programme Management Office risk registers will continue to be subject to review.
- Examination of one of the revised corporate risks in detail at each future meeting of the committee - The Director for (Adult) Care and Health will be invited to the next meeting of the ARMC to respond to Member questions.
- Following the appointment of the Risk, Continuity and Compliance Manager a programme of training for Member and officers (including Risk Management Support Leads) is to be developed.

The Chair thanked the Chief Internal Auditor for his report.

Resolved – that the report be noted.

19 **INTERNAL AUDIT QUALITY ASSURANCE AND IMPROVEMENT PROGRAMME**

The Chief Internal Auditor, Mark Niblock, introduced his report that provided an update on the continued utilisation by the Internal Audit Service of a comprehensive quality assurance and improvement programme. The programme had been developed to comply with the requirements of the Public Sector Internal Auditing Standards (PSIAS) and to inform the Audit and Risk Management Committee of the outcome of the annual self-assessment exercise undertaken by the service.

The Chief Internal Auditor informed the Committee that the PSIAS require that the Head of Internal Audit developed and maintained a Quality Assurance and Improvement Programme (QAIP) to covers all aspects of the internal audit activity. He further informed that QAIP outlined measures which were applied to ensure that Internal Audit continued to operate effectively and efficiently

and identified and responded to opportunities for improvement. These measures include:

- An internal quality control checklist;
- Customer Questionnaires and Annual Performance Evaluation Feedback Forms designed to obtain client feedback, the outcome of which facilitates effective monitoring of the internal audit activity and enables opportunities for improvement to be identified;
- An Auditor Skills Appraisal Assessment system developed and implemented during 2015/16 that incorporates elaborate post audit assessments to identify improvement areas and any training/development needs; and
- Internal performance targets that are monitored and regularly reported to the Audit and Risk Management Committee.

The Chief Internal Auditor referred Members to Appendix 2 of his report that set out information in respect of compliance and evidence of the Council's Internal Audit Service against the QAIP Review 2019/20.

The Chair thanked the Chief Internal Auditor for his report and asked if Wirral Council Officers were in contact with other public sector auditors / services. The Chief Internal Auditor informed that a significant amount of time was spent on this, with regular contact with other auditors across the North West, comparing delivery of services. He added that this will continue in the future.

Resolved – That the report be noted.

20 **PROCUREMENT - USE OF CONTRACT PROCEDURE RULES**

Keith Patterson, Head of Commercial Procurement introduced his report that set out a summary of the range and number of contracts awarded that had been subject to Contracts Procedure Rules (CPRs) Rule 12 – Waiving the Rules and Rule 13 – Extension/Variation. The report Appendix further detailed the contracts subject to the Extension/Variation or Waiver Rules for the period 1 October 2018 to 31 March 2019, which under Contracts Procedure Rule 17 required that all contracts that met the following criteria were reported to the Audit and Risk Management Committee on a six monthly basis:

- a) Contract is awarded, the total value of which exceeds £500k.
- b) Variation or extension to a contract approved by the Director of Finance and Investment.
- c) Waiver of Contract Procedure Rules in relation to a contract which exceeds £50k in value.

Head of Commercial Procurement provided a summary of the four distinct Procedure Rule Approval Documents (PRADs) of approval that formed the basis of all reports to the Audit and Risk Management Committee, namely:

- PRAD 1 – Exceptions
- PRAD 2 – Extensions
- PRAD 3 – Variations
- PRAD 4 - Awards

A question and answer session followed with the Chair and Members of the Committee questioning the Head of Commercial Procurement on a range of matters that included:

- Methods used to drive compliance with the Contract Procedure Rules.
- How assurance could be provided.
- Improvement measures – including involvement of SLT where appropriate.
- Earlier engagement with staff and focus on contract extensions.
- Staff training – scheduled for November and December 2019.
- ‘No PO no Pay’ rule (PO – Purchase Order).
- Number of exceptions.
- Single Tender occurrences and procedures.

The Head of Commercial Procurement responded accordingly, and provided information on specific areas of concern to Members. He further apprised Members of information on the contracts register – which held much of the information and provided assurance that his department continued to work with commissioners to co-ordinate information.

In response to further questions the Head of Commercial Procurement also detailed examples where contractual obligations were covered in tender specifications, and instances where contracts tended to be renewed - rather than reviewed and renewed – which was a primary target for improvement.

The Chair thanked the Head of Commercial Procurement for his report and expressed his concerns on the subject of ‘single tender’ occurrences requesting that this be the subject of a future report to the Committee. Concern was also expressed regarding retrospective approval and production of Purchase Orders, with Members requesting inclusion of an Action Plan update on compliance as part of future reports.

Resolved – That the report be noted.

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Audit and Risk Management Committee

Tuesday, 22 November 2019

REPORT TITLE:	CIPFA Guidance on Audit Committees – review to committee terms of reference
REPORT OF:	Director of Governance & Assurance (Monitoring Officer)

REPORT SUMMARY

- 1.1 The purpose of this report is to present the Chartered Institute of Public Finance & Accountancy (CIPFA) publication *Audit Committees: Practical Guidance for Local Authorities and Police (2018)*, and associated Position Statement, for review and comment.
- 1.2 The Position Statement emphasises the importance of audit committees being in place in all principal local authorities and police bodies and recognises that audit committees are a key component of governance, setting out guidance on the function and operation of audit committees in local authorities. It also includes a suggested terms of reference and Members are asked to consider revising the Audit and Risk Management Committee’s constitution and terms of reference to be in accord with this national guidance.

RECOMMENDATIONS

That the Audit and Risk Management Committee:

- 1. Note the revised CIPFA’s Position Statement: Audit Committees in Local Authorities and Police (2018) and identify any areas where further development of the arrangements operating at Wirral Council might be required.**
- 2. Consider:**
 - (a) an alteration to the make-up of the Audit and Risk Management Committee to include the appointment of an independent person as per the 2018 Position Statement;**
 - (b) updating the Committee’s current terms of reference to those suggested by the 2018 Position Statement (attached at Appendix A); and**
 - (c) the impact that a change to a committee system might have on the role and function of the committee, including the option to combine audit, governance and standards functions in one committee, taking into account example alternatives from other authorities (as attached at Appendix C)**

making any observations or recommendations to the Standards and Constitutional Oversight Committee’s Governance Working Group accordingly.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 To ensure that the Council maintains an effective Audit and Governance Committee.
- 1.2 CIPFA's Publication - Practical Guidance for Local Authorities and Police 2018 Edition sets out its guidance on the function and operation of audit committees in local authorities and police bodies and represents CIPFA's view of best practice for audit committees in local authorities throughout the UK and for police audit committees in England and Wales.
- 1.3 This publication incorporates CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018) (attached as Appendix D), which sets out CIPFA's view of the role and functions of an audit committee and replaces the previous 2013 Position Statement.
- 1.4 The revised and updated 2018 edition takes into account the development of audit committees since the original edition as well as incorporating the legislative changes that have affected the sector since 2013. It includes additional guidance and resources to support those acting as audit committee members in local authorities and those working with and supporting the committee's development. The key changes contained within CIPFA's latest guidance relate to the following areas that relate to the recommendation to the Committee:
 - a. inclusion of an independent member on the Committee;
 - b. additional guidance on how the Committee can oversee independence, objectivity and performance of Internal Audit and support the effectiveness of the internal audit process;
 - c. additional guidance on how the committee can support independence of the external auditor and monitor the external audit process.
- 1.5. CIPFA's latest guidance has also made some additions to the suggested terms of reference for Audit Committees.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Other options are discussed in generality. Beyond the Position Statement, there are no other 'best practice' options to be considered.
- 2.2 The overarching purpose of an Audit Committee is to provide to those charged with governance, independent assurance on the adequacy and integrity of:
 - the governance and control environment;
 - the Risk Management Framework, and
 - the annual financial reporting process.

It is good practice to regularly review the terms of reference of the Committee in relation to these objectives and to do so in the light of the most up to date professional position statement.

3.0 BACKGROUND INFORMATION

3.1 CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018) ('the Position Statement') sets out CIPFA's view of the role and functions of an audit committee and replaces the previous 2013 Position Statement. The guidance it contains covers:

- The Core Functions of an Audit Committee
- Possible Wider Functions of an Audit Committee
- Independence and Accountability
- Membership and Effectiveness

3.2 The Guidance highlights that there have been a number of significant developments in governance and audit practice since 2013 which have emphasised the importance of the audit committee. Key developments include:

- the new Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016);
- updates to the Public Sector Internal Audit Standards in 2016 and 2017; and
- the Code of Practice on Managing the Risk of Fraud and Corruption (CIPFA, 2014).

3.3 Purpose of an Audit Committee

3.3.1 The Position Statement notes the purpose of audit committees as follows:

- Audit committees are a key component of an authority's governance framework. Their function is to provide an independent and high-level resource to support good governance and strong public financial management.
- The purpose of an audit committee is to provide to those charged with governance independent assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and governance processes. By overseeing internal and external audit it makes an important contribution to ensuring that effective assurance arrangements are in place.

3.3.2 The Position Statement sets out the core functions of an audit committee along with possible wider functions that a committee can undertake. It notes that organisations should adopt a model that establishes the committee as independent and effective and advises that the Committee should:

- act as the principal non-executive, advisory function supporting those charged with governance;
- in local authorities, be independent of both the executive and the scrutiny functions and include an independent member where not already required to do so by legislation;
- have clear rights of access to other committees/functions, for example, scrutiny and service committees, corporate risk management boards and other strategic groups; and
- be directly accountable to the Authority's governing body (Full Council).

3.3.3 The Position Statement notes the role of the Chief Finance (S.151) Officer and that officer's overarching responsibility for discharging the requirement for sound financial management under s.151 of the Local Government Act 1972. The Role of the Chief Financial Officer in Local Government (CIPFA, 2016) emphasises the importance of having an effective audit committee to support the s.151 officer. The s.151 officer in a local authority must lead the promotion and delivery by the whole Authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently and effectively. The Position Statement also notes that an essential role for the audit committee is to oversee Internal Audit, helping to ensure that it is adequate and effective. Both these elements are also set out in the Public Sector Internal Audit Standards (PSIAS) and the supporting Local Government Application Note (LGAN).

3.4 Core Functions of an Audit Committee

3.4.1 The Guidance sets out the core functions of the audit committee and includes a model terms of reference for the committee which is attached at Appendix A to this report.

3.4.2 The core functions include the following areas:

- i. **Good governance and the Annual Governance Statement** - be satisfied that the Authority's assurance statements, including the Annual Governance Statement (AGS), properly reflect the risk environment and any actions required to improve it, and demonstrate how governance supports the achievements of the Authority's objectives. Support initiatives to identify and evaluate key areas of assurance.
- ii. **Internal Audit:** - oversee its independence, objectivity, performance and professionalism; support the effectiveness of the Internal Audit process; and promote the effective use of Internal Audit within the assurance framework in the following ways:
 - receive confirmation of the organisational independence of the Internal Audit activity;
 - approve and periodically review any safeguards put in place to limit impairments to independence and objectivity where the Head of Internal Audit has been asked to undertake any additional roles/ responsibilities outside of internal auditing;
 - receiving communications from the Head of Internal Audit on Internal Audit's performance relative to its plan and other matters; and
 - giving approval to Internal Audit for any significant additional consulting services not already included in the audit plan, prior to Internal Audit accepting an engagement.
- iii. **Risk management** - consider the effectiveness of the Authority's risk management arrangements and the control environment. Review the risk profile of the organisation and assurances that action is being taken on risk-related issues, including partnerships and collaborations with other organisations.

- iv. **Control environment** - monitor the effectiveness, including arrangements for ensuring value for money, supporting standards and ethics and for managing the Authority's exposure to the risks of fraud and corruption.
- v. **External Audit** - consider the reports and recommendations of External Audit and inspection agencies and their implications for governance, risk management or control. The guidance includes advice around appointment of auditors following the change in appointment procedures for English authorities with the closure of the Audit Commission and the introduction of new local audit arrangements under the Local Audit and Accountability Act 2014. The Audit Committee's role in relation to the external audit process has three principal aspects:
 - providing assurance that the external auditor team maintains independence following its appointment (examples of threats noted on Page 21 of the Position Statement);
 - receiving and considering the work of external audit; and
 - supporting the quality and effectiveness of the external audit process.

3.4.3 The Audit Committee should seek information from the external auditor on its policies and processes for maintaining independence and monitoring compliance. It should also satisfy itself that no issues with compliance with the ethical standard have been raised by the contract monitoring undertaken by PSAA (the new appointing body) or the auditor panel (in England) or from audit quality reviews by the Financial Reporting Council. With regard to non-audit services, audit committees should monitor the approval of non-audit work and, in England, take into account the oversight of either PSAA or the auditor panel as appropriate.

- vi. **Effective relationships** - support the relationships between external audit and Internal Audit, inspection agencies and other relevant bodies, and encourage the active promotion of the value of the audit process.
- vii. **Financial statements** - review the financial statements, external auditor's opinion and reports to Members, and monitor management action in response to the issues raised by external audit. The guidance highlights the revised reporting timetable and includes: Understanding Local Authority Financial Statements (CIPFA/LASAAC, 2016) which includes a checklist of questions to ask about a local authority's statements that audit committee members may find particularly helpful. In keeping with its role as an advisory body, the audit committee should review the financial statements prior to approval. (Page 23 of the Position Statement)
- viii. **Partnership governance and collaboration agreements** – where an organisation of which the Authority is a partner does not have its own audit committee, then the audit committee could be nominated to undertake this role. This is most likely to be the audit committee of the accountable body in order to support the CFO (Page 24 of the Position Statement).

3.5 Possible Wider Functions & New Core Function Area – Governance and Ethical Values

- 3.5.1 This section of the Guidance has been updated to include reference to the Delivering Good Governance in Local Government: Framework (CIPFA/Solace, 2016) Framework and in particular regarding “Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law”
- 3.5.2 As the Audit Committee has a key role in supporting good governance, support for the ethical framework of the authority is also important. Public sector entities are accountable not only for how much they spend but also for the ways they use the resources with which they have been entrusted. With its core role in supporting good governance, support for the ethical framework of the Authority is also important for the audit committee. In addition, public sector organisations have an overarching mission to serve the public interest in adhering to the requirements of legislation and government policies. This makes it essential that the entire entity can demonstrate the integrity of all its actions and has mechanisms in place that encourage and enforce a strong commitment to ethical values and legal compliance at all levels.
- 3.5.3 The Audit Committee’s primary role in relation to standards and ethical conduct is to satisfy itself that there are appropriate arrangements in place, particularly in support of the AGS.

3.6 Membership and Effectiveness

- 3.6.1 The Position Statement sets out guidance on the composition and effectiveness of the committee and notes that committee members should be willing to review their knowledge and skills. The guidance includes an updated self-assessment schedule and an evaluation of effectiveness schedule. This is a high level review against the principles set out in the Position Statement. Authorities are encouraged not to regard meeting recommended practice as a tick-box activity and they should recognise that achieving recommended practice does not mean necessarily that the committee is effective.
- 3.6.2 Good audit committees are characterised by:
- a membership that is balanced, objective, independent of mind, knowledgeable and properly trained to fulfil their role. The political balance of a formal committee of an authority will reflect the political balance of the council, however, it is important to achieve the right mix of apolitical expertise;
 - a membership that is supportive of good governance principles and their practical application towards the achievement of organisational objectives; and
 - a strong independently minded chair – displaying a depth of knowledge, skills and interest (as highlighted below).
- 3.6.3 There are many personal qualities needed to be an effective Chair, but key to these are:

- promoting apolitical open discussion;
- managing meetings to cover all business and encouraging a candid approach from all participants;
- an interest in and knowledge of financial and risk management, audit, accounting concepts and standards, and the regulatory regime;
- unbiased attitudes – treating auditors, the executive and management fairly; and
- the ability to challenge the executive and senior managers when required.

3.6.4 CIPFA endorses the approach of mandating the inclusion of a lay or independent member and recommends that those authorities, for whom it is not a requirement, actively explore the appointment of an independent member to the committee.

3.7 Audit and Risk Management Committee Terms of Reference

3.7.1 The Committee's current Terms of Reference (attached as Appendix B) when reviewed against CIPFA's suggested terms of reference contained in the Position Statement shows several discrepancies, together with certain inaccuracies. On review, it is considered simplest and most straightforward to directly replace the current Committee's Terms of Reference for those of the Position Statement, adding reference to the Council's trading companies as required, as set out at Appendix A.

3.8 Alternative forms of Committee

3.8.1 Alternative options are, however, available. The Council's adoption of a committee system form of governance arrangements as of May 2020 provides access to a different role in two particular ways. Firstly, it is arguable that the Committee's role in respect of wider risk management relative to the role of the Leader and Cabinet executive in policy and delivery is diminished once that risk management task is taken up across the terms of reference of a politically balanced policy and resources committee and service committees. Secondly, this change has led a number of such councils to combine the roles of audit, standards and constitution committees to form one committee.

3.8.2 Comparative examples, one from a simplified audit committee terms of reference at a council with a hybrid cabinet and leader governance arrangements (Kent County Council) and three others from a committee form of governance arrangements (Norfolk County Council, Nottinghamshire County Council and Sutton London Borough Council) are attached as Appendix C.

4.0 FINANCIAL IMPLICATIONS

4.1 There are no such implications arising.

5.0 LEGAL IMPLICATIONS

5.1 Some commentators have interpreted the active delegated authority held by the Committee, in approving the statement of accounts and any material amendment of the accounts recommended by the auditors, as being a function relating to regulating and controlling the Council's finance. As such under S102(3) of the Local Government Act 1972, co-opted members are not permitted on the

committee. The view of CIPFA view however, and that of Council officers, is that a co-opted Independent Member could be accommodated but would not be able to vote on finance matters.

- 5.2 The Audit Committee satisfies the wider requirement for sound financial management, as set out in the Accounts and Audit Regulations, ‘for ensuring that the financial management of the body is adequate and effective and that the body has a sound system of internal control which facilitates the effective exercise of that body’s functions and which include the arrangements for the management of risk.’ In addition, Section 151 of the Local Government Act 1972 requires the Council to make arrangements for the proper administration of its financial affairs and to secure that one of their officers has responsibility for the administration of those affairs. In discharging sound financial management, the Section 151 Officer requires an effective internal audit service and an effective audit committee, which evaluates the effectiveness of its risk management, control and governance processes. To guard against the negative consequences for the Authority in relation to external assessments, public confidence and risk of legal challenge, it is therefore important that the Terms of Reference are reviewed to ensure that best practice guidance is incorporated.

6.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 6.1 A small saving may be made by combining committee roles. There are no other such implications arising.

7.0 RELEVANT RISKS

- 7.1 The Audit and Risk Management Committee is an important source of assurance about the Council’s arrangements for managing risk, maintaining an effective control environment, and reporting on financial, ethical and other performance. A review of current best practice will help the Committee to fulfil its responsibilities and ensure the relevant Terms of Reference remains appropriate

8.0 ENGAGEMENT/CONSULTATION

- 8.1 There are none arising directly from this report.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are no such direct implications arising.

10.0 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 10.1 There are none arising from this report.

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APPENDICES

Appendix A: Draft Amended Terms of Reference

Appendix B: CIPFA's Position Statement: Audit Committees in Local Authorities and Police (2018)

Appendix C: Example Alternative Terms of Reference – Kent County Council

Background Papers

Audit Committees: Practical Guidance for Local Authorities and Police (2018), available to purchase from www.cipfa.org.uk/publications

CIPFA – AUDIT COMMITTEES – PRACTICAL GUIDANCE

Suggested Terms of Reference – Local Authorities

This appendix contains suggested terms of reference for local authorities.

In developing the terms of reference for an organisation, care should be taken to ensure that the specific regulations appropriate for the authority are taken into account.

In addition, where the terms of reference refer to internal audit, regard should be had for how the internal audit charter has allocated responsibilities to the committee. Some of the internal audit responsibilities identified in the terms of reference may not be carried out by the audit committee, but by others.

SUGGESTED TERMS OF REFERENCE – LOCAL AUTHORITIES

Statement of purpose

1 Our audit committee is a key component of [name of authority]'s corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

2 The purpose of our audit committee is to provide independent assurance to the members [or identify others charged with governance in your authority] of the adequacy of the risk management framework and the internal control environment. It provides independent review of [name of authority]'s governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, risk and control

3 To review the council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.

4 To review the Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.

5 To consider the council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

6 To consider the council's framework of assurance and ensure that it adequately addresses the risks and priorities of the council.

7 To monitor the effective development and operation of risk management in the council.

8 To monitor progress in addressing risk-related issues reported to the committee.

9 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.

10 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.

11 To monitor the counter-fraud strategy, actions and resources.

Internal audit

12 To approve the internal audit charter.

13 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

14 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.

15 To approve significant interim changes to the risk-based internal audit plan and resource requirements.

16 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.

17 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include:

a) Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.

b) Regular reports on the results of the Quality Assurance and Improvement Programme.

c) Reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards and Local Government Application Note, considering whether the nonconformance is significant enough that it must be included in the Annual Governance Statement.

18 To consider the head of internal audit's annual report:

a) The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement – these will indicate the reliability of the conclusions of internal audit.

b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.

19 To consider summaries of specific internal audit reports as requested.

20 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.

21 To contribute to the Quality Assurance and Improvement Programme and in particular, to the external quality assessment of internal audit that takes place at least once every five years.

22 To consider a report on the effectiveness of internal audit to support the Annual Governance Statement, where required to do so by the Accounts and Audit Regulations (see Appendix A).

23 To support the development of effective communication with the head of internal audit.

External audit

24 To consider the external auditor's annual letter, relevant reports, and the report to those charged with governance.

25 To consider specific reports as agreed with the external auditor.

26 To comment on the scope and depth of external audit work and to ensure it gives value for money.

27 To commission work from internal and external audit.

28 To advise and recommend on the effectiveness of relationships between external and internal audit and other inspection agencies or relevant bodies.

Financial reporting

29 To review the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns

arising from the financial statements or from the audit that need to be brought to the attention of the council.

30 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability arrangements

31 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks; financial reporting arrangements, and internal and external audit functions.

32 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.

**Wirral Metropolitan Borough Council
AUDIT AND RISK MANAGEMENT COMMITTEE**

- (1) To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
- (2) To maintain an overview of the contract procedure rules and financial regulations and to agree any changes to the same;
- (3) The Committee has the following duties, powers and authorities:
 - (a) approval of the Council's statement of accounts;
 - (b) the responsibilities of the Council under section 151 of the Local Government Act 1972 to make proper provision for its financial affairs;
 - (c) to consider and make recommendations to Council or Cabinet as appropriate on;
 - (d) the annual Audit Report and the Management Letter of the external auditor;
 - (e) any other statutory report of the external auditor;
 - (f) any internal audit report that may be referred to the committee by the Chief Executive, the Director of Finance or the Head of Legal and Member Services (as Monitoring Officer);
 - (g) summaries of specific internal audit reports as requested;
 - (h) the effectiveness and adequacy of the response by the Council, the Cabinet, any committee or sub-committee of the Council or of any officer to any internal or external audit report or management letter;
 - (i) the systems of control and the arrangements for the prevention of fraud and corruption within the Council;
 - (j) any other matter relevant to the audit of the Council's accounts and financial records or its systems for the control and safeguarding of all the Council's assets;
 - (k) a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale; and

(l) the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and the level of assurance it can give over the Council's corporate governance arrangements;

(m) to approve (but not direct) the strategy, plan and performance of the Council's internal audit service;

(n) to oversee the production of the Authority's statement or internal control and recommend its adoption;

(o) to monitor the Council's policies on "Raising Concerns at Work", to the anti-fraud and corruption strategy and the complaints procedure;

(p) to liaise with the Audit Commission over the appointment of the Council's external auditors.

(q) The Chair of the Audit and Risk Management Committee shall act as the Council's Risk Management Champion.

(4) Cabinet Members will not normally be members of the Audit and Risk Management Committee

EXAMPLE ALTERNATIVE TERMS OF REFERENCE

KENT COUNTY COUNCIL (LEADER & CABINET SYSTEM - Hybrid)

Governance and Audit Committee: Terms of Reference

Objectives

The Governance & Audit Committee is responsible for ensuring that:

- (a) risk management and internal control systems are in place that are adequate for purpose and effectively and efficiently operated
- (b) the Council's corporate governance framework meets recommended practice, (currently set out in the CIPFA/SOLACE Good Governance Framework), is embedded across the whole Council and is operating throughout the year with no significant lapses
- (c) the Council's Internal Audit function is independent of the activities it audits, is effective, has sufficient experience and expertise and the scope of work to be carried out is appropriate
- (d) the appointment and remuneration of external auditors is approved in accordance with relevant legislation and guidance, and the function is independent and objective
- (e) the external audit process is effective, taking into account relevant professional and regulatory requirements, and is undertaken in liaison with Internal Audit
- (f) the Council's financial statements (including the pension fund accounts) comply with relevant legislation and guidance and the associated financial reporting processes are effective
- (g) any public statements in relation to the Council's financial performance are accurate and the financial judgements contained within those statements are sound
- (h) accounting policies are appropriately applied across the Council
- (i) the Council has a robust counter-fraud culture backed by well designed and implemented controls and procedures which define the roles of management and Internal Audit and
- (j) the Council monitors the implementation of the Bribery Act policy to ensure that it is followed at all times
- (k) Ensure that there are effective governance arrangements in place for Kent County Council's wholly owned limited companies and trading vehicles.
- (l) Receive and review the financial statements and dividend policies of any KCC limited companies and to consider recommending corrective action where appropriate
- (m) Review the establishment of new limited companies before the company commences trading and make recommendations to the Governance and Audit Committee and responsible Cabinet Member where appropriate in relation to:
 - i (i) Governance matters
 - ii (ii) The financial impact of the proposed company on Kent County Council

(Combined audit & governance)

GOVERNANCE AND ETHICS COMMITTEE – TERMS OF REFERENCE

The exercise of the powers and functions set out below are delegated by the Full Council to the Committee in relation to governance and ethics:

- Responsibility for advising Full Council on the adequacy of the Council's systems of internal control and overseeing the external auditor's annual audit of the accounts
- Responsibility for approving the Annual Statement of Accounts
Responsibility for approving the Annual Governance Statement and keeping it under review on a regular basis
- Responsibility for reviewing and maintaining the Council's Local Code on Corporate Governance
- Responsibility for maintaining an overview of the Council's Financial Regulations and anti-fraud and anti-corruption strategies, and for recommending the Financial Regulations to Full Council for adoption
- Responsibility for ensuring high standards of conduct by the County Council, its Councillors, co-opted members and Officers
- Responsibility for dealing with all matters relating to alleged breaches of the Code of Conduct for Councillors and Co-opted Members
- Responsibility for the implementation of and revision to all codes of conduct and practice of the County Council
- Responsibility for Information Governance including but not limited to Data Protection and Freedom of Information
- Responsibility for resolving any issues arising from the Members' Allowances Scheme
- Responsibility for monitoring the Councillors' Divisional Fund
- Responsibility for approving the recruitment process for any independent members of committees and panels required by statute
- Responsibility for the Council's risk management strategy
- Responsibility for Legal, Democratic and Complaints Services

GOVERNANCE AND ETHICS SUB-COMMITTEE – TERMS OF REFERENCE

Responsibility for formal hearings under the Council's Procedure for dealing with Conduct Allegations against Councillors and Co-opted Members, including deciding whether there has been a breach of the Code of Conduct, and if appropriate imposing any sanction available under the Procedure and the relevant legislation.

NORFOLK COUNTY COUNCIL (COMMITTEE SYSTEM 2014)

4.4 AUDIT COMMITTEE

Composition

7 Members of the Council, on a politically balanced basis.

Terms of Reference

A. Governance

1. Consider the Annual Governance Statement, and be satisfied that this statement is comprehensive, properly reflects the risk and internal control environment, including the System of Internal Audit, and includes an agreed action plan for improvements where necessary.

B. Internal Audit and Internal Control

1. With Chief Officers, to provide proactive leadership and direction on audit governance issues and champion audit and internal control throughout the Council.
2. Consider annually the effectiveness of the system of internal audit including internal audit's strategy, plan and performance and that those arrangements are compliant with all applicable statutes and regulations, including the Public Sector Internal Audit Standards and Local Authority Guidance Note of 2013 and any other relevant statements of best practice.
3. Consider an annual report and quarterly summaries of internal audit reports and activities which include an opinion on the adequacy and effectiveness of the Council's internal controls including risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.
4. Consider reports showing progress against the audit plan and proposed amendments to the audit plan.
5. Ensure there are effective relationships between internal audit and external audit, inspection agencies and other relevant bodies and that the value of the audit process is actively promoted.

C. Risk Management

1. Provide proactive leadership and direction on risk management governance issues and champion risk management throughout the council and ensure that the Full Council is kept sufficiently informed to enable it to approve the Council's risk management Policy and Framework and that proper insurance exists where appropriate.
2. Consider the effectiveness of the system of risk management arrangements.
3. Consider an annual report and quarterly reports with respect to risk management including, an opinion on the adequacy and effectiveness of the Council's risk management, any corporately significant issues arising, and receive assurance that action has been taken as necessary.
4. Receive assurances that action is being taken on risk related issues identified by both internal and external auditors and other inspectors.

5. Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk.
6. Report annually to full Council as per the Financial Regulations.

D. Anti-Fraud and Corruption

1. Provide proactive leadership and direction on Anti-Fraud and Corruption and champion Anti-Fraud and Corruption throughout the Council.
2. Consider the effectiveness of the Council's anti-fraud and corruption arrangements.
3. Consider an annual report and other such reports, including an annual plan on activity with respect to Anti-Fraud and Corruption performance and receive assurances that action is being taken where necessary.

E. Annual Statement of Accounts

1. Consider the external auditor's reports and opinions, relevant requirements of the International Standards on Auditing and any other reports to members with respect to the Accounts, including the Norfolk Pension Fund and Norfolk Fire-fighters' Pension Fund and approve the Accounts on behalf of the Council and report required actions to the Council. Monitor management action in response to issues raised by the external auditor.
2. Consider the External Auditors Annual Governance Report and approve the Letter of Representation with respect to the Accounts and endorse the action plan contained in this Report.

F. External Audit

1. Consider reports of external audit and other inspection agencies.
2. Ensure there are effective relationships between external audit and internal audit.
3. Consider the scope and fees of the external auditors for audit, inspection and other work.

G. NCC Pension Fund

1. Following presentation to the Pensions Committee and with due regard to any comments and observations made, consider the draft Accounts of the Norfolk Pension Fund and authorise the publication and release of these accounts to the external auditors for the audit by the statutory deadline.

H. Treasury Management

1. Consider the effectiveness of the governance, control and risk management arrangements for Treasury Management and ensure that they meet best practice.

I. Administration

1. Review the Committee's own terms of reference no less frequently than annually and where appropriate make recommendations to the Council for changes.

2. Ensure members of the committee have sufficient training to effectively undertake the duties of this committee.
 3. Consider the six monthly and Annual Reports of the Chairman of the Committee.
-

SUTTON LBC (COMMITTEE SYSTEM) **(Combined audit & governance)**

Audit and Governance Committee

Purpose

8.2 The Audit and Governance Committee is a key component of the Council's corporate governance. It provides an independent and high-level focus on the audit, assurance and reporting arrangements that underpin good governance and financial standards.

8.3 To provide independent assurance to Councillors of the adequacy of the risk management framework and the internal control environment. It provides independent review of the Council's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

To promote and maintain high standards of conduct and probity for all councillors, co-opted members, other members of Council committees and joint committees, assisting those members to observe Sutton's Code of Conduct, and considering allegations of breaches of Sutton's Code of Conduct.

To have oversight of Human Resources and Health and Safety issues.

Composition

8.4 Only one member of the Strategy and Resources Committee, per political group, may be a member of the Audit and Governance Committee.

The Leader of the Council may not be a member of the Audit and Governance Committee.

The Chair of the Audit and Governance committee may not be a member of Strategy and Resources Committee.

The Vice-Chair of the Audit and Governance Committee will come from the principal opposition group and lead on audit matters.

8.5 Independent Person(s) are invited to attend in an advisory, non-voting capacity.

Function

8.6 The Function of the Audit and Governance Committee is:

Audit:

Governance, Risk and Control

1. To monitor the effective development and operation of risk management and corporate governance in the Council. This includes monitoring progress in addressing risk-related issues reported to the committee and ensuring that the Council's framework of assurance adequately addresses the risks and priorities of the Council.
2. To monitor the counter-fraud strategy and policies, actions and resources. To review the assessment of fraud risks and their impact and ensure that fraud resources are directed at the areas of highest risk.
3. To review the Council's Annual Governance Statement prior to approval and consider whether it properly reflects the risk environment and supporting assurances, taking into account internal audit's opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control.
4. To review the council's corporate governance arrangements against the good governance framework and consider annual governance reports and assurances.
5. To consider the Council's compliance with its own and other published standards and controls.

Internal audit

6. To approve the internal audit charter.
7. To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources. This includes approving significant interim changes to the risk - audit plan and resource requirements.
8. To consider the Head of Internal Audit's annual report:
 - The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the Annual Governance Statement.
 - The statement of the level of conformance with the Public Sector Internal Audit Standards and Local Government Application Note and the results of the Quality Assurance and Improvement Programme that supports the statement - these will indicate the reliability of the conclusions of internal audit.
9. To consider summaries of specific internal audit reports as requested.
10. To consider reports from the Head of Internal Audit dealing with the management and performance of providers of internal audit services. These will include:
 - Updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work.
 - Regular reports on the results of the Quality Assurance and Improvement Programme. (QAIP)
 - Reports on the effectiveness of internal audit including instances where the internal audit function does not conform to the Public Sector Internal Audit

Standards and whether the non-conformance is significant enough that it must be included in the Annual Governance Statement.

- To contribute to the QAIP including the external assessment undertaken once every five years

11. To consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale

12. To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.

External Audit

13. To consider the external auditor's annual letter, relevant reports and the report to those charged with governance. This includes considering the Council's arrangements to secure value for money and review assurances and assessments on the effectiveness of these arrangements.

14. To consider specific reports as agreed with the external auditor.

15. To comment on the scope and depth of external audit work and to ensure it gives value for money.

16. To consider options for the appointment of the Council's external auditor and make recommendations to full Council.

17. To commission work from internal and external audit.

Financial Reporting

18. To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of Council.

19. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

20. To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose. This includes reporting on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of governance, risk management and internal control frameworks; financial reporting frameworks and internal and external audit functions.

Wider Remit

21. To consider any issues referred to it by the Chief Executive or a Strategic Director, or any Council body or Committee.

22. To review the implementation of the Council's Treasury Management Strategy and to recommend to full Council any changes to the strategy.

Standards.

23. ...



Audit and Risk Management Committee Monday, 18 November 2019

REPORT TITLE:	WHISTLEBLOWING PROCEDURE REVIEW
REPORT OF:	DIRECTOR GOVERNANCE & ASSURANCE & MONITORING OFFICER

REPORT SUMMARY

This report considers how the Council currently manages its whistleblowing concerns.

The report additionally advises the Committee upon the progress of the Council's whistleblowing project, which was commissioned by the Council's Organisational Change & Design, Governance & Assurance and Audit, Risk & Business Continuity departments in October 2018, to review and refresh the current process, with a view to aligning the same with national whistleblowing best practice.

RECOMMENDATION/S

That the report be noted.

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATIONS

- 1.1 To provide Members with assurance that the Council's whistleblowing concerns are appropriately managed and to ensure that the proposed changes to the current process will improve upon the manner in which the Council manages risk.
- 1.2 To improve the way employees, contractors or volunteers can communicate their concerns to the Council.
- 1.3 To ensure that the Council complies with best practice as recommended by PROTECT; <https://protect-advice.org.uk/> and that its procedures are aligned with the Public Interest Disclosure Act 1998 (PIDA).

2.0 OTHER OPTIONS CONSIDERED

- 2.1 Not updating policy and/or procedure

3.0 BACKGROUND INFORMATION

- 3.1 The Council retains both a whistleblowing policy and procedure. A copy of these documents are annexed to this report.
- 3.2 The two documents explain how the Council currently manages all presented whistleblowing concerns.
- 3.3 The procedure outlines how whistleblowing concerns are received and processed by the Governance & Assurance department. The procedure is complied with for all whistleblowing investigations.
- 3.4 Full details of all whistleblowing concerns are recorded in the Council's whistleblowing register by the Governance & Practice Manager. The register is reviewed by the Director of Governance & Assurance quarterly.
- 3.5 Details of any whistleblowing concerns that are identified as a major risk to the council are investigated by Internal Audit and reported to the Audit and Risk Management Committee as a facet of the Internal Audit reporting process.
- 3.6 The length of time that a whistleblowing investigation will take, is dependent upon the nature and complexity of the concerns raised. Terms of reference are prepared for each individual whistleblowing to be investigated, stipulating the work to be undertaken.
- 3.7 The whistle-blower is kept apprised of progress throughout the investigation and the outcome is communicated to them at the conclusion of the same.
- 3.8 Any Internal Audit / External Investigator recommendations resulting from the investigation are communicated to the directorate lead and subsequently monitored by Internal Audit, to ensure that the recommendations are followed.

4.0 REVIEW

- 4.1 The current Policy and Procedure were drafted in February 2012.
- 4.2 In a joint consultation between the Council's Governance and Assurance, HR and Internal Audit departments in October 2018, the Council's policy and procedure were reviewed, and it was decided that the process should be updated to align itself to both peer and national best practice.
- 4.3 The Current process does not provide the Audit and Risk management Committee with the level of reporting that will satisfy their oversight responsibilities. Any proposed new whistleblowing policy should include an improved reporting structure, which will allow the Committee to have a better understanding of the nature / volume of the concerns presented to the Council and provide Committee Members with assurance that the appropriate procedures have been followed during each individual investigation.
- 4.4 Following the consultation, it was agreed that the current process was to be the subject of a formal review project, with the intention of relaunching the Council's whistleblowing process in March 2020.
- 4.5 To assist with the project, the Council engaged the services of the PROTECT charity, who are the leading experts for whistleblowing in the UK.
- 4.6 PROTECT are supporting the whistleblowing review project, to ensure that the Council's new proposed process follows best practice.
- 4.7 The Council's new draft policy will be reviewed by PROTECT and benchmarked nationally. The final proposed policy will then be considered and signed off by all stakeholders, prior to being presented to the Audit and Risk Management Committee on the 27th January 2020.
- 4.8 Following the policy approval, the Council's managers will receive training upon how the new process is to be operated.
- 4.9 The new process will then be subject to a formal launch, supported by Members & PROTECT, to ensure that the Council fully embraces whistleblowing as a facet of its risk management portfolio.
- 4.10 The project is being managed by the Governance & Practice manager and the timetable is detailed below.

PROJECT TIMETABLE:

WHISTELBLOWING REVIEW PROJECT TIMETABLE:	
1. October 2018	Project plan proposed and agreed by Governance & Assurance, HR & IA.
2. November 2018	Council stakeholder officers identified to attend a half day PROTECT training session.
3. May 2019	Policy and Procedure reviewed by the Governance & Practice manager
4. June 2019	Governance & Practice manager attending PROTECT masterclass
5. June 2019	Governance & Practice manager / Lead Auditor undertaking PROTECT benchmarking exercise
6. July 2019	Draft Policy circulated to all stakeholder Council officers
7. August 2019	PROTECT providing half day training attended by stakeholder officers from Governance & Assurance, HR and IA.
8. October 2019	Draft Policy to be agreed by all stakeholder officers
9. November 2019	Policy to be reviewed and benchmarked by PROTECT
10. December 2019	The Council are to engage with PROTECT as part of a national best practice case study
11. January 2020	Policy to be presented to the Audit and Risk Management Committee
12. February 2020	Full manager training program
13. March 2020	Launch

- 4.11 As a result of the Council's proactive engagement with PROTECT, the Council has been identified by PROTECT as an organisation that embraces the importance of whistleblowing, as a facet of its risk management strategy.
- 4.12 The Council has consequently been invited by PROTECT to be a part of their national best practice case study.
- 4.13 The Council's ambition is to be considered by PROTECT as a national champion for its whistleblowing management, by promoting a transparent and supportive process for the communication of all whistleblowing concerns.

5.0 FINANCIAL IMPLICATIONS

- 5.1 There are none arising from this report.

6.0 LEGAL IMPLICATIONS

6.1 The whistleblowing policy is necessary for the Council to comply with its obligations under employment legislation: The Public Interest Disclosure Act 1998 (PIDA).

7.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

7.1 There are none arising from this report.

8.0 RELEVANT RISKS

8.1 That best practice is not complied with.

8.2 That concerns are not communicated and consequently remain unidentified by the Council.

9.0 ENGAGEMENT/CONSULTATION

9.1 Officers from Governance and Assurance, HR and Internal Audit have been consulted throughout the whistleblowing review project.

9.2 PROTECT have been consulted throughout the whistleblowing review project.

10.0 EQUALITY IMPLICATIONS

10.1 Equality implications will be considered and developed as required as part of the policy review.

11.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

11.1 There are none arising from this report.

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BACKGROUND PAPERS

Whistleblowing policy / procedure 2012

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	23rd September 2019 Urgent business whistleblowing policy

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Whistleblowing Policy

1. Policy Statement

Wirral Council is committed to the highest possible standards of openness, professionalism and accountability. In line with that commitment the Council wants its employees, and others that it deals with, who have concerns about any aspect of how the Council operates or the work it does, to feel confident in coming forward and voicing those concerns.

The Council's Whistleblowing Policy, Procedure and supporting documents set out Wirral Council's approach to the management of whistleblowing within the workplace.

2. Background

Raising Concerns about Issues at Work

This policy applies to all Council employees. Other individuals performing functions in relation to the organisation such as volunteers, agency workers and contractors are encouraged to use it but are not covered by the policy.

The purpose of the Whistleblowing policy is to make it clear to all employees that it is safe and acceptable to raise any concern they may have at an early stage over any perceived wrong-doing by the Council, its employees or those with whom it has dealings with, without fear of victimisation, reprisal, discrimination or disadvantage.

The Council recognises that employees may be the first to realise serious wrong-doing within the Council and may be reluctant to speak up because of loyalty to colleagues or to the Council itself. Employees may also fear bullying, harassment or victimisation if they raise their concerns.

Any employee who raises their concerns over a possible wrong-doing by the Council, its employees or those whom it has dealings with is afforded protection under the Public Interest Disclosure Act 1998. The law provides protection for workers who raise legitimate concerns about specified matters. These are called 'qualifying disclosures' which grants protection to a Whistleblower who raises their concerns about serious fraud or malpractice at their place of work against victimisation or dismissal, provided that they have acted in a responsible way in dealing with their concerns.

If an employee raises an issue regarding their employment or the way they have been treated at work, they should raise a complaint using the Council Grievance or Dignity at Work Policy (please refer to the Grievances section below for further guidance). The Whistleblowing Policy is in addition to the Council's Complaints

Policy and Procedures. The holding of any data in connection with this Whistleblowing Policy will be consistent with the provisions of the Data Protection Act 1998 and any other relevant legislation.

Aims of the Whistleblowing Policy

The Whistleblowing Policy aims to:

- encourage employees to feel confident in raising concerns and to question and act upon concerns over perceived wrong-doing by the Council, its employees or others with whom the Council has dealings;
- provide guidelines for employees to raise concerns and receive feedback on any action taken;
- ensure that employees receive a response to their concerns and that they are aware of how to pursue them if they are not satisfied;
- reassure employees that if they raise a concern in the public interest reasonably believing that the information, and any allegations contained in it, are substantially true, they will be protected against any possible reprisals, harassment or victimisation; and will not be discriminated against or suffer any disadvantage.

The Whistleblowing Policy is intended to cover those concerns that fall outside the scope of other Council policies and procedures. However, if anyone is in doubt as to whether the Whistleblowing Policy applies, they should seek advice from the Council's Human Resources and Organisational Development or Director: Governance & Assurance (or their authorised representative), their trade union, or any relevant external advisor (such as those listed in Appendix 1 and 2 to this Whistleblowing Policy).

To assist employees to decide which is the right policy to use, they should consider:

1. If they have witnessed or are aware of something of concern and want to raise it, if so they should do so under the Whistleblowing Policy, or
2. If they have a complaint about something happening to them and want a particular response or outcome to address that complaint, they should raise this under the Grievance or Dignity at Work Policy.

While it is not possible to provide a complete list of all the issues which might be properly raised under the Whistleblowing Policy, any concern about improper, unethical, illegal or negligent practice(s) in the workplace, including the conduct of officers or members of the Council or others acting on behalf of the Council, can be raised. A qualifying disclosure is one made in the public interest by a worker who has a reasonable belief that:

- a criminal offence (e.g. fraud, corruption or theft) has been/is likely to be committed;
- financial impropriety, maladministration or the unauthorised use of public funds;
- a miscarriage of justice has been/is likely to occur;
- the health or safety of any individual has been/is likely to be endangered;
- the environment has been/is likely to be damaged;
- the Council's Constitution (including Standing Orders, Financial Regulations etc.) have or are not being observed or are being breached by member and/or officers;
- sexual or physical or verbal abuse of any employee or service recipient is taking place;
- discrimination is occurring to any employee or service recipient on grounds of sex, race or disability;
- any other form of improper action or conduct is taking place; information relating to any of the above is being deliberately concealed or attempts are being made to conceal the same.

It is not necessary for the worker to have proof that such an act is being, has been, or is likely to be, committed - a reasonable belief is sufficient.

The Whistleblowing Policy is intended to assist employees raise concerns they may have over any perceived wrong-doing by the Council, its employees or those with whom it has dealings so that they can be examined and/or investigated. It is not intended to be used as a mechanism to question or challenge financial or management decisions taken by the Council where there is no suggestion or allegation of wrong-doing.

Grievances

The Whistleblowing Policy and Procedure is for disclosures about matters other than a breach of an employee's own contract of employment.

Where an employee is concerned that their own contract has been, or is likely to be, broken, they should use the organisation's Grievance Procedure.

The Council's Dignity at Work Policy and Grievance Policy should be used in relation to matters concerning:

- Terms and conditions of employment (excluding grading);
- Working conditions or health and safety matters;
- New Working Conditions or organisational changes; and/or
- Disagreements or breakdown in relationship with colleagues or managers

Where an employee raises a concern(s) under both the Whistleblowing Policy and a grievance under the Council's Grievance Policy, the Council will ensure that a clear distinction is maintained between both matters and ensure that they are effectively progressed and determined.

Any proposed resolution of a grievance will not undermine or otherwise prevent any investigation being carried out in relation to any concern(s) raised under the

Whistleblowing Policy. Similarly, dealing with a concern raised under Whistleblowing should not be linked to resolution of a grievance.

Where employees are in any doubt as to whether the concern(s) raised falls within the Whistleblowing Policy or the Council's Grievance Policy, they should seek advice from Human Resources & Organisational Development or a Trade Union Representative.

Commitment to Employees

The Council is committed to good practice and high standards and wants to be supportive of employees making the decision to report any concern(s) they have under the Whistleblowing Policy.

If employees raise a concern they consider to be in the public interest, they are fulfilling their role as public servants and their duties to the Council. In these circumstances, employees will not be at risk of losing their job or suffering any form of reprisal or retribution as a result of raising a concern(s).

The Council will not tolerate any bullying, harassment, victimisation (including informal pressures), discrimination or unfair treatment of employees who raise a legitimate concern(s) under this Whistleblowing Policy. Such retaliation could include, but is not limited to:

- frequent and undesirable changes in work assigned;
- unsubstantiated disciplinary action;
- isolation or exclusion; or
- unjust denial of promotion or transfer

The Council will take appropriate action promptly to protect such employees.

Employees should refer to the Dignity at Work Policy if they have any concerns regarding their treatment within the workplace.

Confidentiality

It is the Council's intention for the Whistleblowing Policy to help employees feel confident to raise any concern they may have without fear of victimisation.

The Council recognises that it can be difficult at times to speak up openly. For this reason, when employees raise a concern(s) under the Whistleblowing Policy, the Council will not reveal their identity without their consent first being obtained or unless required by law (please see below).

There are specific circumstances where confidentiality cannot be guaranteed.

It may be impossible to take action to resolve a concern(s) without revealing the identity of the person who raised it, for example, where their personal evidence is essential. In such cases the Council will discuss with the employee who raised the concern whether and how best to proceed. Employees should remember that the

Council owes a duty of fairness to all its employees, including those suspected of wrongdoing.

If there is an unauthorised disclosure of the identity of an employee or any other person who raised a genuine concern in confidence under the Whistleblowing Policy, disciplinary action may be taken against that employee.

Anonymous Allegations

An anonymous concern is where no one knows the identity of the person who raised the allegation. While the Whistleblowing Policy is designed to reassure employees that it is safe and acceptable for them to speak up, they may still have concerns about their own position. While the Council can offer confidentiality (see above), employees should remember that if they fail to reveal their identity to the Council, it will be more difficult for the Council to look into the concern(s) raised. The Council will not be able to protect their position or provide them with details of any outcome or feedback. The Director: Governance & Assurance (Monitoring Officer) (or their authorised representative) will consider every anonymous concern(s) raised under this Whistleblowing Policy, however any decision to investigate will be at their sole discretion. In exercising discretion referred to in the Confidentiality section above, the Director: Governance & Assurance (or their authorised representative) shall have regard to the following factors;

- the seriousness of the concern(s) raised;
- the credibility of the concern(s);
- the likelihood of confirming any allegation(s) made from attributable sources; and
- any other material or relevant factor.

Untrue or unfounded allegations

No action will be taken against employees that raise a genuine concern(s) even if they are mistaken and no malpractice or serious risk is found. However, if an employee makes an allegation under the Whistleblowing Policy which transpires to be false, malicious or for personal gain, disciplinary action may be taken against that employee.

Additional support for employees

Anyone who raises a concern(s) or is the subject of an investigation under the Whistleblowing Policy can access confidential counselling through the Occupational Health Service.

The Employee Assistance Programme is an independent organisation that provides confidential help and assistance including counselling for employees for any personal or work-related issue. Further details are available on the Intranet under 'Employee Assistance Programme'.

3. Commitment to Equality

Please identify which, if any, of the following Equality Duties this policy addresses:

Eliminate unlawful
discrimination,
harassment and
victimisation

To advance equality of
opportunity

To foster good
relations between
different groups of
people

The purpose of the Whistleblowing Policy is to make it clear to all employees that it is safe and acceptable to raise any concerns they may have at an early stage over any perceived wrong-doing by the Council, its employees or those with whom it has dealings without fear of victimisation, reprisal, discrimination or disadvantage.

4. Procedures

The Whistleblowing Procedure provides guidelines for employees on how to raise concerns. It aims to reassure employees that, if concerns are raised reasonably believing that the information and any allegations contained in it are substantially true, they will be protected against any possible reprisals, harassment or victimisation and will not be discriminated against or suffer any disadvantage. The procedure also specifies the process and timescales for providing a response to employees raising concerns and for pursuing them if they are not satisfied.

5. Supporting Documentation

- Whistleblowing Procedure
- Whistleblowing Internal Contacts
- Whistleblowing External Contacts
- Confidential Reporting Form (CRF1)
- Whistleblowing Flowchart

6. Related Policies

- Grievance
- Dignity at Work
- Complaints

7. Consultation

Consultation was undertaken with trade unions when the policy was agreed in September 2011.

8. Communication and Awareness

This policy is considered:

Internal
[For Members, Officers and
Contractors]

External
[For our Residents, Customers
and Service Users]

All employees must be made aware of, and understand the need for this Policy. The Council will send out a clear message about its commitment to ensuring that any concerns raised are investigated and dealt with appropriately. All employees and managers are expected to comply with the terms of this Policy.

9. Monitoring and Review

The Whistleblowing Policy and its Procedure will be reviewed every three years as part of the Human Resources & Organisational Development Policy Review Programme. However, the Policy may be reviewed as and when required, for example, due to legislative changes or if an issue arises around its effectiveness.

The Director: Governance & Assurance (Monitoring Officer) has overall responsibility for the maintenance and operation of the Whistleblowing Policy.

The Director: Governance & Assurance, (Monitoring Officer) has responsibility to ensure all issues raised under this Whistleblowing Policy are investigated thoroughly and in a timely manner.

On behalf of the Director: Governance & Assurance, (Monitoring Officer), Human Resources and Organisational Development will ensure that a confidential corporate casework system is maintained containing all concerns and that the progress and outcomes of those concerns are fully documented within that system.

Human Resources and Organisational will appoint a Senior Human Resources Officer to co-ordinate and monitor the progress of investigations to ensure that they are carried out comprehensively and in a timely manner. The Senior Human Resources Officer will liaise with the appointed Designated Officer and/or Investigating Officer (and if necessary the Director: Governance & Assurance, (Monitoring Officer)) to discuss the progress of investigations and identify and address any issues that arise that hinders or otherwise prevent the timely investigation of the concern(s) raised.

The Director: Governance & Assurance, (Monitoring Officer) will review the system referred to above and produce and present a twice yearly report detailing any relevant matters and issues arising in connection with the Whistleblowing Policy to the Council's Chief Executive Strategy Group and to the Audit and Risk Management Committee.

The reports prepared will not disclose details of any employees (or other confidential information), but will summarise (so far as is possible without undermining or exposing the Council to unacceptable risk or challenge) the number and nature of the concerns raised under the Whistleblowing Policy, the service(s) to which the concerns relate and the outcomes.

The table below sets out the ownership and review schedule for this policy.

Document Ownership	
Policy owned by:	Human Resources & Organisational Development
Policy written by:	Tony Williams, Senior HR Manager: Policy, Strategy & Change
Date policy written:	February 2012
Policy due for 1st review:	February 2015

Version Control Table			
All changes to this document are recorded in this table.			
Date	Notes/Amendments	Officer	Next Scheduled Review Date
29 November 2013	Reviewed and Reformatted	Tony Williams, Senior HR Manager	November 2016
July 2014	Legislative updates and audit recommendation	Tony Williams, Senior HR Manager	July 2017
June & October 2015	Audit recommendation	Tony Williams Senior HR Manager	July 2017
6 June 2016	Update to procedure in relation to anonymous disclosures and contact with Designated Officer. Update to	Tony Williams Senior HR Manager	July 2017
23 March 2017	Job titles of senior officers updated to reflect new operating model. Section 2. Order of paragraphs changed. Section 3. Equalities box inserted.	Jess Bayley, Graduate Officer/Andrea Morrell-Foulkes, HR Officer	March 2020
23 July 2018	Job title Assistant Director: Law and Governance, (Monitoring Officer) changed to Director: Governance & Assurance to reflect senior management structure wef 1 July 2018	Andrea Morrell-Foulkes, HR Officer	July 2021
8 October 2018	2. Additional Support for Employees Employee Assistance Programme details updated. (Refer to intranet for further info).	Andrea Morrell-Foulkes, HR Officer	October 2021

Whistleblowing Procedure

Whistleblowing Procedure

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Related Forms		
Confidential Reporting Form (CRF1)		

Whistleblowing Procedure

1. Scope of the Whistleblowing Procedure

The Whistleblowing Procedure is intended to cover those concerns that fall outside the scope of other Council's Policies and Procedures. However, if anyone is in doubt as to whether the Whistleblowing Policy and Procedure applies, they should seek advice from Human Resources & Organisational Development or the Director: Governance & Assurance (or the authorised representative), their trade union, or any relevant external advisor (such as those listed in Appendix 1 and 2 of the Whistleblowing Policy).

2. How to raise a Concern

Employees are encouraged to first raise their concern(s) with their line manager or senior manager (where possible) using the Confidential Reporting Form (CRF1) (which is available on the Council's Intranet) or alternatively the line manager or senior manager should record details of the concern(s) raised using form CRF1 if the employee only wishes to raise their concerns verbally.

Whether or not an employee is able to discuss their concern(s) with their line manager or senior manager may depend upon the seriousness and sensitivity of the issues involved and the person(s) against whom the concern(s) have been raised. If, for example, an employee has previously attempted to raise their concern(s) with their line manager/senior manager with little success or their concern(s) involves their own line manager/senior manager, then they should raise their concern(s) directly with one of the Designated Officers below:

- Corporate Director for Business Management
- Corporate Director for Economic & Housing Growth
- Corporate Director for Delivery Services / Assistant Chief Executive
- Corporate Director for Children's Services
- Corporate Director for Strategy & Partnerships
- Director: Governance & Assurance (Monitoring Officer)
- Director for (Adult) Health & Care
- Director of Change & Organisational Design
- Director of Finance & Investment
- Lead Commissioner - All Age Independence (Adult Safeguarding)
- Head of Children's Safeguarding

This list of Designated Officers will be reviewed on a regular basis. See Appendix 1 for contact details.

In the event that an employee is unable to raise their concern(s) with any of the Designated Officers mentioned above, then the employee should raise their concern(s) (using form CRF1) directly with the Director: Governance & Assurance (the Monitoring Officer).

If an employee's concern(s) relates to the Director: Governance & Assurance (the Monitoring Officer), then in such circumstances the employee should raise their concern(s) (using form CRF1) directly with the Chief Executive. The Chief Executive may consult with the Chairperson of the Audit and Risk Management Committee if they consider it appropriate.

3. How will the Council respond?

Where an employee has raised a concern in accordance with the above, the line manager or senior manager or Designated Officer (as applicable) will, no **later than 5 working days** from the date the CRF1 form is received, acknowledge receipt of the form CRF1 and provide a copy of it to the Director: Governance & Assurance (Monitoring Officer) (or the authorised representative).

Upon receipt of the CRF1 form by the Director: Governance & Assurance (Monitoring Officer) (or the authorised representative) they shall either undertake a preliminary assessment of the concern(s) raised or appoint a Designated Officer to do so.

Where the Director: Governance & Assurance (Monitoring Officer) considers it appropriate they may also refer any concern(s) raised to the Council's Internal Audit, Legal Services, Human Resources and/or External Audit or the Police (or any other appropriate person or body) for consideration and/or specific action.

Within **ten working days** (or as soon as practicable possible) of the CRF1 form being received by the Director: Governance & Assurance (the Monitoring Officer), they will write to the employee who has raised the concern(s) to confirm:

- details of the appointed Designated Officer with responsibility for progressing further the concern(s) raised;
- the person or body who will undertake the investigation into the concern(s) raised (Investigating Officer/Body”);
- details of how the concern(s) raised will be dealt with; and
- where applicable, an estimate of how long it will take to conclude and provide details of the outcome of the investigation; and details of any support facilities and mechanisms available to the employee

The Designated Officer should maintain regular contact with the employee who has raised the concern to advise of progress and if there is any change to indicative timescales or the investigation process.

If an employee requires regular communication during the investigation, they must provide contact details, to enable the Designated Officer to comply with the paragraph above.

If the individual raising the concern is not an employee or wishes to remain anonymous, they must also provide contact details if they wish the Designated Officer to comply with the above.

It may be recommended that no further action be taken, for example, no malpractice has been found, or there is insufficient evidence to take the concern(s) raised any further;

Any document, report or recommendation prepared in relation to the concern(s) raised will not reveal the identity of the employee who raised the concern(s) unless:

- it is necessary for the Council to obtain legal advice;
- the employee who raised the concern(s) has consented to the disclosure in writing; and/or
- the Council is under a legal obligation or duty to do so.

4. What employees need to know when raising a concern

The Council is committed to handling concern(s) raised under this Whistleblowing Policy properly and promptly; and to ensuring appropriate impartial oversight of the operation of the Whistleblowing Policy and all concern(s) raised under it.

In all instances, employees can raise a concern(s) verbally, by telephone or in a face to face in a meeting. The Council acknowledges that raising a concern(s) about wrong-doing can be difficult, and as such, a trade union representative or work colleague may raise a concern(s) on the employee's behalf (where that employee is the Whistleblower), accompany the employee to speak with the line manager/senior manager or a Designated Officer to raise the concern(s), or to any other meeting where the concern(s) is to be more fully discussed.

The earlier a concern is expressed and the more information an employee can provide, the easier it is for the concern(s) to be investigated and for appropriate action to be taken. It is not advisable for an employee to take it upon themselves to investigate any concern(s) they may have, nor should any employee wait until they have 'proof' supporting a concern they may have. However, the Council does expect the employee to explain (as comprehensively as possible) the circumstances giving rise to the concern being raised.

When employees raise a concern, they are encouraged to confirm their identity and provide details of how the Council can contact them (please see Anonymous Allegations above). By doing so, it becomes easier for the Council to properly examine the concern(s) raised, seek further information and provide an Outcome Letter (see above). If employees have any personal interest in the concern(s) or any worries about their own position, they should make that clear from the outset.

If, during the investigation, an employee is concerned about the progress being made, require support or reassurance, or feel they may be being victimised or harassed or otherwise disadvantaged as a result of making the disclosure, they should contact the appointed Designated Officer immediately.

5. External Disclosures and Independent Advice

It is the aim of the Whistleblowing Policy and Procedure to give employees the reassurance and information they need to raise their concern(s) internally. The Council recognises that there may be circumstances where the employee is dissatisfied with the outcome or response to the issue raised. In this case they may raise concerns with the Chief Executive or Chair of Audit and Risk Management or they may wish to report a concern(s) to an outside body at any stage.

Should an employee wish to raise a concern with an external body they may wish to seek advice from their Trade Union or from Protect. The Council's ultimate aim is that the concern is raised and heard.

The Council has subscribed to Protect which is an independent charity which provides confidential advice to anyone concerned about wrong-doing at work. Protect can be contacted by telephone on 020 3117 2520 or by email whistle@protect-advice.org.uk and more information about what they do can be found by visiting www.protect-advice.org.uk

Document Ownership	
Procedure owned by:	Human Resources & Organisational Development
Procedure written by:	Tony Williams, HR Manager, Human Resources & Organisational Development, Transformation and Resources
Date procedure written:	February 2012
Procedure due for 1st review:	February 2015

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29 November 2013	Reviewed and Reformatted	Tony Williams, HR Manager	November 2016
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June & October 2015	Audit recommendation	Tony Williams, Senior Manager Human Resources	July 2017
6 June 2016	Update to procedure in relation to anonymous disclosures and contact with Designated Officer.	Tony Williams, Senior Manager Human	July 2017

		Resources	
23 March 2017	Moved into procedure template. Job titles of senior officers updated to reflect new operating model. 'his/her' changed to 'their'.	Jess Bayley, Graduate Officer/ Andrea Morrell-Foulkes, HR Officer	March 2020
23 July 2018	Job title Assistant Director: Law and Governance, (Monitoring Officer) changed to Director: Governance & Assurance to reflect senior management structure wef 1 July 2018 Designated Officers job titles updated.	Andrea Morrell-Foulkes, HR Officer	July 2021
10 th September 2018	Section 5. The organisation Public Concern at Work changed to Protect wef 10/9/18. Name and contact details updated.	Andrea Morrell-Foulkes, HR Officer	September 2021

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**Audit and Risk Management Committee
18 November 2019**

REPORT TITLE	REPORT IN CONNECTION WITH THE COURT OF APPEAL CRITICISMS OF THE PLANNING PROCESS IN RELATION TO THREE MARQUEES AT THORNTON MANOR, THORNTON HOUGH, WIRRAL
REPORT OF	Interim Director of Economic and Housing Growth

REPORT SUMMARY

To update and advise Members of the present position in connection with the erection of three marquees at Thornton Manor.

RECOMMENDATION

Members of the Committee note the report

SUPPORTING INFORMATION

1.0 REASONS FOR RECOMMENDATION

- 1.1 To provide Members with assurance that the Council is taking appropriate measures to address the criticisms set out in the recent Court of Appeal judgement.
- 1.2 To ensure that risks to the Council are managed effectively.

2.0 BACKGROUND TO COURT HEARINGS

- 2.1 Planning application APP/10/00445 was received by the Council on 9 April 2010 seeking permission for the erection/retention of 3 marquees within Thornton Manor Estate (at The Dell, The Walled Garden and the Lake) to be used for private functions and conferences.
- 2.2 The proposed development constituted inappropriate development which is by definition harmful to the openness of the green belt. A case was presented that set out how the generation of an income stream would enable the restoration of the registered historic park and gardens and the lake which were at the time the application was made at risk and this was considered to constitute very special circumstances necessary to overcome the presumption against inappropriate development. The permission would be limited to a period of five years and was subject to a Section 106 Agreement.
- 2.3 The application was considered by Members of the Planning Committee on 7 September 2010 and was approved by a vote of 7:5 subject to a direction being made to the contrary by the Secretary of State, the completion of a Section 106 Legal Agreement and 11 conditions. The first condition limited the permission to a period of 5 years from the date of the decision notice whilst the other conditions related to noise control measures, signage, parking, lighting and the prohibition on the use of fireworks from January to July.
- 2.4 Following the Planning Committee decision, negotiations were begun about the detail of the Section 106 Agreement. On 11 November 2011, the Section 106 was concluded. Schedule 2 of the Agreement detailed a draft notice of the grant of planning permission, which included all 11 conditions and the reasons for them, including the condition with the five-year time limit. At this point the Decision Notice containing all conditions should have been issued to the applicant thereby releasing the grant of Planning Permission. However, for reasons that it has just not been possible to understand, a decision notice was not produced or issued on 11 November 2011 but was issued on 20 December 2011 and published to the Council's web. This Decision Notice was issued without any conditions.
- 2.5 On or around 17 May 2012, when the Section 106 Agreement came to be plotted against the land register, it was noted that 3 versions of a decision notice were on the web. Three versions were also available on the planning application file. At this point, it appears that these three notices were taken down from the web and a new notice, dated 11 November 2011 (the date the Section 106

Agreement was signed) was produced, uploaded to the web and placed on the relevant application file.

- 2.6 As the permission given by Committee was only for 5 years, the permission was due to lapse on 11 November 2016. Up until this point, both parties (the Council and the applicants) had continued to work together on the understanding that the Decision Notice dated 11.11.2011 was the Notice upon which all parties sought reliance.
- 2.7 As the permission “lapsed” on 11.11.2016, the Council sought to clarify this position with the applicants and advised them that a new application would be required to continue the use of the marquees. At a meeting on 5th May 2017 with the applicant, his agent and legal representative, the Decision Notice dated 20 December 2011 was produced which had no conditions on it. The Council were informed that this was the first and only decision notice that had been issued to them and that they were seeking to rely upon this Notice as being the lawfully issued decision. This, in effect, granted a completely uncontrolled grant of planning permission subject to no conditions. The Section 106 Agreement, signed on 11 November 2011, however, was still valid and in place.
- 2.8 As soon as the error came to light, Counsel’s advice was sought and a report was prepared for the Planning Committee on 20 July 2017 that set out the error and the investigation that was undertaken in light of the error coming to light.
- 2.9 Although it was possible for the Council to instigate judicial review proceedings against itself, the Leader of the Council decided that this was not an appropriate action to take and the Council decided not to contest the judicial review proceedings subsequently brought by Thornton Hall Hotel.

3.0 COURT PROCEEDINGS

- 3.1 On 23 August 2017, a claim for judicial review of the Council’s decision was brought to the High Court by Thornton Hall Hotel Limited. The claimant (Thornton Hall Hotel Ltd) maintained that the decision issued on 20 December 2011 was a mistake and that the planning permission should have been subject to the conditions approved by the Planning Committee but omitted in error from the decision notice that granted the planning permission.
- 3.2 The Local Planning Authority accepted and asserted that it made the error and did not contest the claim.
- 3.3 Thornton Holdings Ltd submitted that the unconditional planning permission should stand and that the presence of the three marquees were therefore lawful and would remain so in the future without any time limit by virtue of the planning permission issued unconditionally on 20 December 2011.
- 3.4 Following an extensive internal investigation of both the Development Management Information System (ACOLAID) and administrative procedures that were undertaken when the error was realised by the Council, it was not possible to identify whether this incident was a system error, human error or a combination of both. The High Court concluded that the cause of the error,

however, was likely to have been human failing.

- 3.5 The High Court determined that the decision notice that was issued on 20 December 2011 did not faithfully reproduce the decision made by the Planning Committee. It is clear that the LPA had intended to include the conditions the Committee had decided upon and set out in the original committee report and set out within the draft decision notice that was appended to the Section 106 Agreement. The planning permission that was issued was not as it should have been.
- 3.6 On 23 March 2018 the High Court quashed the planning permission that was issued with the decision notice dated 20 December 2011.
- 3.7 Following the decision of the High Court, Thornton Holdings Ltd appealed that decision. The Court of Appeal revisited the arguments made by all parties in relation to the erections of the marquees.
- 3.8 In its judgement of 30 April 2019, the Court of Appeal upheld the High Court's decision to quash the planning permission and was critical of both the LPA and Thornton Holdings Ltd. The Court felt that the Council could have done more than it has in terms of the error that it made, for example, the use of its statutory power of revocation under Section 97 of the 1990 Act or the power to make a discontinuance order under Section 102 of the Act. When the error was first realised by the Council it did consider the powers outlined by the Court but resolved not to take such action due to the risk of a claim for compensation by Thornton Holdings.
- 3.9 The Court of Appeal also criticised the Council in terms of generating a "fictitious decision notice and manipulating the planning register." As outlined in the report brought to the Planning Committee on 20 July 2017, despite every effort to investigate the systems and administrative procedures and the personnel involved it had not been possible to identify beyond any doubt who or how the errors had been made. The LPA accepted the error had been made and has not sought to conceal this fact at any point since it was first brought to light. The investigation concluded that the decision notice created on or around 17 May 2012 was not an attempt to manipulate the planning register but was done to reflect the Committee decision without realising the implications and was done with the best intentions.
- 3.10 The LPA accepts poor administration and has never sought to hide the mistake since it came to light. Systems and procedures have been put in place to reduce the potential for a system error to reoccur and procedural changes have been introduced. The Council is also currently undergoing an exercise to procure a new ITT system which will look to secure improvements on the system that was in place (and remains in place) at the time the errors were made. As part of any system the Council procures, a robust audit trail will be part of that system that will key personnel and managers to see when actions have been made and who made them.

4.0 PRESENT POSITION

- 4.1 Following the Court of Appeal decision, the Council has redetermined the planning application APP/10/00445. The application was refused on 27 June 2019 for the following reasons:
1. The site lies within the Green Belt and the proposed development is inappropriate which is in conflict with the principles of Green Belt control. The Local Planning Authority does not consider that there are any very special circumstances in the present case to justify overriding Green Belt policy. The development is therefore contrary to Policy GB2 - Guidelines for Development in the Green Belt of the adopted Wirral Unitary Development Plan and The National Planning Policy Framework.
 2. The application is not accompanied by sufficient information to determine the impact of the development on protected species within the application site boundary. The proposals are therefore contrary to Policy NC7 of the Wirral Unitary Development Plan.
 3. The retention of the marquees, in particular the marquee located at The Dell, would, by virtue of the siting, scale, materials and associated hard surfaced areas, result in harm to the heritage assets of Thornton Manor and its grounds. This development is therefore contrary to Policies CH1 and CH26 of the adopted Wirral Unitary Development Plan and the National Planning Policy Framework.
- 4.2 Following the refusal of planning permission, an Enforcement Notice was issued requiring the removal of the marquees. It subsequently came to the LPA's attention on 28 August 2019 that Thornton Holdings had recently transferred ownership of a small section of the land subject to the Enforcement Notice (comprising an area where 2 cottages are located) to Dawpool Properties Ltd, a subsidiary company of Thornton Holdings operating from the same business address. In order to ensure effective service of the Notice, the Enforcement Notice (dated 25 July 2019) was therefore immediately withdrawn and a new Notice (dated 28 August 2019) was served on all landowners. The effective date for compliance with the Notice remained unchanged.
- 4.3 On the 23 August 2019 an Appeal was lodged with the Planning Inspectorate against the Council's decision to refuse planning permission. An appeal against the Enforcement Notice was also lodged on 17 September 2019. Both matters are now with the Planning Inspectorate and are likely to be subject to a public inquiry in the coming months.
- 4.4 It is undoubtedly of both concern and regret that the original decision was issued without planning conditions. The LPA acknowledges and accepts that it has not emerged with much credit, as highlighted by both the Court of Appeal and the High Court before it, as a result of this matter and that the reputation of the LPA and the wider Council has suffered as a result. The LPA will robustly defend the appeals and, if necessary, appropriate legal proceedings will be taken to ensure compliance with the Enforcement Notices served.

5.0 FINANCIAL IMPLICATIONS

- 5.1 At the High Court hearing the Council were ordered to pay 90% of Thornton Hall Hotel's legal costs up to the date of the Council agreeing to the application before the Court on 16 July 2017. This amounted to £30,973.90 plus statutory interest of £780.71.
- 5.2 It is possible that the current appeals against the refusal of planning permission and the issuing of the Enforcement Notice will go to public inquiry. It will be necessary to appoint Counsel to represent the Council at Public Inquiry which will have some financial implications. This will be managed within current budget provision.

6.0 LEGAL IMPLICATIONS

- 6.1 These are set out in this report.

6.0 RESOURCE IMPLICATIONS

- 6.1 There will be additional resource required due to the need to appoint Counsel to defend the Council's position at the Public Inquiry.

7.0 RELEVANT RISKS

- 7.1 Appropriate actions will be taken by officers in response to the matters raised by the Court of Appeal to avoid repetition of errors made in the future.
- 7.2 The Development Management Service will comply with best professional practice to meet its statutory functions in an efficient and effective manner.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 There are none arising from this report.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are none arising from this report.

10.0 ENVIRONMENTAL AND CLIMATE IMPLICATIONS

- 10.1 This report has no impact on the emissions of CO2

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AUDIT AND RISK MANAGEMENT COMMITTEE

MONDAY 18 NOVEMBER 2019

REPORT TITLE:	IMPLEMENTATION OF RECOMMENDATIONS OF THE LOCAL GOVERNMENT ASSOCIATION PLANNING PEER REVIEW
REPORT OF:	ALAN EVANS, DIRECTOR FOR ECONOMIC AND HOUSING GROWTH

REPORT SUMMARY

The purpose of this report is to provide Members with an overview on the implementation of recommendations from the Local Government Association led Peer Review of Planning which was undertaken on 25th-27th June 2019.

RECOMMENDATION

That members of the Committee note the contents of the report.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To provide Members with the approach being taken to implement the recommendations of the Peer Review, progress made to date and next steps.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND INFORMATION

- 3.1 Wirral Council commissioned the Local Government Association to undertake a peer review of the Planning service. The review took place on 25th-27th June 2019 involving the following peers:

- Paul Barnard – Service Director, Strategic Planning and Infrastructure from Plymouth City Council
- Bryony Rudkin – Labour Group peer, Deputy Leader Ipswich Borough Council
- Sean Anstee, Conservative Group Peer, Former Leader and Member of Trafford Council
- Nicola Sworosdki, Local Government Association (LGA)/Planning Advisory Service
- Robert Hathaway, Peer Challenge Manager and LGA Associate

- 3.2 In agreement with the Council the team specifically focused on:

- Progress and timetable for adoption of Local Plan
- Capacity of Planning Service to encourage, manage and support the implementation of growth and associated journey of planning applications
- Is the Planning Service 'open for growth' with a good customer focus?
- Corporate political and managerial leadership understanding and support to Planning service and adoption of Local Plan to deliver the Wirral Pledges
- Council and Planning Service partnership work with the Combined Authority to drive forward growth on the eastern side and especially at Wirral Waters
- Efficiency, effectiveness and resilience of the Development Management service and its work with Policy Planning and Regeneration in the context of low Housing Delivery Test figures and weak 5-year housing land supply figures.
- Operation of the Planning Committee and comment on areas that might assist in driving improvement, including proposals to create two Planning Committees to separate out major applications.

- 3.3 In delivering this focus the peer team explored the Planning Improvement Peer Challenge core components of;

- Vision and leadership - how the authority demonstrates leadership to integrate planning within corporate working to support delivery of corporate objectives;
- Management - the effective use of skills and resources to achieve value for money;
- Community engagement – how the authority understands its community leadership role and community aspirations, and uses planning to help deliver them;
- Partnership engagement – how the authority works with partners to balance priorities and resources to deliver agreed priorities; and
- Achieving outcomes - how the authority is delivering sustainable development outcomes for their area.

3.4 The peer review team produced a report after their visit which included 14 recommendations, attached at **Appendix 1**. The Peer Review report is available on the Council’s website here <https://www.wirral.gov.uk/planning-and-building/planning-peer-review>

IMPLEMENTING THE RECOMMENDATIONS

3.5 Since receiving the Peer Review report the Council has been implementing the findings and recommendations. A specific priority identified by the review team was the development of a single, cohesive Place Directorate, with all relevant services co-ordinated to deliver the Council’s strategy for growth and regeneration, adopting a pro-active and enabling culture. Alongside this the Peer Review acknowledged the central role of completing the Local Plan to the timeline agreed with MHCLG, and the scale of the place-shaping challenge/opportunity facing Wirral at this time.

3.6 Establishing a single Place Directorate which supports a clear regeneration plan, and delivering the Local Plan have been the priorities for improvement over recent months, alongside continued delivery of Wirral’s regeneration programme, recognised by the peer review team as one of the largest in the UK.

3.7 In terms of the Place Directorate, this is happening in two phases:

Phase 1 – a “lift and shift” to bring relevant services together into one Directorate from 1st November, namely:

- Regeneration and Investment
- Planning and Major Growth
- Housing
- Asset Management
- Culture and Visitor Economy

Phase 2 – design and business plan preparation of the Place Directorate by 31 December to ensure the required skills and capacity will be in place, addressing gaps such as urban design and heritage, and identifying the opportunities for procuring external resource and sharing skills across the City Region.

- 3.8 The Peer Review recommendations have been developed into an implementation plan which incorporates other priorities not explicitly referenced in the recommendations, specifically procurement of a new IT System for Development Management (part of a larger corporate project to replace IT systems for regulatory and environmental services), and the need to review Wirral's approach to Community Infrastructure Levy and Section 106.
- 3.9 It is important that the Implementation Plan is comprehensive and simple to understand for staff, Members and partners. The improvements have been structured into four workstreams:
- i. Developing and embedding Wirral's growth and place-shaping strategy
 - ii. Establishing an integrated "Place" Directorate
 - iii. Modernising Planning
 - iv. Adopting the Local Plan
- 3.10 The Implementation Plan is set out in detail in **Appendix 2** including progress made to date and next steps for each of the workstreams. This Implementation Plan has been cross-checked with the Housing Delivery Test Action Plan which was required by the Ministry for Housing Communities and Local Government, to demonstrate our plan for delivering housing to meet agreed need. Wirral's action plan is available on the Council's website here <https://www.wirral.gov.uk/planning-and-building/local-plans-and-planning-policy/housing-delivery-action-plan>
- 3.11 Delivery of the Implementation Plan will continue, and progress updates provided to staff, Members and partners through the Council's governance processes and the growth and regeneration communication strategy.

4.0 FINANCIAL IMPLICATIONS

- 4.1 The Peer Review included a recommendation to establish an integrated Place Directorate with appropriate skills, competence and confidence to deliver the regeneration and growth agenda. The design of this Directorate is underway with an initial "lift and shift" phase to be in place from 1 November, and the full Directorate to be designed and costed by 31 December 2019. The Directorate design will be costed and funding sources maximised including external grants, appropriate capitalisation, and income generation. This will be done within the Council's budget setting process.

5.0 LEGAL IMPLICATIONS

- 5.1 There are no direct legal implications arising from this report, but the Peer Review included a recommendation on the role of Legal advice in creating an enabling approach to regeneration and growth. Action on this recommendation is included in the Implementation Plan at **Appendix 2**.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 The Peer Review Implementation includes recommendations which impact on staff and ICT. These are addressed in the Implementation Plan at Appendix 2 as follows:

Staffing – recommendation to form an integrated Place Directorate **actions 2.1-2.4**

ICT – importance of the corporate project for replacement IT system for Regulatory and Environmental services, including Development Management, **action 3.5**

- 6.2 There are no direct asset implications arising from this report, but the new integrated Place Directorate includes the asset management service. In addition, many of the regeneration and growth projects delivered by the Directorate have asset implications which are dealt with on a project by project basis.

7.0 RELEVANT RISKS

- 7.1 The key risk in implementing the recommendations of the Peer Review is ensuring sufficient capacity and skills to undertake the change required alongside the day to day running of services. This is being managed through the use of short-term external resource, and flexible use of internal resources to focus on priorities, particularly the Local Plan.

8.0 ENGAGEMENT/CONSULTATION

- 8.1 The Peer Review team engaged with a number of partner organisations when undertaking the review, and the Directorate will continue engagement and updates with these partners on progress in implementing the recommendations. The single narrative and communication activity for the Council's growth and regeneration strategy (action 1.1) is central to this ongoing engagement.

9.0 EQUALITY IMPLICATIONS

- 9.1 There are no specific equality implications arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

- 10.1 One of the key principles of the design of the new Place Directorate is that it will enable the achievement of the Council's environmental and Climate Emergency priorities.

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APPENDICES

Appendix 1 – Peer Review Recommendations
Appendix 2 – Table of progress and next steps

BACKGROUND PAPERS

1. Planning Peer Review Report
2. Housing Delivery Action Plan

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
None	

APPENDIX 1 – PLANNING PEER REVIEW RECOMMENDATIONS

1. Implement an integrated Place Directorate as a matter of urgency to drive delivery of the vision for Wirral set out in the Strategic Regeneration Framework and to drive emerging growth targets in the Local Plan. Take urgent steps to appoint a “Strategic Director of Place” position. Ensure that the Directorate possess the necessary skills, competence and confidence to deliver on the long-term vision in partnership with the private sector and other public sector agencies.
2. Urgently adopt a Local Plan, with a clear spatial vision and continue to ensure sufficient resources are allocated to taking it through to adoption, and develop stronger internal processes to secure deeper cross-party ownership to the commitments it contains on housing, employment and infrastructure. The political leadership should ensure they create a conducive political environment necessary to ensure the Local Plan is agreed and delivered by Council.
3. Develop a stronger corporate narrative around the necessity of growth for Wirral and the benefits this will bring to local communities and the pivotal role of the Local Plan in shaping this, supported by a resourced and shared Communications Strategy.
4. Investigate the use of independent facilitation of the Leader’s Local Plan Working Group and wider membership of the Council, to foster ownership and collaboration in order to broaden support and ownership of the Local Plan. The alternative is to accept democratic planning powers may be removed from Wirral Council by the Secretary of State for Housing, Communities and Local Government.
5. Urgently develop a housing supply position through a housing trajectory and produce a HDT action plan (by Aug 2019). This must be embedded in the Local Plan to provide further certainty and should be a Key Performance Indicator (KPI) monitored by the Senior Leadership Team and Cabinet.
6. Explore the benefits for creating a dedicated Housing Delivery Team, integrated within the planning function, to proactively drive forward delivery of the Local Plan housing sites.
7. Finalise at pace, arrangements for a new ‘Strategic’ Planning Committee to provide the clarity needed to focus on delivering major projects that will support delivery of the growth ambitions in the Local Plan to help meet the Housing Delivery Test and provide sufficient homes to meet local needs.
8. Explore ways to establish opportunities for informal (non-decision making) pre planning briefing for members of the planning committee and ward councillors.
9. Review the Scheme of Delegation, in line with the wider review of governance underway, in order to ensure this supports efficient and effective decision-making and the growth ambitions of Wirral.
10. Ensure appropriate governance arrangements take a risk aware approach in relation to legal and procurement processes to ensure the delivery of future growth projects.

11. Ensure high level representation and clarity of any financial 'ask' to the CA, Local Enterprise Partnership (LEP) and partners such as Homes England, including building strategic alliances with partners.
12. Review ways to re-establish commitment for the need of design excellence in new public and private schemes including use of Design Reviews and ensuring that the Council has urban design and conservation skills and capacity to support Planning Committee decision making.
13. Modernise the planning function to meet challenges of customer focus, faster pace, IT, agile working, and speed of decisions such as 'discharge of conditions' and 'reserved matters' applications post planning approval.
14. Embed a performance management culture within the planning function including lessons from benchmarking.

Peer Review Recommendations - Implementation Plan

APPENDIX 2

Ref	Action and Lead	Progress to date	Further action required	Link to Peer Review Recommendation
1	Develop and Embed growth and place-shaping Strategy			
1.1	<p>Develop a clear growth and place-shaping narrative and communication strategy</p> <p>Alan Evans</p>	<p>Recruited dedicated growth and regeneration Communication Manager starting 4-11-19</p> <p>Initial focus on regeneration narrative for Combined Authority and Homes England meeting on Nov 6</p> <p>Worked with partners on promotions of individual projects</p>	<p>Complete Communication Strategy for growth and regeneration by 30-11-19, followed by regular campaigns and briefings on growth and regeneration activity, linked initially to Local Plan timeline (see action 4.5)</p> <p>Further development of strategy and narrative for housing supply, including affordable housing, linked to Local Plan timeline – ongoing alongside Local Plan Communication Strategy</p>	PR3
1.2	<p>Complete Housing Delivery Test Action Plan, and use housing delivery as performance indicator</p> <p>David Ball</p>	<p>Housing Delivery Test Action Plan completed 19-08-19, approved by MHCLG and published on Council's website</p> <p>https://www.wirral.gov.uk/planning-and-building/local-plans-and-planning-policy/housing-delivery-action-plan</p>	<p>Agree definition of Performance Indicator to be used in corporate performance management 30-11-19</p>	PR5
1.3	<p>Increase regional engagement including Homes England</p> <p>Alan Evans</p>	<p>Significant joint work undertaken with Homes England resulting in £6million Housing Improvement Fund grant for Wirral Waters.</p> <p>Negotiation underway for next phase of City Region and Homes England funding to support regeneration programme across Wirral.</p>	<p>Complete negotiations for next phase of Homes England funding as part of discussions with the Combined Authority and explore options for best delivery vehicle eg Mayoral Development Zone, Town Growth Deal. Aim for agreed approach by 31-12-19</p>	PR11

Ref	Action and Lead	Progress to date	Further action required	Link to Peer Review Recommendation
1.4	<p>Review governance for delivery the strategy, including potential for Developers Forum</p> <p>Sally Shah</p>	The majority of the regeneration programme and project governance is in place.	<p>Establish Developer Forum by 30-11-19</p> <p>Undertake review of governance arrangements for regeneration programme and individual projects to ensure efficient approach 30-11-19</p>	
2	Establish integrated Place Directorate			
2.1	<p>Undertake initial “lift and shift” phase</p> <p>Alan Evans</p>	<p>Phase 1 of Place Directorate to be in place for 1st Nov namely:</p> <ul style="list-style-type: none"> - Regeneration and Investment - Planning and Major Growth - Housing - Asset Management - Culture and Visitor Economy 	After Phase 1 focus will be on design of services required for delivery – see 2.2	PR1
2.2	<p>Design new functions and staff structures, including Housing Delivery Team</p> <p>Alan Evans</p>	<p>Work has begun to define functions and skills required for the Directorate including gaps such as urban design and capacity for transport and infrastructure project design.</p> <p>Initial Housing Delivery Team established from existing resource to focus on creating housing pipeline which maximises use of brownfield land, linked to Local Plan.</p> <p>Dedicated Development Management team for Wirral Growth Company in place.</p>	<p>Complete design of future “Place” Directorate, including identifying what resource is required internally and which procured externally, to ensure sufficient skills and capacity to deliver one of the largest regeneration programmes in the UK. Design complete by 31-12-19 for implementation by 1-4-20</p> <p>Review options to establish a permanent Housing Delivery Team to take projects from initial idea through to development, including use of commercial housing expertise by 31-12-19</p>	PR1 and PR6

Ref	Action and Lead	Progress to date	Further action required	Link to Peer Review Recommendation
2.3	<p>Develop “SLA” with Legal and Procurement to promote an enabling culture</p> <p>Alan Evans</p>	New staffing structure agreed for Legal Team which includes additional capacity to support the regeneration and growth agenda.	<p>Recruitment to additional posts in new Legal structure.</p> <p>Agree culture, behaviours and operating arrangements required for regeneration, legal and procurement to be an enabling Council 30-11-19</p> <p>Consider alternative resourcing models for Place Directorate where Legal and Procurement capacity is integrated in regeneration delivery 31-12-19</p>	PR10
2.4	<p>Embed Performance Management Culture in “Place” services</p> <p>Alan Evans</p>	Planning performance key indicators included in corporate performance reporting, and performance has stabilised since additional staff resource recruited.	Continue focus on performance improvement, specifically including housing supply, as part of staff development to underpin new Place Directorate 31-3-20	PR14
3	Modernise Planning			
3.1	<p>Form a Strategic Planning Committee, and identify opportunities for informal briefing for members on planning matters</p> <p>David Ball</p>	<p>High level options for Strategic Planning Committee identified as part of Council’s review of Governance.</p> <p>Member drop-in sessions have taken place on Wirral Waters and Wirral Growth Company.</p>	<p>Prepare options paper on Strategic Planning Committee options to consider at Planning Committee.</p> <p>Continue informal Member briefings on regeneration projects as and when required.</p>	PR7 and PR8
3.2	<p>Review the Scheme of Delegation in line with the Council’s Governance review to ensure it supports effective decision-making</p> <p>Phil McCourt</p>	Consideration has been given to the Planning requirements in the review of Council Governance, and the potential requirements of the Scheme of Delegation.	Scheme of Delegation to be updated to reflect decision on Strategic Planning Committee as part of Council’s Governance review, to be established by 1-4-20.	PR9

Ref	Action and Lead	Progress to date	Further action required	Link to Peer Review Recommendation
3.3	<p>Improve and modernise key planning processes including increased use of Pre-Planning Agreements, discharge of conditions</p> <p>Alan Evans</p>	<p>Detailed review undertaken by planning consultant, Mike Kiely, on how to improve pre-planning agreements, discharge of conditions and enforcement policy.</p>	<p>Implement improvements to these processes in line with timescale of new IT project by 31-3-20 (see action 3.5)</p>	PR13
3.4	<p>Establish approach to design excellence including potential for design panel</p> <p>Alan Evans</p>	<p>Design quality has been managed on a project by project basis to date.</p> <p>Peel put all proposals through Places Matter design review.</p>	<p>Design of Place Directorate (action 2.2) will identify what Wirral requires in order to promote design excellence, and how to resource it. The option of an urban design panel to be included in this. Definition of requirement by 30-11-19 and implemented by 1-4-20.</p>	PR12
3.5	<p>Introduce new Development Management & Planning Services software (part of wider Council project to replace IT system for Regulatory and Environmental Services and Housing Standards Service, to rationalise of the Council's IT applications</p> <p>David Ball</p>	<p>Detailed procurement process underway with closing date for tenders being 28-10-2019</p> <p>Evaluation of tenders submissions is currently underway; 3 suppliers have bid for the tender.</p>	<p>Provider to be selected through procurement process, demonstrations of suppliers' software will take place Nov 2019; decision expected on outcome of procurement exercise Nov/Dec 2019. Implementation timetable to be agreed with the successful provider, but likely to take up to 6 months for Planning.</p>	

3.6	Improve use of Community Infrastructure Levy (CIL) and S106 Alan Evans	Review of current S106 process undertaken	Undertake options appraisal for both CIL and S106 to identify how to maximise their contribution to regeneration by 31-12-19	
4	Adopt Local Plan			
4.1	Deliver Local Plan process to timeline agreed with MHCLG Alan Evans	Significant progress made on developing evidence base and strategy for consultation under Regulation 18, including engagement with stakeholders. Monthly updates to MHCLG on progress against agreed timeline.	Continue to work to MHCLG agreed timeline with key milestones being: <ul style="list-style-type: none"> - Consultation documentation to Cabinet Nov 19 and Council Dec 19 - Consultation on strategy under Regulation 18 during Jan-Feb 2020 - Publication of the Local Plan under Regulation 19 Sept/Oct 2020 	PR2
4.2	Develop Evidence base and arrangements for future management David Ball	Preparation of the Local Plan has included development of a comprehensive evidence base covering housing, economy, infrastructure and environment. This will be published as part of the Regulation 18 consultation in January/February.	Design of the future Place Directorate (see action 2.2) to identify accountability and responsibility for ensuring the evidence base is maintained and used to inform all relevant Place-based policy and strategy 31-12-19	

4.3	Establish pipeline of housing and regeneration projects Alan Evans	Initial project pipeline identified, and housing element being updated by initial housing delivery team (see action 2.2) Project delivery underway for a number of existing projects.	Continue development of pipeline to cover housing, employment and other regeneration projects, informed by Local Plan evidence base. Responsibility and accountability for the pipeline to be clear as part of future Place Directorate design by 31-12-19 (see action 2.2) Project delivery to continue, and progress reported as an important element of the growth and regeneration communication strategy (see action 1.1)	
4.4	Consider use of independent chair of Local Plan Working Group Alan Evans	Fortnightly meetings continued for Local Plan Members Advisory Group. Group has agreed to continue with current charring arrangements.	Continue with fortnightly meetings and revisit Charring arrangements if considered necessary.	PR4
4.5	Develop and implement Local Plan communication strategy David Ball	Local Plan Communication strategy developed with initial focus on consultation in January and February under Regulation 18.	Continue with implementation of Communication Strategy throughout Local Plan timetable	PR1



**Audit and Risk Management Committee
Monday, 18 November 2019**

REPORT TITLE:	CLIENT FINANCE SUPPORT UNIT UPDATE
REPORT OF :	DIRECTOR OF FINANCE AND INVESTMENT

REPORT SUMMARY

This report provides an update and assurance to members on an item of note regarding the Client Finance Support Team brought to the attention of the Members in the Chief Internal Auditors report for year ended 31 March 2019 (identified at Section 3.3.5).

RECOMMENDATION/S

Members note the report.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To provide the Members with assurance that the Council is taking appropriate measures to ensure that an effective control environment is in place in respect of Court of Protection Deputyships and Appointeeships, and that the service provided to this vulnerable customer group is effective and in compliance with statutory requirements.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND INFORMATION

Review of the Client Finance Support Function

- 3.1 The Mental Capacity Act 2005 (MCA) provides for powers to be granted by the Court of Protection to a Local Authority Deputy in order for them to make best interests decisions about an incapacitated person, in any setting, in relation to their property and financial affairs. This Deputyship is applied in circumstances where there is no other person willing or able to act on their behalf. Where a person's income is state benefits, the team can also apply for an Appointeeship to the Department for Work and Pensions to manage these benefits and assist with a residents day to day financial affairs.
- 3.2 The Local Authority Deputy (Director of Adult Social Care & Health) delegates these responsibilities to the team workers in the Client Finance Support Team. These responsibilities include:
- handling people's property and finances appropriately, consistently and confidentially in accordance with legislation, regulations and Wirral Council's financial policy and procedures
 - minimising the risk of abuse or criminal activity
 - ensuring transparency in the recording of financial transactions
 - wherever possible understanding and acting on the person's wishes

The activities that the team undertake and are committed to meeting are set out in the service specification (Section 75 agreement) as part of the Wirral Health and Care Commissioning arrangements for health and adult social care integration.

- 3.3 In July 2018, as part of the integration of Health and Adult Social Care, the Client Finance Support Team was moved in to the Transaction Centre within the Council's Customer Services Directorate. The transfer followed the earlier transfer in 2014 of the Personal Finance Unit and was completed in September 2018. At this time the Director of Finance & Investment instructed that a review of all Council services be undertaken as part of a 3 year rolling programme. The review started in Customer Services and as the Head of Service was not familiar with the processes and practices undertaken by the Client Finance Support Team, it was pertinent that the

Team were included in phase one of this programme and the review started early November 2018.

- 3.4 As the review progressed, operational concerns about working practices were raised by Business Unit Managers. A working group was formed by the Director of Finance and Investment in March 2019 to act as a driver and escalation point for the improvements required for clients requiring financial protection. Representation from the operational service, Adult Social Care, Legal Services and Internal Audit ensures resolution of any identified issues.
- 3.5 At this time, in line with self-reporting practice, the concerns were also flagged to the regulator – the Office of the Public Guardian. This was important since a routine inspection ‘visit’ was imminent. External resource was sourced to closely project manage the review of the function, with a clear objective to develop and drive forward implementation of an improvement plan.
- 3.6 The process review has found:
 - The Client Finance Team had historically worked in isolation with insufficient management oversight.
 - Process and procedures were intensively reviewed against the care act and deemed to be not fit for purpose. As a result, working practices were variable across both deputy team workers and social care.
 - The Team’s duties and main responsibilities were not clearly documented and there was a lack of understanding of the legal powers and duties that they were acting under.
 - There was a reliance on manual processes and a failure to implement digital process at the earliest opportunity. This made reporting and transparency of caseload at an overall level difficult.
 - There was no systematic reporting providing oversight for senior managers nor an effective audit trail of decision making.
 - Inefficient and cumbersome Bank Reconciliation processes for client accounts.
 - Team members removed possessions from properties where service users had been admitted to care without the appropriate security e.g. transporting possessions and cash in public on a lone basis.
 - Where possessions and cash were removed from properties, these were taken back to the office and not stored securely enough, nor was there any review with social care of what was held, and without clear process allowing property to amass over time.
 - Staff were not effectively trained for the duties and responsibilities they were undertaking.
 - Insufficient capacity to meet the demands of the workload for deputy team workers. This has impacted on quality and timeliness of service to Clients.
 - Staff were arranging for funerals (outside their powers) for people who died in the community who had no known family or suitable arrangements and were not CoP clients.
 - The team’s role had evolved over time and functions had become conflated.

The review has not found issues of financial mismanagement of Clients affairs.

Improvement Plan

- 3.7 In response to the findings an improvement plan was developed to deliver a programme of works to ensure that the control environment is in place in respect of Court of Protection Deputyships and Appointeeships and that the service provided is effective and compliant with statutory requirements. The outline improvement plan and timeline can be seen at Appendix 1. The improvement plan covered:
- clarify of statutory duties and powers and roles and responsibilities of the Client Finance Team and social care.
 - clear and effective governance between the Corporate LA Deputy and the staff delegated to carry out the day to day function.
 - develop a new operating model for the function.
 - develop fit for purpose all policies, processes and procedures.
 - change working practices of the CFST and adult social care to become compliant with legislation and the needs of the business regarding financial protection.
 - review workloads and capacity and resolve resource issues, developing longer term sustainable structure.
 - development and training of the team to effectively deliver their responsibilities.
 - resolution of legacy issues related to poor practice, i.e. bank reconciliation and moveable property (person's small valuables, cash and pets)
 - IT systems implementation of Financial Protection Module and build reporting for managerial oversight.
- 3.8 The improvements have been developed with advice from Legal Services on statutory responsibilities to design legally compliant processes. The processes were the subject of an assurance test by Internal Audit in September 2019 which provided a positive opinion while acknowledging some processes remained in development.
- 3.9 Much of this work has focused on revisiting and revising working practices, clarifying roles and responsibilities between the Client Finance Team and Adult Social Care. For example, each request for a payment of expenses (e.g. purchasing clothes) for a client was previously authorised by a social worker. This was a slow and cumbersome process. An examination of powers clarified this 'financial' decision as the responsibility of the Deputy. The process and procedure has been revised, streamlined and implemented to the benefit of the vulnerable person, whose needs are being now met more quickly.
- 3.10 The Office of the Public Guardian (OPG) conducted an inspection 'Visit' in August 2019. The OPG has yet to send the report but at the time of the visit the inspector flagged no major concerns with the Council. Any findings will be incorporated into the improvement plan.

Legacy Issues

- 3.11 The improvement work to create 'fit for purpose' policy, process and procedure has closed gaps in working practices and will ensure these are compliant and follow statutory requirements. There are, however, historic issues related to poor practices

that require the completion of tasks to conclude and close them. These are being closely managed as part of the improvement plan and recommendations for resolution taken for decision and oversight through the Review Group. This provided full assurance that compliance is being met.

- 3.12 The Team have historically also undertaken tasks where they were unknowingly acting outside their powers, but with all good intention to help the vulnerable customer groups. An example is people who had died in the community (Public Health funerals) where the statutory power would be to arrange the funerals of deceased without family or suitable arrangements. The team visited properties to try to establish next of kin or executors for the deceased and brought back paperwork and any valuables or cash found. This activity, when identified in April 2019, ceased immediately.
- 3.13 Moveable property (a person's small valuables, cash and pets) in particular has had significant scrutiny in terms of historic practice and a fundamentally new control environment created to protect vulnerable people but also officers of the Council from any accusation of impropriety in the management of a person's financial and property affairs.
- 3.14 The team have in storage the possessions of Clients for whom they acted on behalf of, those who temporarily may have gone into care and those who had died without family in the community. Roles and responsibilities of the social worker and the Client Finance Team and public health in this area were not clearly set. There was no clear disposal or repatriation policy, nor review of the valuables in hand.

Workforce

- 3.15 The team are currently being supported by additional operational resource and an ongoing consideration of required capacity in underway as we continue to review the roles and responsibilities, Job descriptions for the team. As this activity progresses, we will be able to conclude the exact resource requirements to ensure that the team can deliver the work to the required standard providing robust resilience of the service. Training and development on new process and procedures has been undertaken to ensure that working practice changes. The project has included work with Social care Professional Standards Team to ensure Social Care working practices are also changed. Longer term training needs will be defined and built into personal development plans for staff in the Client Finance team.

Current position

- 3.16 The project remains on plan with most of the actions required delivered by October 2019. At the time of writing, the areas of the improvement plan requiring completion are, new banking arrangements for Clients to replace inefficient processes, and the IT implementation of a Financial Protection Module to ensure records are electronic with greater visibility and management oversight of activity. This work has started, and the plan is that these will be in place no later than March 2020.

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: STAFFING, ICT AND ASSETS

6.1 There are none arising from this report.

7.0 RELEVANT RISKS

7.1 Appropriate actions are not taken by the officers to deliver the improvements required. This has been mitigated by close management and driving of actions in the improvement plan.

8.0 ENGAGEMENT/CONSULTATION

8.1 Engagement with responsible Social Care officers within the Cheshire and Wirral Partnership NHS Foundation Trust and Wirral Community NHS Foundation Trust

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

10. ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

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APPENDICES

Appendix 1 – Client Finance Review Outline Improvement Plan

BACKGROUND DOCUMENTS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

Outline Plan for Client Finance Support Review

April - Sept 2019

Key Activities	April and May	June and July	August and Sept
 Governance	 Setup Review Group  OPG communication and Action Plan	 Collaborating with Adult Social Care on best practice  Workshops with Environmental Health, Registrars re Death in Community	 Death in Community Resolve responsibilities/ duties  Escalation protocols in revised policies
 Policy, Process & Procedure	 Call Routing IVR and SLA Current state analysis  Map priority processes, Deaths and Payments	 Write policies  Map all processes (liaison with Legal)  Key controls, caseload management, allocations, deaths	 Agree policy documents and communicate to ASC  Refine policy/ procedure documentation
 People Page 83	 Source additional deputy resource  Secure change management resource	 Temporary Team leader step up  Tighten operational management, caseloads etc  Allocate caseload to new recruit and train	 Allocate caseload to new recruit and train
 Technology	 Staff training and Familiarisation with system  Stop and Check	 Plan approach with LL/ Controc Team	 Requirements to Controcc Team to Configure System
 Legacy Issues/ Bank Reconciliation	 Cash handling procedures	 Interim improved Nat West a/c control measures  Legacy files remedial work, file standards	 Test Market for Dedicated Client Accounts - Banks  Transfer of accounts from Natwest to DCAs  Client personal belongings; policy for retention and disposal (moveable property)

Outline Plan for Client Finance Support Review

Oct 2019 – Jan 2020

Key Activities	Oct and Nov	Dec and Jan	Beyond
 Governance	 Initial Manual Performance framework  Review Group revision to Terms of Reference		
 Policy, Process & Procedure	 Audit – Control environment checks  Legal – Final Duties/ powers checks  Fees & Charges policy and sustainability		
 People	 Revise Job roles & Descriptions, volumes  Finalise Structure, Job descriptions, skills  Training Needs Analysis; Develop CPD Programme		
 Technology	 Configure System  User acceptance Testing and Training – communicate changes to ASC  Backload of data by team	 Handle post go live issues  Performance framework	 Stage 2 - Plan Configuration for Bank Reconciliation
 Legacy Issues/ Bank Reconciliation	 Transfer of accounts from Natwest to Dedicated Client Accounts	 Continued transfer from Natwest to DCA	 Continued transfer from Natwest to DCA



**Audit and Risk Management Committee
Monday, 18 November 2019**

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 September to 31st October 2019. There are five items of note concerning audit work undertaken that are brought to the attention of the Members for this period and these are identified at Section 3.2.

RECOMMENDATION

That the report be noted.

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

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

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 September to 31st October 2019.

3.2. Items of Note

3.2.a Wirral Health and Care Commissioning

We have recently started a joint review with Mersey Internal Audit Agency. The objective of the joint audit review is to provide assurance that Wirral Health & Care Commissioning (WH&CC) has robust and effective arrangements in place to manage their financial and governance risks within the pooled funds. The audit will focus on:

- the arrangements in place to mitigate key finance risks;
- the effectiveness of the new governance and risk management arrangements including processes in place in relation to the risk sharing agreement;
- Contract Management arrangements;

- Financial and performance reporting as part of the WH&CC governance structure.

The outcome from the review including findings and any actions required will be notified to this Committee in due course.

3.2.b Personal Finance Unit

The Personal Finance Unit (PFU) sits within the Transaction Centre and provides a service to the Department of Adult Care & Health. They are responsible for calculating financial assessments to determine a client's ability to pay towards their care and recovering outstanding debts in respect of those charges under the Care Act 2014. A review of PFU was completed by Internal Audit in late 2018 and the final report included a number of findings and audit recommendations that were agreed in order to improve the effectiveness of the operations. Two high priority recommendations were included that related to:

- An evaluation of the terms of reference and operation of the Debt Panel.
- A review of the roles and responsibilities within the Service Level Agreement dated October 2016 in light of the significant transformations and reorganisation of responsibilities for adult social services.

An audit has been conducted as part of the Internal Audit Plan for 2019/20 to review those key risks previously identified for the Personal Finance Unit. The focus of this audit was to assess the progress made in implementing the previously agreed recommendations and to evaluate any further risks to the Authority.

The conclusion from this review was that the findings identified in our previous report have been considered and significant progress has been made in implementing all the agreed recommendations. The following actions have been taken in respect to the two high priority recommendations:

- A review of the membership, governance and structure of the Debt Panel has been completed and a new Terms of Reference implemented.
- A robust overarching Service Level Agreement has been developed for the PFU operation that is currently in a joint approval process by: Customer Services; Wirral Health & Care Commissioning / Delegated Social Work Providers (WCFT & CWP); and Legal Services.

3.2.c Health Safety and Wellbeing

Internal Audit are represented on the recently established Health, Safety and Wellbeing Board which is chaired by the Interim Chief Executive. The role is to provide ongoing advice and views based on audit experiences and cumulative knowledge and to target specific audit assurance work in the future to ensure the Council and its partners are doing everything that is reasonably practical to mitigate risk in this high-profile area. The initial piece of audit assurance work will be

commenced before the end of the calendar year and will be scoped in conjunction with the Head of HR and the Health, Safety and Wellbeing Manager.

3.2.d Windows10 Rollout Project

An audit has been completed to review the effectiveness of the systems in operation to manage this important corporate initiative. The findings of the review indicate that in our opinion, the target date for completion is not likely to be achieved based upon current deployment rates unless action is taken. Overall the report identifies seven recommendations that include three of a high priority nature to improve systems in operation that relate to the following:

- Resourcing the project.
- Stock management.
- Purchasing Arrangements

Actions have been agreed with management to address the findings and an action plan including timescales for implementation prepared. Internal Audit will continue to monitor progress in this area and report the findings to this Committee.

3.2.e Counter Fraud Publicity Campaign

Internal Audit will be coordinating a week-long **Fraud Awareness Campaign** aimed at both members of the public and staff members which will commence on the 11 November 2019. The campaign is a collaboration between the IA Counter Fraud Team, Benefit Investigation Team, Insurance and Risk, Publicity and Human Resources. The campaign is scheduled to coincide with the International Fraud Awareness week and has also involved collaboration with other Mersey Region Authorities.

The aim of the week is to heighten members of the public and employees awareness of the scale, nature and impact of fraud in the public sector and the signs to look out for, as well as directing individuals to reporting procedures and processes. In addition, staff members are encouraged to complete the fraud awareness e-learning course which provides additional information including how to identify and report potential fraud. Members are requested to support this initiative in the usual manner.

3.3 Audit Recommendations

3.3.a A list of internal audit activity over the reporting period is attached at Appendix 1 detailing the audits completed and identifying opinions provided and a current BRAG (blue,red,amber,green) rating indicating the current status of the report and progress being made by officers to address identified issues.

3.3.b There are currently a number of actions identified in audit reports for this period that are in progress and where implementation timescales have been extended to accommodate operational issues identified by clients. These reports predominately cover issues relating to information management and governance and are being actioned by Digital Services. Follow up audit work is currently being undertaken with

managers to establish the current position with regards to these and a comprehensive position statement will be provided in my report to this Committee in January 2020 with an identification of any actions required by Members:

- Digital Information Storage
- GDPR
- Information Asset Owners

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	Annual Target	Actual % Delivery to date
Percentage delivery of Internal Audit Plan 2019/20.	90	40
Percentage of High priority recommendations agreed with clients.	100	100
Percentage of returned client survey forms for the reporting period indicating satisfaction with the Internal Audit service.	90	100
Percentage of internal audit reports issued within 10 days of the completion of fieldwork.	100	98

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 is in operation 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:

- Ongoing development of risk management function and corporate risk register including the appointment of a Risk and Continuity Manager from October 2019 reporting to the Chief Internal Auditor;
- Ongoing improvement of corporate counter fraud awareness across the Council as evidenced in Counter Fraud Update reports presented to this Committee and forthcoming publicity campaign;
- 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;
- Continuing development of the Wirral Assurance Map identifying areas of assurance for the Council for utilisation in audit planning and risk management process;
- Ongoing development of performance management and reporting database with enhanced reporting;
- Ongoing improvements to the audit reporting format;
- Development of Traded Services offer to Academy Schools for Internal Audit services;
- Ongoing development of reciprocal arrangement with neighbouring authorities for audits of 'owned' non internal audit services
- Improvements to Maintained Schools audit provision through development of risk-based work programme;
- Ongoing development of client feedback through utilisation of survey monkey.

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: STAFFING, ICT AND ASSETS

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.

10. ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

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APPENDICES

Appendix 1: Internal Audit Activity Summary

BACKGROUND PAPERS

Internal Audit Plan 2019/20

SUBJECT HISTORY (last 3 years)

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

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**INTERNAL AUDIT ACTIVITY SUMMARY FOR ARMC
SEPTEMBER 2019 TO OCTOBER 2019**

<u>Summary</u>	Total	R	A	G	B
1. Completed Audits	14	0	10	0	4
2. Follow Up Audits Completed	15	0	8	0	7
3. Advice And Guidance / Consultancy	3	0	0	3	0

1. Completed Audits

Audit	Date	Business Area	Organisational Risk	Total Recs (H,M)	Implementation timescale for all actions Responsible Officer	Status	RAGB Status
Troubled Families grant certification - August	02/09/2019	Children's Services [Modernisation & Support]	Minor	0 (0,0)	N/A	Completed	B
Cyber Security Awareness	20/09/2019	Business Management [Change & Organisation Design]	Moderate	6 (3,3)	March 2020 Head of ICT & Digital	Final Report issued. Awaiting action plan, requested return by 27/09/2019	A
Windows10 Project	24/09/2019	Business Management [Change & Organisation Design]	Moderate	7 (3,4)	June 2020 Head of ICT & Digital	Final report issued, awaiting completed action plan, requested return by 4/10/2019	A
Troubled Families grant certification - September	27/09/2019	Children's Services [Modernisation & Support]	Minor	0 (0,0)	N/A	Completed	B
Personal Finance Unit 19/20	01/10/2019	Business Management [Finance and Investment]	Moderate	6 (2,4)	October 2019 - March 2020 Transaction Management Business Unit Manager & Lead Commissioner - Community Care Market	13/09/19 - Draft report issued for consideration by responsible officers. 01/10/19 - Final report issued and action plan endorsed with the updates for the recommendation implementation plan.	A
Parks and Countryside Services - Wages Enhancements	03/10/2019	Delivery Services [Community Services]	Moderate	3 (2,1)	Awaiting returned Action Plan Assistant Director, Community Services	Final Report issued.Recommendations agreed during a meeting with the Assistant Director on 01/10/2019. Awaiting action plan, requested return by 01/11/2019	A
PRAD6 Data collation and review - quarter 2	08/10/2019	Business Management [Commercial Management]	Moderate	4 (0,4)	January 2020 Corporate Governance Group/SLT	Reported to SLT in October.	A
Key Route Network grant claim - 2nd quarter	15/10/2019	Business Management [Commercial Management]	Minor	0 (0,0)	N/A	Completed	B
Sustainable Transport Enhancement Package grant claim - 2nd quarter	15/10/2019	Business Management [Commercial Management]	Minor	0 (0,0)	N/A	Completed	B
Holy Cross Catholic Primary School 19/20	17/10/2019	Children's Services [Schools]	Minor	1 (0,1)	February 2020 Headteacher	Final report issued and recommendation agreed. Awaiting action plan and customer feedback. Action Plan due to be returned on 22/11/2019.	A
Barnston Primary School 19/20	18/10/2019	Children's Services [Schools]	Moderate	6 (0,4)	TBC Headteacher	Final report issued and recommendation agreed. Awaiting action plan and customer feedback. Action Plan due to be returned on 20/12/2019.	A
Payroll - Advances of Pay	23/10/2019	Business Management [Finance and Investment]	Minor	6 (0,6)	Awaiting returned Action Plan Head of Customer Services	Final report issued, recommendations agreed and Action Plan returned.	A

Audit	Date	Business Area	Organisational Risk	Total Recs (H,M)	Implementation timescale for all actions Responsible Officer	Status	RAGB Status
Stanley School 19/20	23/10/2019	Children's Services [Schools]	Moderate	12 (0,11)	February 2020 Headteacher	Final report issued, recommendations agreed . Awaiting return of Action Plan which is due to be returned by 22/11/2019. The COG has advised that the Action Plan will be discussed at the next FGB meeting.	A
Dawpool CE Primary 19/20	25/10/2019	Children's Services [Schools]	Minor	8 (0,7)	Awaiting returned action plan Headteacher	Final report issued and recommendation agreed. Awaiting action plan and customer feedback.	A

2. Follow Up Audits Completed

Audit	Date	Original Report date	Business Area	Organisational Risk Position as at the date of the original audit	Original Total Recs (H,M)	Implementation timescale for all actions Responsible Officer	Status	RAGB Status - Current position	Organisational Risk - Current Position
MPF Debt Recovery Review	04/09/2019	Mar 18	Merseyside Pension Fund	Minor	4 (0,3)	October 2019 Head of Pensions Administration	A further follow up will be carried out in November 2019.	A	Minor
Verification of the Validity of Supplier VAT Registration Numbers	09/09/2019	Apr 19	Business Management [Finance and Investment]	No opinion provided	3 (0,1)	N/A Director of Finance and Investment / Director of Governance and Assurance	Assurance and evidence has been received that the recommendations agreed have been implemented.	B	No opinion provided
MPF Benefits Payable 18/19	17/09/2019	Jun 19	Merseyside Pension Fund	Minor	2 (0,1)	N/A Director of Merseyside Pension Fund	Assurance and evidence has been received that the recommendation has been implemented.	B	Negligible
Direct Payments - Adults	07/10/2019	Jan 18	Business Management [Finance and Investment]	Moderate	7 (4,3)	June 2018 Team Manager (Client Finance Support Team)	With the review Financial Protection Service nearing conclusion, its findings will be used to inform a newly defined and re-scheduled review of the Direct Payments Service. As a result, a further follow up will be conducted in January 2020.	A	Moderate
Client Finance Support Team	09/10/2019	May 19	Business Management [Finance and Investment]	Major	3 (0,3)	December 2019 Group chaired by Director of Finance & Investment	Audit views given via email after review of documentation, final position statement upon full completion of working procedures.	A	Moderate
Car Mileage	10/10/2019	Mar 19	Authority Wide	Moderate	5 (1,3)	N/A Director of Change and Organisational Design	Assurance and evidence has been received that the recommendations have been or are in the process of being implemented.	B	Minor
St Albans Catholic Primary	10/10/2019	Jul 19	Children's Services [Schools]	Minor	7 (0,6)	N/A Headteacher	Assurance has been received that all recommendations have been implemented, as well as an update on the audit observations made.	B	Minor
Foxfield School	11/10/2019	Jul 19	Children's Services [Schools]	Minor	10 (0,9)	N/A Headteacher	Assurance has been received that all recommendations have been or are in the process of being implemented, as detailed in an action plan highlighting full implementation by March 2020	B	Minor
Gilbrook Primary School	11/10/2019	Jun 19	Children's Services [Schools]	Minor	8 (0,7)	N/A Headteacher	Assurance has been received that all recommendations have been implemented, as well as an update on the audit observations made.	B	Minor
Email Security Settings	23/10/2019	Mar 19	Business Management [Change & Organisation Design]	Moderate	6 (1,5)	December 2019 Head of ICT & Digital	A further follow up will be carried out in January 2020.	A	Minor

Audit	Date	Original Report date	Business Area	Organisational Risk Position as at the date of the original audit	Original Total Recs (H,M)	Implementation timescale for all actions Responsible Officer	Status	RAGB Status - Current position	Organisational Risk - Current Position
Enterprise Resource Planning (ERP) System Review	23/10/2019	Aug 18	Business Management [Change & Organisation Design]	Major	1 (0,1)	April 2020 Director Finance and Investment	A more detailed follow up is to be completed at the request from the Chair of ARMC. A report will be produced and submitted to ARMC in January 20.	A	Major
PCIDSS (Payment Card Industry Data Security Standard)	23/10/2019	Feb 19	Business Management [Change & Organisation Design]	Major	3 (2,1)	April 2020 Head of ICT & Digital	Anticipated to take a further six months, and assurance as to progress will be sought in January 2020.	A	Major
Records Stored at Arrowse Hill	23/10/2019	Jun 19	Business Management [Change & Organisation Design]	Major	3 (2,1)	October 2019 Head of ICT & Digital	A further follow up will be carried out in February 2020.	A	Moderate
Software Licencing	23/10/2019	Nov 18	Business Management [Change & Organisation Design]	Moderate	3 (0,3)	December 2019 Head of ICT & Digital	Further follow up in January 20 to follow up the final recommendation that has an implementation date of Dec 19.	A	Moderate
Access Wirral Transformation Project	29/10/2019	Feb 18	Chief Executive	Major	6 (2,4)	N/A Corporate Director for Business Management	Assurance and evidence have been received that the recommendations have been implemented.	B	Negligible

3. Advice And Guidance / Consultancy

Audit	Date	Business Area	Internal Audit input / improvement activity	Outcome and timescale (if appropriate)	RAGB Status
Information Governance Board	17/09/2019	Authority Wide	Made various suggestions on how information governance can be improved across the Authority.	Minutes, decision log and action tracker.	G
Corporate Design Authority	14/10/2019	Authority Wide	Input into decisions made when new bids are received from business areas to procure hardware/software	Minutes, decision log and action tracker.	G
Information Governance Workshop	15/10/2019	Authority Wide	Advice given on how to improve information governance in the Authority.	A 6 month plan is being developed to help improve information governance	G

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	
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.	

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Audit and Risk Management Committee Monday, 18 November 2019

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

REPORT SUMMARY

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

The CIPFA publication 'Audit Committees – Practical Guidance for Local Authorities 2018' recommends the use of a self-assessment checklist to achieve this task. The Chair has completed this which is attached at Appendix 1 along with a corresponding Action Plan at Appendix 2.

RECOMMENDATION

Members note the report and approve the Self-Assessment Checklist and Action Plan (appendices 1 & 2 to the report).

SUPPORTING INFORMATION

1.0 REASON FOR RECOMMENDATION

- 1.1 To comply with best practice identified in the CIPFA publication 'Audit Committees Practical Guidance for Local Authorities 2018'. The toolkit draws on best practice from both local government and the wider public sector.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND INFORMATION

- 3.1 The Department for Communities and Local Government (DCLG) issued amended regulations in 2006, to the 2003 Accounts and Audit Regulations – 'The Accounts and Audit (Amendment) (England) Regulations 2006.
- 3.2 One of the amended regulations impacts on the process for preparing the Statement of Internal Control (SIC) which is subsumed within the Annual Governance Statement (AGS) and relates specifically to the systems of internal audit in operation. This is:-
- Regulations require bodies to regularly review their systems of internal audit, and for the findings to be considered by a committee of the body, or by the body as a whole.
- 3.3 Advice from CIPFA includes the assertion that the "systems of internal audit" can be considered to include the role and effectiveness of the Audit Committee.
- 3.4 To assist Councils in this evaluation exercise CIPFA has provided a Self-assessment checklist (Appendix 1) to provide a means of assessment against recommended practice both to support and inform the Audit and Risk Management Committee.
- 3.5 The Chair has utilised the checklist to complete the evaluation and prepare the associated action plan identifying areas for action and development. It must be pointed out that the views expressed in the Appendices are those of the Chair and this report is therefore presented to the wider Committee to consider and come to a final conclusion as to the outcome and any actions arising.
- 3.6 The self-assessment and evaluation concludes that the Audit and Risk management Committee fulfils its core objectives, all of which align with best practice. However, a number of areas have been identified to improve and develop the Committee going forward in line with evolving best practice as identified in the CIPFA best practice publication identified.
- 3.7 The key actions arising were as follows:

- Review and update the terms of reference for the Committee in line with the CIPFA best practice publication identified in this report;
- Continue to review and challenge the role of the Committee and its interaction with Cabinet and other Committees particularly in relation to wider areas of business identified in the CIPFA publication;
- Ensure that all Members of the Committee are provided with relevant training and development in all disciplines appropriate for this Committee;
- Continue to assess the Committee against the core knowledge and skills required for Members to inform any future training plans;
- Introduce a system for evaluating performance and organisational value adding properties of the Committee on an ongoing basis.

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: STAFFING, ICT AND ASSETS

6.1 There are none arising from this report.

7.0 RELEVANT RISKS

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

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

8.0 ENGAGEMENT/CONSULTATION

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

9.0 EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

REPORT AUTHOR: Mark P Niblock
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APPENDICES

1. ARMC Self-Assessment Checklist and Evaluation
2. ARMC Self-Assessment Action Plan

BACKGROUND PAPERS

CIPFA Publication 'Audit Committees Practical Guidance for Local Authorities 2018'

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Annual Report

Audit and Risk Management Committee

Self-Assessment Checklist - 2019

PURPOSE, FUNCTION, MEMBERSHIP AND EFFECTIVENESS					
Audit Committee Purpose and Governance					
No	Good Practice Question	Yes	Part	No	Action Required
1	Does the Authority have a dedicated Audit Committee ?	X			
2	Does the Audit Committee report directly to full Council ?	X			
3	Do the terms of reference clearly set out the purpose of the Committee in accordance with CIPFA's position statement ?	X			The Terms of Reference for the Audit and Risk Management Committee should be updated to reflect and ensure compliance with latest CIPFA guidance dated 2019.
4	Is the role and purpose of the Committee understood and accepted across the Authority ?	X			
5	Does the Audit Committee provide support to the authority in meeting the requirements of good governance ?	X			
6	Are the arrangements to hold the committee to account for its performance operating satisfactorily ?	X			

No	Good Practice Question	Yes	Part	No	Action Required
Functions of the Committee					
7	<p>Do the committee's terms of reference explicitly address all the core activities identified in CIPFA's Position Statement ?</p> <ul style="list-style-type: none"> • Good Governance • Assurance framework • Internal audit • External audit • Financial reporting • Risk management • Value for money • Counter fraud 	X X X X X	 X X X		The Terms of Reference for the Audit and Risk Management Committee should be updated to reflect and ensure compliance with latest CIPFA guidance dated 2019.
8	Is an annual evaluation undertaken to assess whether the Committee is fulfilling its terms of reference and that adequate consideration has been given to all core areas ?	X			
9	Has the committee considered the wider areas identified in CIPFA's latest position statement and whether it would be appropriate to undertake them ?		X		<p>The Committee does include within its remit oversight of reviews of Risk Management, Treasury Management Ethical Framework and Values and has recently commissioned work on Whistleblowing arrangements however this is not formally acknowledged in its terms of reference and may require a more considered approach in line with new standards.</p> <p>Action: When the Terms of Reference for the Audit and Risk Management Committee are updated they should include consideration of wider areas of activity.</p>
10	Where coverage of core areas has found to be limited are plans in place to address this ?	X			

No	Good Practice Question	Yes	Part	No	Action Required
11	Has the Committee maintained its non-advisory role by not taking on any decision-making powers that are not in line with its core purpose ?	X			
Membership and Support					
12	Has an effective audit committee structure and composition of the Committee been selected ? This should include: <ul style="list-style-type: none"> • Separation from Exec/Com • An appropriate mix of knowledge and skill. • Size of committee is not unwieldy. • Where independent members used, system for appointments appropriate. 	X X X N/A			
13	Does the Chair of the committee have appropriate knowledge and skills ?	X			
14	Are arrangements in place to support the Committee with briefings and training ?	X			
15	Has the membership of the committee been assessed against the new core knowledge and skills framework and found to be satisfactory ?			X	Members of the Audit and Risk Management Committee should each be assessed against the CIPFA Core Knowledge and Skills Framework and any training/development needs addressed.
16	Does the committee have good working relations with key people and organisations, including external audit, internal audit and the Chief Financial Officer ?	X			Periodic scheduled Meetings between the Chair and External Audit should be re-introduced.

No	Good Practice Question	Yes	Part	No	Action Required
17	Is adequate secretariat and administrative support to the committee provided ?	X			
Effectiveness of the Committee					
18	Has the committee obtained feedback on its performance from those interacting with the committee or relying on its work ?		X		A robust system for obtaining feedback from stakeholders on the performance of the Audit and Risk Management Committee should be introduced.
19	Has the Committee evaluated whether and how it is adding value to the organisation ?		X		A robust system for obtaining feedback from stakeholders regarding the value added to the organisation by the committee should be introduced.
20	Does the committee have an action plan to improve any areas of weakness ?	X			

Completed By:

Councillor Jeff Green, Chair Audit and Risk Management Committee.

21 Oct 2019

ACTION PLAN

Appendix 2

AUDIT AND RISK MANAGEMENT COMMITTEE – SELF ASSESSMENT 2019

Self Ass Ref	Ref	Recommendations	Priority	Officer Responsible	Agreed	Planned Action Date	Comments
3, 7	R.1	The Terms of Reference for the Audit and Risk Management Committee should be updated to reflect and ensure compliance with latest CIPFA guidance dated 2019.	Medium	Director of Governance & Assurance/ Director of Finance & Investment	Y	Immediate	
9	R.2	When the Terms of Reference for the Audit and Risk Management Committee are updated consideration should be given to including wider areas of activity for the Committee in line with the latest CIPFA guidance.	Medium	Director of Governance & Assurance / Director of Finance & Investments	Y	Immediate	
15	R.3	Members of the Audit and Risk Management Committee should be assessed against the CIPFA Core Knowledge and Skills Framework and any training/development needs identified and addressed.	Medium	Director of Finance & Investments/ Director of Governance & Assurance	Y	Jan 20	

ACTION PLAN

Appendix 2

AUDIT AND RISK MANAGEMENT COMMITTEE – SELF ASSESSMENT 2019

Self Ass Ref	Ref	Recommendations	Priority	Officer Responsible	Agreed	Planned Action Date	Comments
16	R.4	Periodic scheduled Meetings between the Chair of the Audit and Risk Management Committee and External Audit should be re-introduced.	Medium	Director of Finance and Investments/ Chief Internal Auditor	Y	Immediate	
18	R.5	A robust system for obtaining feedback from stakeholders on the performance of the Audit and Risk Management Committee should be developed and introduced.	Medium	Director of Finance and Investments/ Chief Internal Auditor	Y	Mar 20	
19	R.6	A robust system for obtaining feedback from stakeholders regarding the value added to the organisation by the Audit and Risk Management Committee should be developed and introduced.	Medium	Director of Finance and Investments/ Chief Internal Auditor	Y	Mar 20	



Audit and Risk Management Committee Monday, 18 November 2019

REPORT TITLE:	ARMC ANNUAL REPORT 2018/19
REPORT OF:	CHIEF INTERNAL AUDITOR

REPORT SUMMARY

To comply with best professional practice the Audit and Risk Management Committee is required to complete an annual report to Cabinet on the work undertaken by the Committee.

Attached at Appendix A is the Annual Report prepared by the Chair in consultation with Internal Audit.

RECOMMENDATION

That the ARMC Annual Report be approved and submitted to Cabinet for consideration.

SUPPORTING INFORMATION

1. REASON FOR RECOMMENDATION

- 1.1 To comply with best practice identified in the CIPFA publication 'Audit Committees - A Practical Guidance for Local Authorities 2018'.

2. OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3. BACKGROUND INFORMATION

- 3.1 The Department for Communities and Local Government (DCLG) issued amended regulations in 2006, to the 2003 Accounts and Audit Regulations – 'The Accounts and Audit (Amendment) (England) Regulations 2006.
- 3.2 One of the amended regulations impacts on the process for preparing the Statement of Internal Control (SIC) which is subsumed within the Annual Governance Statement (AGS) and relates specifically to the the systems of internal audit in operation. This is:-
- Regulation 6 requires bodies to regularly review their system of internal audit, and for the findings to be considered by a committee of the body, or by the body as a whole.
- 3.3 Advice from CIPFA includes the assertion that the "systems of internal audit" can be considered to include the role and effectiveness of the Audit Committee which therefore should be assessed and evaluated.
- 3.4 To assist Councils in this evaluation exercise CIPFA in its publication 'Audit Committees – Practical Guidance for Local Authorities 2018' has provided a self assessment checklist and recommended that this be completed annually by the Committee.
- 3.5 An annual report for 2018/19 has been prepared by the Chair in consultation with Internal Audit and is attached at Appendix A for consideration and approval by the Members.

4. FINANCIAL IMPLICATIONS

- 4.1 There are none arising from this report.

5. LEGAL IMPLICATIONS

- 5.1 There are none arising from this report.

6. RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 6.1 There are none arising from this report.

7. RELEVANT RISKS

7.1 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. ENGAGEMENT/CONSULTATION

8.1 Members of this Committee have been consulted throughout the process regarding the content of the annual report and their views are reflected in the final document attached.

9. EQUALITY IMPLICATIONS

9.1 There are none arising from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 There are none arising from this report.

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APPENDICES

Audit and Risk Management Committee Annual Report 2018/19

BACKGROUND PAPERS

CIPFA Publication 'A Practical Guidance for Local Authority Audit Committees 2108'

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	Annual Report

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APPENDIX A

Audit and Risk Management Committee

Annual Report 2018/19

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Councillor Jeff Green
Oct 2019

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1. Foreword

I am pleased to present the Audit and Risk Management Committee's Annual Report for 2018/19. It records the activities undertaken by the Committee across a wide range of control, risk and corporate governance matters.

During the year, the Committee met on six occasions and received reports in connection with the full range of issues that fall within its remit. This report indicates the breadth of the Audit and Risk Management Committee's activities in ensuring that every aspect of the council's work should be compliant with standards and transparent to its stakeholders.

I strongly believe that this Annual Report demonstrates the immense value that the Committee brings to the Council and the public in ensuring that improvements to the governance arrangements of the authority are being delivered. As the Chair I can clearly see the immense contribution that the Audit and Risk Management Committee has made to the improvement and development of operational standards and protocols across a wide range of governance areas during what has clearly been a very challenging year.

Finally, I would like to acknowledge the sterling work of the Members of the Audit and Risk Management Committee and the supporting officers, during the past year.

By the Chairman of the Audit & Risk Management Committee during 2018/19
Councillor Adrian Jones

2. Background

2.1 What drives Governance Policy

The Council is responsible for ensuring that its business is conducted in accordance with the law and proper standards, and that public money is safeguarded, properly accounted for, and used economically, efficiently and effectively. In discharging this overall responsibility, the Council is also responsible for ensuring that there is a sound system of control which facilitates the effective exercise of the Council's functions and which includes arrangements for the management of risk.

Effective corporate governance is a fundamental feature of any successful public sector organisation.

A sound corporate governance framework involves accountability to service users, stakeholders and the wider community, within which authorities take decisions, and lead and control their functions, to achieve their objectives. It thereby provides an opportunity to demonstrate the positive elements of an authority's business and to promote public confidence.

Wirral Council has adopted the revised local Code of Corporate Governance.

2.2 Why do we need an Audit Committee

While there is no statutory obligation to have such an arrangement, Audit Committees are widely recognised as a core component of effective governance and therefore reflect good practice. Wirral's Audit and Risk Management Committee is properly constituted and, as such, is given sufficient authority and resources by the Council. In effect, the Committee has the right to obtain all the information it considers necessary and to consult directly with senior managers. In line with best practice from both the public and private sectors, the Audit and Risk Management Committee can report its observations and concerns directly to Cabinet/Council.

A local authority has a duty to ensure that it is fulfilling its responsibility for adequate and effective internal control, risk management, and governance, as well as the economy, efficiency and effectiveness of its activities. The Audit and Risk Management Committee has a key role in overseeing and assessing the internal control, risk management, and corporate governance arrangements and advising the Council on the adequacy and effectiveness of these arrangements.

2.3 What does an Audit Committee do

The Audit and Risk Management Committee's main responsibilities are to oversee the Council's corporate governance arrangements, the work of internal audit, and the Council's response to external audit and other external inspections.

This purpose is reflected in the committee's terms of reference which are reviewed and adopted each year (Attached at Appendix 1).

2.4 How do Officers Support the Committee?

The Audit and Risk Management Committee is supported by:

- The Monitoring Officer who is required by law to ensure that the Council acts within its legal powers at all times; and,
- The Director of Finance and Investments, as Section 151 Officer who is responsible under the law for ensuring the proper administration of the council's financial affairs.
- The Chief Internal Auditor who has a key role to play in supporting the Committee because of the importance of the Internal Audit service to governance.
- Any other officer of the Council as required.

3. 2018/19 Financial Year

This Annual Report for 2018/19 produced by the Audit and Risk Management Committee has been prepared in accordance with the CIPFA best practice publication '*A Toolkit for Local Authority Audit Committees*'. The report demonstrates how the Audit and Risk Management Committee has fulfilled its terms of reference during a very difficult year and how it is fully committed to helping to improve the Council's governance and control environments during what should prove to be a very challenging year ahead.

The committee's activities during 2018/19 were designed to make a positive contribution to the continual improvement of governance arrangements across the Council, as well as performing the statutory roles as identified in the Constitution.

4. Some Key Information

4.1. Audit and Risk Management Committee Membership

During 2018/19 the Audit and Risk Management Committee had the following 9 Members:

Councillor Adrian Jones – Chair
Councillor Jeff Green - Spokesperson
Councillor David M Elderton
Councillor Liz Grey
Councillor Tom Anderson

Councillor Angela Davies
Councillor Phil Gilchrist - Spokesperson
Councillor Ron Abbey
Councillor Paul Doughty

4.2. Key Features of the Audit Committee and its Operation

The Committee meets CIPFA's definition of best practice as illustrated below:

Best Practice	Expectation	Met	Comment
Independence	Independent from the executive and scrutiny	√	The Committee reports to the Council
Number of Members	Minimum of 3 to 5 members	√	The Committee has 9 Members
Number of meetings	Aligned to business needs	√	The frequency of meetings, 5 times a year complies with best practice.
Co-option	To be considered relative to skills	√	Training is currently provided to increase Members' skills.
Terms of Reference	Accord with suggested best practice	√	The Committee has adopted the CIPFA recommended model.
Skills and training	Members have sufficient skills for the job	√	General and specific training is provided to increase Members' skills.

4.3. Meetings and Attendance

The Audit Committee normally meets 5 times per year in January, March, July, September and November.

Attendance by Members and approved deputies was over 90%.

5. Core Activity During 2018/19

5.1. Terms of Reference

The Audit and Risk Management Committee's Terms of Reference are comprehensive, comply with best practice, cover all key areas and are attached at Appendix 1 to this annual report. The Committee's work and outcomes in each of its areas of responsibility are summarised in the following subsections.

Internal Audit

The Audit and Risk Management Committee:

- Approved the Chief Internal Auditor's Audit Plan,
- Considered regular reports produced by the Chief Internal Auditor, highlighting internal audit work completed, internal audit performance against key indicators and any significant issues arising during the period,
- Approved amendments to reporting arrangements including development of the summary reports from Internal Audit,
- Considered the Chief Internal Auditor's Annual Report and assurance opinion on the Council's control environment,
- Considered reviews of the effectiveness of the systems of internal audit,
- Ensured internal and external audit plans were complementary and provided optimum use of the total audit resource,
- Received updates on the Internal Audit Counter Fraud Teams' remit and activities undertaken,
- Received and considered updates on the Public Sector Internal Audit Standards,
- Considered reports on audit investigations conducted,
- Considered and approved revisions to Chief Internal Auditors Audit Plan.
- Considered the outcome of the Internal Audit Quality Assurance Improvement Programme assessment.
- Reviewed the Council's progress on all internal audit recommendations on a regular basis and asked managers to explain progress where appropriate, thereby holding them to account,
- Received progress updates from relevant Senior Managers regarding audit recommendations implementation (ICT/HR),

We continue to provide support to the Internal Audit service to ensure management is responsive to recommendations made and agreed.

External Audit

The Audit and Risk Management Committee:

- Considered the external auditor's Audit Plan,
- Considered progress against the plan presented by the external auditor
- Received and considered all external audit findings and inspection reports issued in the year and considered management's response to them, ensuring robust and thorough responses,
- Reviewed the external audit Committee Update reports and took appropriate actions in response to issues presented,
- Reviewed the Council's progress on all external audit and inspection recommendations on a regular basis and asked managers to explain progress where appropriate, thereby holding them to account,
- Received and considered all of the external auditors reports on the Merseyside Pension Fund,
- Considered the external auditor's Annual Audit Letter.

We continue to provide support to external audit to ensure management is responsive to recommendations made and agreed.

Risk Management

The Audit and Risk Management Committee:

- Considered regular reports on the Departmental and Corporate Risk Registers and challenged policy and process,
- Provided significant input to the development of the risk registers through Member workshops,
- Considered reports on the proposed development of corporate Risk Management arrangements,
- Promoted Risk Management across the Council,
- Considered reports on Corporate Risk and Insurance Management,

- Considered reports on the Corporate Risk Management Policy and the management of risk.

We continue to provide support to promote effective Risk Management policy and procedures across the Council and ensure best practice is achieved.

Internal Control and Governance

The Audit and Risk Management Committee:

- Agreed the Council's Annual Governance Statement,
- Considered reports on progress made to address significant governance issues identified in the AGS,
- Implemented a mechanism for escalating any items of note to Cabinet,
- Supported the ongoing development of a Mersey region Counter Fraud Group,
- Engaged with and supported the annual Counter Fraud Awareness Week initiative,
- Supported work undertaken as part of the Cabinet Offices' National Fraud Initiative,
- Considered and supported amendments to the Council's counter fraud arrangements,
- Approved the Code of Corporate Governance,
- Approved the updated Audit and Risk Management Committee self-assessment checklist,
- Considered reports on Contract Procedure Rules compliance,
- Approved updates to the Council's Contract Procedure Rules,

The Annual Governance Statement is a key document which summarises the Council's governance arrangements and the effectiveness of the arrangements during the year.

Accounts

The Audit and Risk Management Committee:

- Agreed the Council's accounting policies,

- Agreed the Annual Statement of Accounts,
- Received and considered the external auditor's report on the accounts, and ensured that the Council responded to the auditor's comments,
- Received and considered the Council's Medium-Term Financial Strategy,
- Agreed the annual Merseyside Pension Funds accounts,
- Received and considered the external auditor's report on the MPF accounts and responded to comments,
- Received and reviewed reports on the Insurance Fund Budget and Annual Report.

The Audit and Risk Management Committee received regular reports on the Council's Treasury Management arrangements in the context of the economic downturn.

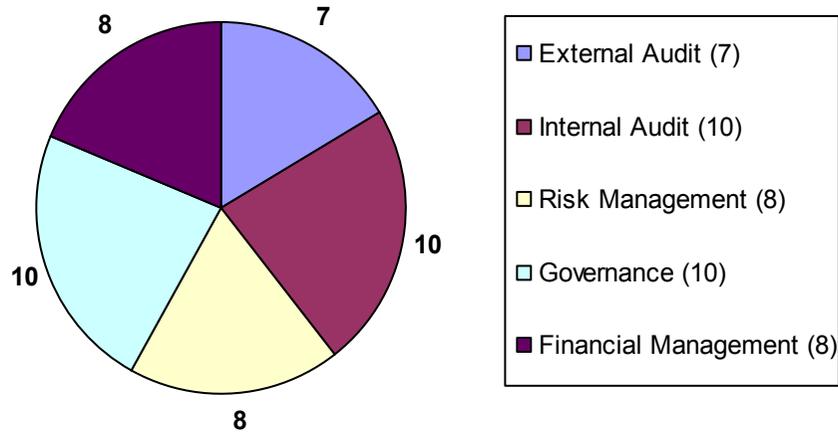
Specific Issues

The Audit and Risk Management Committee also considered reports and presentations on the following specific issues which arose in the period:

- Regulation of Investigatory Powers Act 2000,
- Insurance arrangements and performance,
- Officer Progress Updates (HR, Digital, Highways, OFSTED, Procurement)

To give a flavour of our business during the year, the following shows the types and numbers of reports considered between April 2018 and March 2018:

5.2. Numbers & Types of Reports Considered by the Audit Committee



6. Other Activities

During the year, the Committee demonstrated its commitment to good governance by:

- i) Overseeing the implementation of actions to address significant governance issues identified in the Annual Governance Statement 17/18;
- ii) Devoting significant resource to addressing governance issues arising including the development of improved risk management arrangements;
- iii) Referring matters to other bodies for attention as appropriate;
- iv) Asking Chief Officers to attend as appropriate and present reports on issues identified which affected governance.

7. Outcomes

The Audit and Risk Management Committee aims to focus on adding value through its activity. By concentrating on outcomes the Committee can identify the benefits of its work. In particular this year the Committee:

- Oversaw work on the Statement of Accounts;
- Encouraged and presided over a strengthening of the control environment, specifically by overseeing various targeted reviews and the production of the Annual Governance Statement;
- Presided over significant changes in the structure of the organisation including officers with statutory responsibilities to ensure the proper administration of financial affairs and systems of internal control;

- Encouraged and presided over developments and improvements to strengthen the delivery of the Internal Audit service to ensure continued compliance with the Public Sector Internal Audit Standards;
- Presided over the further development of the system for routinely reporting actions taken by officers in relation to items identified as being significant governance issues in the Annual Governance Statement;
- Endorsed the strengthening of the governance arrangements through further consideration and approval of the Code of Corporate Governance;
- Encouraged a strengthening of the Council's overall control environment; specifically by overseeing various targeted reviews and the production of and challenge to the Annual Governance Statement;
- Challenged risk management arrangements and facilitated the development of radical improvements in this area including the introduction of Members workshops.
- Encouraged a strengthening of the Council's governance arrangements in operation over the appointment of agency workers and related tax arrangements through the oversight of a number of targeted reviews and investigations during the year;
- Ongoing contribution to the development of improved governance in operation over the Council's procurement arrangements through oversight and challenge regarding a number of targeted reports and reviews in this area during the year;

In addition, individual Members and the Audit Committee collectively continued to develop and learn about our roles including development and attendance at professional training sessions targeted specifically at Audit Committee Members, and enabling us to deliver our roles more effectively.

8. Plans for 2019/20

During 2018/19 the Audit and Risk Management Committee has consolidated the progress that has been made in recent years and has performed well providing challenge and support to the organisation in equal measure. Going forward we will look to develop our role further as the recognised champion of good governance and the ultimate vehicle for assuring that adequate challenge is provided to the Council to ensure that effective systems of control and governance are in operation and being complied with. Consequently, with a new Chair we are embarking upon a period of change to the Committee designed to increase its effectiveness that will include revising the existing terms of reference for the Committee, pulling on the latest best practice in this area that will see the introduction of a number of initiatives including more targeted training and workshops for Members across a range of key disciplines. The Committee will in future work more closely with officers to obtain appropriate assurances regarding the operation and control over key systems, helping to address any identified issues in what promises again to be a very challenging environment. Our priorities for 2019/20 are to implement all of the developments mentioned as well as continuing to meet our duties as specified in the Constitution by developing and building on our current status as well as operating more proactively to address all challenges faced as well as implementing any new requirements as they arise.

For 2019/20 we will:

- Oversee the development of the Wirral Council Audit and Risk Management Committee;
- Develop working relations with officers to improve understanding of our respective roles;
- Provide challenge to the Council to ensure that standards are continuously met, and the demanding requirements of the external inspection and assessment regime are achieved;
- Oversee reviews of the Council's governance arrangements in operation, obtaining appropriate assurances that the Council adopts the very latest best practice in key areas such as operational performance and compliance;
- Commission reviews and reports on the effectiveness of the Council systems in key areas such as whistleblowing and legislative compliance seeking assurances that operations are robust and effective;
- Support the work of Internal and External Audit and ensure that any recommendations identified by them are actioned in a timely fashion;
- Contribute to the development of key corporate operations including Risk Management and Business Continuity;

- Ensure that all aspects of the Public Sector Internal Auditing Standards are complied with;
- Help the Council to manage the risk of fraud and corruption by supporting the work of Internal Audit and colleagues in this area;
- Develop the Wirral Council Audit and Risk Management Committee to review risk and partnerships' issues and safeguard public sector interests;
- Oversee the development of audit plans to evaluate and test controls in respect of services delivered either by trading companies run by the Council or on behalf of them;
- Equip existing and any new Members to fulfil our responsibilities by providing more detailed and effective training on all key areas of responsibility including financial arrangements and risk management, governance and internal audit operations.

9. Appendix 1

Audit and Risk Management Committee – Terms of Reference

1. To provide independent assurance of the adequacy of the risk management framework and the associated control environment, independent scrutiny of the Council's financial and non-financial performance to the extent that it affects the Council's exposure to risk and weakens the control environment, and to oversee the financial reporting process.
2. The Committee has the following duties, powers and authorities:
 - 2.1. approval of the Council's statement of accounts;
 - 2.2. the responsibilities of the Council under section 151 of the Local Government Act 1972 to make proper provision for its financial affairs;
 - 2.3. to consider and make recommendations to Council or Cabinet as appropriate on;
 - 2.3.1. the annual Audit Report and the Management Letter of the external auditor;
 - 2.3.2. any other statutory report of the external auditor;
 - 2.3.3. any internal audit report that may be referred to the committee by the Chief Executive, the Director of Finance, the Chief Internal Auditor or the Head of Legal and Member Services (as Monitoring Officer);
 - 2.3.4. summaries of specific internal audit reports as requested;

- 2.3.5. the effectiveness and adequacy of the response by the Council, the Cabinet, any committee or sub-committee of the Council or of any officer to any internal or external audit report or management letter;
- 2.3.6. the systems of control and the arrangements for the prevention of fraud and corruption within the Council;
- 2.3.7. any other matter relevant to the audit of the Council's accounts and financial records or its systems for the control and safeguarding of all the Council's assets;
- 2.3.8. a report from Internal Audit on agreed recommendations not implemented within a reasonable timescale; and
- 2.3.9. the Head of Internal Audit's annual report and opinion, and a summary of internal audit activity (actual and proposed) and The level of assurance it can give over the Council's corporate governance arrangements;
- 2.4. to approve (but not direct) the strategy, plan and performance of the Council's internal audit service;
- 2.5. to oversee the production of the Authority's Annual Governance Statement and subsumed Statement on Internal Control and recommend its adoption;
- 2.6. to maintain an overview of the Council's Constitution in respect of contract procedure rules, financial regulations and codes of conduct and to make recommendations to Council or Cabinet, as appropriate;
- 2.7. to monitor the Council's policies on "Raising Concerns at Work", to the anti-fraud and corruption strategy and the complaints procedure;
- 2.8. to liaise with the Audit Commission over the appointment of the Council's external auditors.
3. The Chair of the Audit and Risk Management Committee shall act as the Council's Risk Management Champion.
4. Executive Members will not normally be members of the Audit and Risk Management Committee.

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Audit and Risk Management Committee
Monday, 18 November 2019

REPORT TITLE:	Corporate Risk Management Update
REPORT OF:	Director of Finance and Investment

REPORT SUMMARY

An update on current risk management arrangements and the plans for work to further embed the arrangements for managing risk across the Council, following the appointment of the Risk, Continuity and Compliance Manager on 1st October 2019.

RECOMMENDATION

That the report be noted.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To enable the committee to understand the Authority's most significant risks, the associated mitigating controls and the risk management framework in order to fulfil its role of providing independent assurance of the Council's Risk Management Framework.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 No other options considered.

3.0 BACKGROUND INFORMATION

- 3.1 It is just over 12 months since the report to this Committee about the improvements needed to the Council's approach to managing risk. Work has focussed on enhancing arrangements for greater ownership of risk amongst executive and political leaders and greater accountability for the management of risks. This has included creating more capacity to support the risk management process and improved reporting arrangements to ensure that the corporate risk register reflects the most significant risks to delivery of the Council's objectives
- 3.2 As was reported at the ARMC meeting in September the Corporate, Directorate and Programme Management Office risk registers are being regularly updated. In the case of service departments this has followed the linkage of risk management processes to the service planning process for 2019/20. Information on these risk registers is also included in the performance reporting available to directors and managers via the use of the Power BI tool. The Risk Management Support Officers (RMSO) Group has met on a monthly basis and helps to strengthen of the Council's risk management arrangements within directorates.
- 3.3 The revised Corporate Risk Register (CRR) has been reported to the last two committee reports in July and September. The latest version is attached as an appendix to this report.

Current Update

- 3.4 The new Risk, Continuity and Compliance (RC&C) Manager started with the Authority on 1st October 2019. During these initial weeks, time is being spent carrying out an appraisal of the current arrangements for managing risk. This has included attending SLT, Corporate Governance Group and the October meeting of the RMSO Group. In addition, the RC&C Manager is holding individual meetings with Directors and the Risk Management Support Officers. Discussions have focussed on understanding the application and operation of the risk framework across the Council.

- 3.5 One key change recommended has involved the shift from monthly to quarterly update of the Corporate and Directorate Risk Registers. This will allow more time to focus on the content of the risk registers as opposed to merely complying with the process.
- 3.6 Directorates can review their risks more regularly but the reporting of updates to both the CRR and Directorate Risks will be aligned to the ARMC meetings.
- 3.7 Several of the Corporate Risks have seen specific work involving the RC&C Manager:

Corporate Risk 14 Health and Safety - a mechanism for identifying and monitoring the health and safety risks across the Council is in development. A review has been commissioned from Zurich Risk Engineering, with costs to be covered by the existing Risk Management fund held by Zurich Risk Engineering. This includes a comparative gap analysis against relevant legislation alongside a deep dive into key service areas to identify areas of both positive and negative safety compliance and culture.

Corporate Risk 15 Information Management – a risk workshop was held on 30th October to identify the key information risks across the Council which will form the basis of an Information Risk Register monitored and maintained by the Information Governance Board.

Corporate Risk 16 Climate Emergency – work continues on this risk to confirm the focus of the risk to the Council and capture the existing and planned mitigations.

- 3.8 A workshop with the subgroup of this committee was planned for 14th October 2019. Unfortunately, due to unforeseen circumstances, only the Chair was able to attend. A new Corporate Risk around the issues of compliance was suggested and discussions have been taking place with key officers to develop the risk wording - Risk 17. *Compliance – Non-compliance with corporate policies and procedures across disciplines such as HR, finance, information, procurement, health & safety, put the reputation of the Council and the health and safety of our staff and residents at risk, and may lead to financial penalty and ultimately loss of life.* This will continue alongside the review of all the Corporate Risks. Future member workshops are also planned.

Further action planned

- 3.9 Work will continue to review the risk management processes, template and streamline reporting with improved links with the management information reporting. This will include an examination of the risk scoring, both the levels and the methods. This will link to work on developing and understanding the Council's risk appetite and tolerance.
- 3.10 A detailed review of the Corporate Risks will be undertaken to ensure they accurately express the concerns of the organisation as well as beginning the alignment of the risks with the new Wirral Council Plan 2025 priorities.
- 3.11 This review will include the development of target scores for each risk which will help to draw out the risk appetite and tolerance of political and executive leaders for each of the revised corporate risks.

3.12 A programme of risk management training will be developed, including member workshops.

4. FINANCIAL IMPLICATIONS

4.1 There are no immediate financial implications arising directly from this report.

5. LEGAL IMPLICATIONS

5.1 There are no immediate legal implications arising directly from this report.

The Authority has a statutory responsibility under Part 2 – Internal Control of the Accounts and Audit Regulations (England) 2015 to have arrangements in place for the management of risk. It also forms part of the seven new core principles within the best practice guidance, 'Delivering Corporate Governance in Local Government: Framework' published by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Society of Local Authority Chief Executives (SOLACE).

6. RESOURCE IMPLICATIONS

6.1 There are no immediate resource implications arising directly from this report.

7. RELEVANT RISKS

7.1 Without robust risk management procedures in place there is a danger that the Council will fail to identify, understand and monitor key strategic and operational risks. An ineffective and poorly established risk management framework prevents the optimisation and balanced approach between risk taking and control, leading to ineffective assurance and missed opportunities. The consequence of both is that risks are not considered in decision-making which could have serious financial, reputation and resource implications.

8. ENGAGEMENT/CONSULTATION

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

9. EQUALITY IMPLICATIONS

9.1 There are none arising directly from this report.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The content and/or recommendations contained within this report are expected to:

- Have no impact on emissions of CO2

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APPENDICES

Corporate Risk Register

REFERENCE MATERIAL

None

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee Improvements to the Corporate Risk Management Framework	23 July 2018
Development of the Revised Corporate Risk Register	24 September 2018
Development of the Revised Corporate Risk Register	19 November 2018
Development of the Revised Corporate Risk Register	28 January 2019
Development of the Revised Corporate Risk Register	11 March 2019
Update of the Corporate Risk Register	22 July 2019
Update of the Corporate Risk Register	23 September 2019

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Portfolio / Priority	Risk Ref.	Risk Description	Unmanaged Scores			Risk Owner	Existing Mitigation	Owner	Current Scores			Planned Additional Mitigation	Owner	Target Date	Current Risk Status (▲ ▼ ◀ ▶)	New field to be used to capture commentary of update Risk Update / Commentary
			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)					
Finance and Resources	1	Financial Resilience Failure to effectively manage changes to the way that the Council is funded could lead to poor decisions on service reductions, unplanned efficiencies and in year overspends, resulting in the Council being unable to deliver priority services to vulnerable communities	5	5	25	Refreshed Medium Term Financial Plan based on investment and income generation approved at Council in March 2019	Shaer Halewood	3	5	15	Mapping new and potential businesses in pipeline to quantify new income from business rates	Daniel Kirwan	Ongoing 19-20	→		
Continual (not annual) budget setting process with scrutiny and challenge to ensure future business cases for savings proposals are robust and deliverable						Community Wealth Building Strategy to keep wealth in the Borough					Shaer Halewood	Final Nov -19				
Robust and rigorous monitoring of budgets and savings plans in year						Develop a funding/investment strategy to identify internal finance pressures and external funding sources to support planned growth projects					Shaer Halewood	Dec-19				
Scrutiny and challenge to ensure future business cases for savings proposals are robust and deliverable						Implementation of new Capital Budget arrangements with revised reporting and monitoring - agreement of terms of reference at next meeting					Daniel Kirwan	Ongoing during 19-20				
Budget training workshops held for Budget Holders						Refreshed Financial Resilience Strategy including reducing reliance on reserves through a phased approach					Daniel Kirwan	Nov-19				
Programme of service reviews considering the most financially sustainable models																
Establishment of a Financial Governance Structure to improve Accountability, Management and Monitoring of Budgets																
Establishment of a Commercial Strategy and Commercial Ideas Panel																
Implementation of new Agency arrangements to minimise reliance on and length of agency placements																
MTFS updated on a quarterly basis and reported to Cabinet for early intervention and resolution of budget deficits																
Adult Care and Health	2	Demand Management Failure to improve the quality of health and care services through integrated commissioning and delivery arrangements, could lead to demand continuing to increase, leaving the Council exposed to increased financial pressures in relation to meeting social care assessed need	5	4	20	Better Care Fund investment in preventative and re-ablement services. NHS providers have agreed review targets to meet growth in demand. LD savings plan rolled forward under new commissioning lead	Graham Hodkinson	2	4	8	Implementation of the Wirral Together Strategy to minimise reliance on public services through a phased programme over the next decade	Rachel Musgrave	Ongoing during 19/20	→		
Social Care Precept used to fund increases in provider costs																
Domicilliary Care recommissioned to manage demand and responsiveness of the market. Responding effectively and in a timely manner now exceeding residential care																
Home First Pathway implemented						Jacqui Evans										
Social Work services integrated with partners with a section 75 agreement for most services, focus on demand management, early intervention and prevention						Jason Oxley					Graham Hodkinson	Dec-19				
Implementation of Healthy Wirral Strategy	Graham Hodkinson															

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Jobs and Growth	3	Exposure to Economic and Market Risk The aggregate level of risk presented by multiple regeneration projects is not recognised, leaving the Council over-exposed in the event of a downturn in the economy and/or markets	3	5	15	Alan Evans - Corporate Director of Economic & Housing Growth	Robust financial modelling on business cases with external due diligence as required	Shaer Halewood	2	5	10	Ensure long term project milestone plan to determine capacity and capability to deliver so as not to over expose the council to risk	Shaer Halewood	Ongoing during 19/20	→	
						Long-term strategic regeneration framework that articulates the Council's approach to economic growth and investment.	Sally Shah	Improve horizon scanning through Local Economic Assessment production				Nancy Clarkson	Sep-19			
						A collaborative relationship with the LCR Combined Authority has been established to engage Strategic Investment Fund investment in Wirral growth projects	Sally Shah	Develop detailed place specific 'blueprints/masterplans' to articulate a phased approach to growth projects				Sally Shah	Ongoing during 19/20			
						Risk exposure analysis undertaken of immediate growth projects. Assessment of financial impact of market risk included in MTFS relevant to the year of risk exposure	Shaer Halewood	Medium Term Financial Strategy update				Shaer Halewood	Dec-19			
Leader	4	Cultural Change Failure to implement the cultural change necessary to become an efficient and effective organisation, which is financially sustainable in the long term. There is a risk that insufficient capacity or expertise, cultural resistance from staff or ineffective engagement with partners means that the ambition of the Wirral Plan is not realised, perpetuating inefficiencies and preventing required outcomes from being achieved	4	4	16	Nikki Boardman - Director of Change & Organisation Design	Delivery of People Strategy and underlying employee engagement strategy. - Well established people strategy timeline and roadmap on track. - Launch of values and behaviours complete - Launch of employee engagement multiple programme commenced - Performance appraisal pilot and quality approach commenced - People Strategy Programme Board in place providing strong governance - Performance framework under development to provide measurable evidence of capacity, capability and change	Nikki Boardman	3	4	12	On going developments as per timeline	Suzanne Moore	Apr 2020 for review against timeline	→	
						Health and wellbeing strategy		Ensure clarity over the skills that are needed for the future through an organisational diagnostic and a new workforce planning process				Nikki Boardman	Dec-19			
						Staff engagement sessions		Further improve managers' ability to address under-performance. A project to introduce a new performance management framework is underway				Nikki Boardman	Ongoing programme during 19-20			
Housing and Planning	5	Local Plan A failure to ensure the Council's arrangements for the consultation, publication and implementation of the Local Plan could result in intervention, a loss of control over future development and missed opportunities to promote economic growth.	4	5	20	Alan Evans - Corporate Director of Economic & Housing Growth	Programme management approach to Local Plan implementation. Consultant used to assist with the Programme Development and implementation (Feb 2019). Council has an agreed timeline for production of the Local Plan	Tim Games	3	4	12	Conduct green belt review		Ongoing during 19/20	→	
						Recruitment of additional capacity to Forward Planning Team and this is being supported by specialist consultancy support in relation to the evidence base.		Consultation process for the Local Plan					Ongoing during 19/21			
						LGA, Planning Officers Society and Planning Advisory Service supporting the work on the Local Plan		Administrative support provided to the Forward Planning Team to assist with Local Plan				David Ball	Ongoing during 19/20			
						Fortnightly Programme Board meeting with the Senior Responsible Officer, Paul Satoor, and a technical Programme Board on the week in between. Monthly meetings with MHCLG to monitor progress against the timeline set out in the MHCLG Action Plan. These meetings are constructive and allow discussion not only in relation to the Local Plan production but also how it will be delivered.	David Ball	Peer review					Sep-19			
						The Council is working with major landowners and developers in Wirral - a focus of bringing forward and maximizing development in key regeneration areas, e.g. Wirral Waters. Developments moving into the planning process. Work is also progressing on the housing trajectory for years 6 to 15 of the plan.										

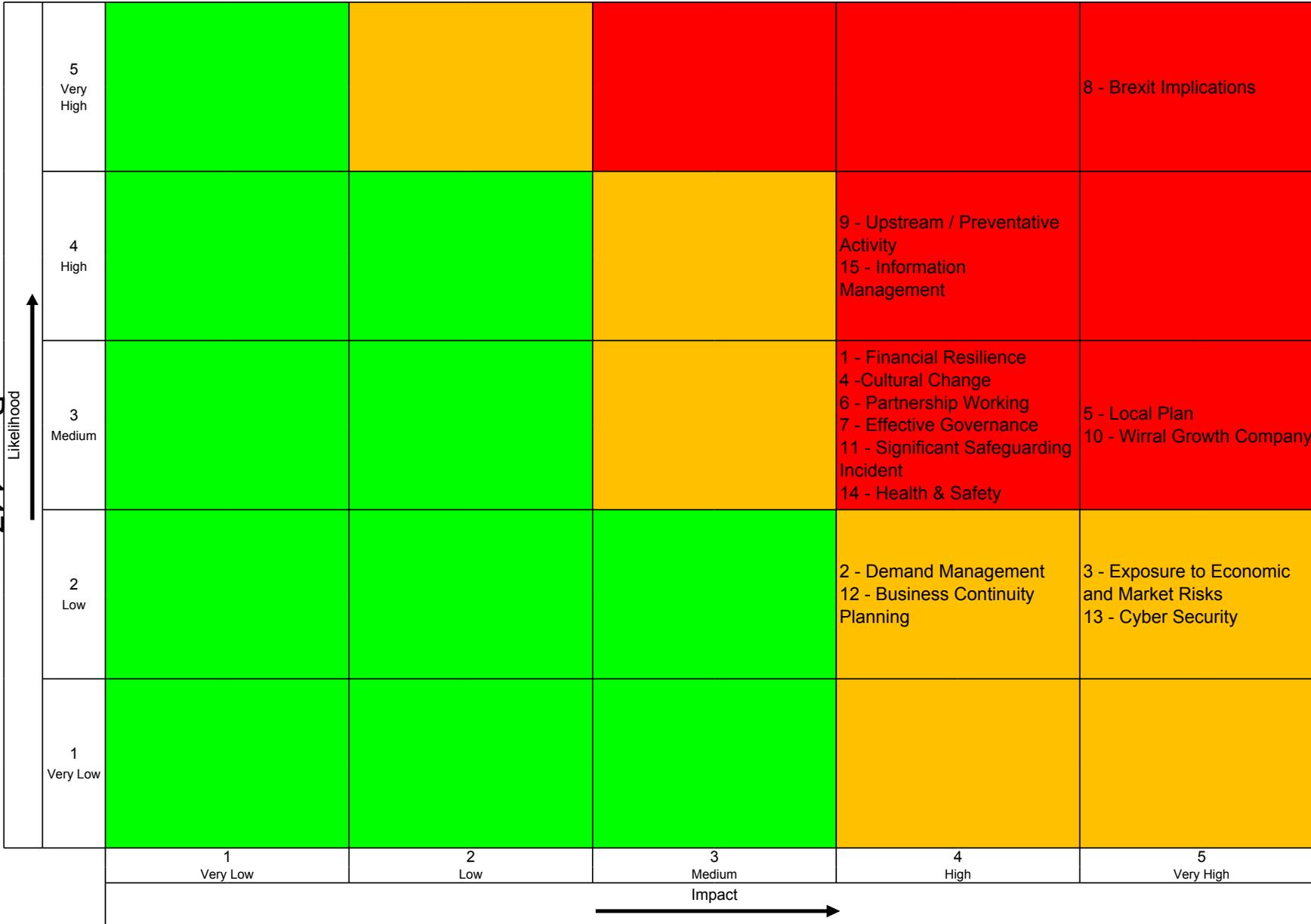
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Leader	6	Partnership Working Inability to take advantage of collaborative opportunities locally and nationally, limiting improvement in economic conditions for the community and the Council's funding position	4	4	16	Graham Hodkinson - Director for (Adult) Care & Health	Co-ordination of all engagement and interaction with LCR partnerships Officer cross LCR working Refreshed approach for engagement and briefings to ensure Wirral plays an effective and influential role in wider Partnerships & Liverpool City Region. New process for communications will include monthly updates to SLT, regular briefings for the Leader and improved sharing of relevant informations with officers. The Wirral Partnership	Rose Boylan	3	4	12	Refresh approach to Wirral Partnership Planned meetings with Chamber of Commerce	Rose Boylan Shaer Halewood / Alan Evans	Ongoing during 19-20 Dec-19	→	
Leader	7	Governance Failure to maintain effective corporate governance could result in poor decision-making, malpractice and breach of legislation, leading to regulatory intervention and significant cost, both in financial terms and to the reputation of the Council	4	4	16	Philip McCourt - Director of Governance and Assurance	Internal governance procedures (DMT, Leadership, SLT, Call over Board, Cabinet/SLT, portfolio holder briefings) Council Constitution. Code of Corporate Governance Member / Officer Protocol Corporate Policies (e.g. Whistleblowing) Ethical Framework for Members Oversight provided by Corporate Governance Group meeting bi-monthly Improved Annual Governance Statement process Compliance Group	Philip McCourt -	3	4	12	Complete the review of the Constitution Implement the new Scheme of Delegation Deliver Member development sessions Establish Chief Executive's office	Philip McCourt Philip McCourt Philip McCourt David Armstrong	2020 2020 Ongoing during 19/20 Ongoing during 19/20	→	
Jobs and Growth	8	Brexit Uncertainty caused by Brexit adversely affects public and market confidence, impacting demand for housing and the level of inward investment in the borough. Other Brexit implications e.g. lack of workers available for care type work; withdrawal and/or reduction in external funds impacts ability to sustain investment in local programmes	5	5	25	Paul Boyce - Corporate Director for Childrens Services	Maximising extensions for remainder of EU Funding programmes and engagement in negotiations for replacement/alternative sources of funding. Identification and evaluation of potential implications and development of strategic responses. Brexit Team developed with key representatives from corporate services, appointment of Corporate Resilience Officer as Brexit Co-ordinator EU Exit Co-ordinating Group with partners (CWP, DWP, Wirral Chamber, Wirral Change)	Sally Shah Rose Boylan Mark Camborne Mark Camborne	5	5	25	Monitor the international and national financial climate and to include any potential negative financial impact in the MTFS Take legal advice on the impact of any changes to legislation affecting the council Delivery of Brexit Action Plan	Shaer Halewood Philip McCourt Rose Boylan	Jan-20 Ongoing during 19/20 Ongoing during 19/20	→	

Portfolio / Priority	Risk Ref.	Risk Description	Unmanaged Scores			Risk Owner	Existing Mitigation	Owner	Current Scores			Planned Additional Mitigation	Owner	Target Date	Current Risk Status (▲ ▼ ◀ ▶)	New field to be used to capture commentary of update Risk Update / Commentary
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Adult Care and Health Children & Families	9	Upstream / Preventative Activity Insufficient time and resource for preventative and upstream activity mean that outcomes for vulnerable people do not improve, resulting in demand for reactive services not reducing, or increasing.	4	4	16	Graham Hodkinson - Director for (Adult Care & Health) / Paul Boyce - Corporate Director for Children's Services	Health and Social Care Integration. Key services currently integrated to deliver effective responses	Jacqui Evans	4	4	16	Improved business intelligence arrangements and tools for Population Health management.	Nancy Clarkson	Mar-20	→	
							Early Help and Prevention Strategy	Elizabeth Hartley				Development of Restorative Practice approaches through Partners in Practice (PiP) arrangements with Stockport (Via DfE)	Paul Boyce	Mar-20		
							Public Health Commissioning	Julie Webster				Joint Commissioning Forum/Framework	Carly Brown	Mar-20		
							Improved business intelligence arrangements using Power BI in place and regular reports available to managers	Nancy Clarkson				Review the referral/single point of access arrangements, to enhance strength based approaches to assessment and support planning.	Jason Oxley/Jacqui Evans/Graham Hodkinson.	Mar-20		
							Partnership for Children and Families - Children's Strategy	Carly Brown				Development and implementation of 2 year Neighbourhood Model in Adult Social Care.		2020-2021		
Jobs and Growth	2019/20 Priority Creating Jobs, Driving Regeneration	Wirral Growth Company Failure of the Wirral Growth Company to deliver anticipated benefits undermines the Council budgetary position, economic growth aspirations and public and investor confidence in the authority.	4	5	20	Alan Evans - Corporate Director of Economic & Housing Growth	Weekly Programme Steering Group Meetings, monthly Programme Board meetings and 2 weekly meetings with Muse. Supporting governance and programme structure & monitoring in place.	Sian Hartley	3	5	15	Partnership Business Plan produced, presented to Joint Venture Board in November and Cabinet in January 2020.	Sian Hartley	Jan-20	→	
Clearly documented legal framework and partnership agreement. Joint Venture Board established.							Philip McCourt	All key decisions to be underpinned with robust business cases.				Daniel Kirwan & Alan Evans	Ongoing during 19/20			
Existing relationships and historic knowledge with Muse and partners							Alan Evans	Public Consultations e.g. Market Traders, Birkenhead public				Sian Hartley	Ongoing during 2019/20			
Funding model							Shaer Halewood									
Page 144	11	Significant safeguarding incident The Council and its partners do not effectively manage their relevant safeguarding risks, leading to a safeguarding incident, resulting in harm to individuals and/or families, potential legal challenge, resident dissatisfaction and public scrutiny	4	4	16	Graham Hodkinson - Director for (Adult Care & Health) Paul Boyce - Corporate Director for Children's Services	Multi-agency Safeguarding Arrangements for Children via Wirral Safeguarding Children Partnership - activity led by the LA, health economy and police including robust local audit and case review procedures, audit, scrutiny, training and publication of policies and guidance.	Simone White - Deputy Director for Children	3	4	12	Embed approach to Contextual Safeguarding	Tony Kirk	Mar-20	→	
							Children and Families Overview and Scrutiny Committee. Integrated children's safeguarding performance management arrangements.									
							Merseyside combined Safeguarding Adult Board.					Peer Review of Safeguarding Adult Board.				
							Benchmarking across LCR and review of referral and handling processes for safeguarding adult alerts, Wirral identified as outlier leading to change in practices	Graham Hodkinson								
							Care and Health Overview and Scrutiny Committee/Care and health Panel. Ongoing grip in relation to safeguarding activity and learning from other LCR partners NB review of front door leading to practice changes									
	12	Business Continuity Planning Failure to coordinate and maintain effective business continuity plans leaves the Council unable to respond to an incident, resulting in a major failure in service delivery	2	4	8	Shaer Halewood - Director of Finance & Investment	Business Continuity Policy	Shaer Halewood	2	4	8	Review of Business Continuity Policy	Mark Niblock	Mar-20	→	
							Business Continuity Plans for identified Critical Services					Review and refresh of business continuity plans				
												Development of training and testing programme for business continuity plans				

Portfolio / Priority	Risk Ref.	Risk Description	Unmanaged Scores			Risk Owner	Existing Mitigation	Owner	Current Scores			Planned Additional Mitigation	Owner	Target Date	Current Risk Status (▲ ▼ ◀ ▶)	New field to be used to capture commentary of update Risk Update / Commentary
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	13	Cyber Security IT security is insufficient to deter, detect and prevent unauthorised access to IT systems, resulting in loss of data and disruption to Council services.	5	5	25	Nikki Boardman - Director of Change & Organisation Design	Cyber Security Policy Weekly review of security incidents New threats communicated to staff and Members Technical controls: 1) Endpoint security software, 2) Network firewall 3), Prevention of downloading of unauthorised software Implementation of 'patching' policy Responsibility for Information' training	Pete Moulton - Head of ICT & Digital Sue Blevins	2	5	10	Programme of migration from Windows 7 to Windows 10 Responsibility for Information' training Staff and Members Cyber Awareness Training Creation of Cyber Security Board to review alignment against security best practice on monthly basis	Peter Moulton Sue Blevins Jane Corrin Peter Moulton	Jan-20 Ongoing during 19/20 Dec-19 Dec-19	→	
	14	Health & Safety Management If health and safety / compliance policies and procedures are not sufficiently developed, tested or adhered to by officers, members or contractors, this could lead to an incident resulting in harm to employees / Members / members of the public, legal challenge and reputational damage	4	4	16	Nikki Boardman - Director of Change & Organisation Design	Corporate health and safety policy Implementation of health and safety management arrangements. Essential H&S training for managers available. Specific Hazard related training available for managers and staff. Health surveillance monitoring in place and Occupational Health. New Strategic Health, Safety and Wellbeing Board set up - first meeting 17/10/19	Andy McMillan Tony Williams	3	4	12	Emergency contingency procedures being re-established. Annually review of H&S Policy to be agreed by SLT Improvements in SLT/DMT oversight of compliance. Development of e-learning modules for key H&S processes Terms of reference, objectives and activity for Strategic Health, Safety and Wellbeing Board	Tony Williams AMcM / SLT SLT/DMTs / AMcM A McMillan A McMillan/Tony Williams	Dec-19 Apr-20 Apr-20 Apr-20	→	
Page 145	15	Information Management Council is not compliant with relevant data and information management legislation which may lead to loss or breach of personal data creating security or reputational risk.	5	4	20	Nikki Boardman - Director of Change & Organisation Design	• The role of the Senior Information Risk Officer (SIRO) has been strengthened and redefined in terms of their oversight responsibilities • The Director of Change and OD has an active role in monitoring compliance and performance	P Moulton	4	4	16	• Develop action plans with assigned owners and timescales • Produce an Information Management Risk Register to enable regular review of all risks and mitigation to further reduce the overall risk • Devise new governance procedures providing oversight and holding people to account	P Moulton	On going through Oct '19 - March 2020	New	
	16	Climate Emergency Failure to respond effectively and develop plans/adaptations			0	Nicki Butterworth	Full Council support for declaration Cool Wirral 2 consultation undertaken Friends of the Earth assessment of Council				0	Await results of Combined Authority work Urge other partners to declare a climate emergency and active participation Finalise / Agree Cool Wirral 2 long term plan Partner specific action plan Asset management - rationalisation of property portfolio Inclusion of performance information in Corporate Health Contract Management - review fleet Council fleet provision			New	

Portfolio / Priority	Risk Ref.	Risk Description	Unmanaged Scores			Risk Owner	Existing Mitigation	Owner	Current Scores			Planned Additional Mitigation	Owner	Target Date	Current Risk Status (▲ ▼ ◀ ▶)	New field to be used to capture commentary of update Risk Update / Commentary
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	17	<p>Compliance (linked to several existing Corporate Risks - 4 Cultural Change, 7 Governance, 14 Health & Safety and 15 Information Management)</p> <p>Non-compliance with corporate policies and procedures across disciplines such as HR, finance, information, procurement, health & safety, put the reputation of the Council and the health and safety of our staff and residents at risk, and may lead to financial penalty and ultimately loss of life.</p>			0	<p>Nikki Boardman - Director of Change & Organisation Design</p> <p>Shaer Halewood - Director of Finance & Investment</p>	<ul style="list-style-type: none"> The Council has developed and uses the 'audit universe' to determine all the areas of financial control and risk and which areas need to be audited on a more regular basis than others. The audit process is robust and in light of recent incidents we have reviewed the frequency and priority of audits. Compliance Group in place chaired by AD Finance & Resources, Daniel Kirwan. To drive the audit & risk process across the council. Corporate Governance Group (CGG) in place chaired by Director of Law & Governance, Phil McCourt. To ensure appropriate governance of risk is in place across the council. SLT performance report in development to highlight our legal obligations whether we are meeting them. Corporate Risk Register in place Health and Safety Strategic Board in place, chaired by Chief Executive, Paul Satoor. To set the Council's direction in terms of Health & Safety compliance. Health and Safety Steering Group in place, chaired by Director of Change & OD, Nikki Boardman. To drive progress in terms of Health & Safety compliance. People Strategy Board in place, chaired by Director of Change & OD, Nikki Boardman. To ensure compliance with all staff related issues and to drive culture and behavioural change across the council. Task & Finish Groups set up as appropriate (such as Agile & Flexible working). To ensure policies are being applied appropriately and in accordance with business need. 			0	<ul style="list-style-type: none"> Independent assessments carried out by Zurich Municipal will be complete by the end of November providing us with an evidence base from which to resolve issues. Investigations into specific incidents provides us with an evidence base upon which to put preventative action in place 				New	

Summary Heat Map of Corporate Risks



Impact and Likelihood Scores

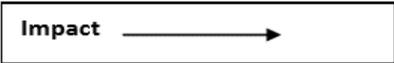
Impact

Description	Score	Impact – Financial (Council, department or service area)	Impact - Reputation	Impact – Service Delivery	Impact – Health & Safety (Employees or public)	Impact – Service Objectives
Very Low	1	<2% of annual budget	Letter(s) of complaint.	Minor, very short term (under 24 hours) disruption to a single team or section.	Minor injuries or illnesses, but not resulting in 'lost time'	Minor effect on achievement of a divisional objective
Low	2	<5% but >2% of annual budget	Single adverse report in local media	Some short-term (under 48 hours) disruption to a single team or section, manageable by altered operational routine	Minor injuries or illnesses that require first aid and result in lost time.	Serious effect on achievement of a divisional objective
Medium	3	<10% but >5% of annual budget	Significant adverse publicity in local media	Longer term disruption (up to 7 days) to a number of operational areas within a single location and possible flow on to other locations. <u>Or</u> short-term disruption to a service-critical team or section.	Injuries or illnesses that result in an 'over 3 day' injury, major injury or hospitalisation	Achievement of a divisional objective seriously compromised and / or significant effect on a Directorate objective.
High	4	<15% but >10% of annual budget	Significant adverse publicity in national media. Dissatisfaction with Chief Officer &/or Member	All operational areas of a single location compromised. Other locations may be affected. <u>Or</u> longer-term (up to 7 days) disruption to one or more service critical teams or sections.	Single case of injury or illness that could be fatal, life threatening or cause long-term disability	Achievement of one or more Directorate objectives compromised and / or significant effect on achievement of Corporate objective
Very High	5	>15% of annual budget	Sustained adverse publicity in national media. Chief Officer &/or Member removal or resignation	Multiple locations compromised. Council unable to execute numerous service-critical functions.	Multiple cases that could be fatal, life threatening or cause long-term disability	Achievement of one or more Corporate objectives seriously compromised

Likelihood

Description	Score	Narrative	Quantitative (chance of occurrence within 3 years)
Very low	1	Extremely unlikely or virtually impossible within the period covered by the plan	0-5%
Low	2	Unlikely – not expected to occur within the period covered by the plan	6-20%
Medium	3	Possible – may possibly occur at some point within the period covered by the plan	21-50%
High	4	Likely – will most probably occur within the period covered by the plan	51-80%
Very High	5	Almost certain – expected to occur within the period covered by the plan	>80%

Risk Scoring Table



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

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AUDIT AND RISK MANAGEMENT COMMITTEE

18 NOVEMBER 2019

REPORT TITLE	Adult Social Care Corporate Risks
REPORT OF	Graham Hodgkinson, Director of Care and Health, Wirral Health and Care Commissioning

REPORT SUMMARY

Three key areas of risk related to the provision of Adult Care and Health have been identified as Corporate risks to the Council as a whole. These are shown in Appendix 1 in full. Each area of risk has a number of mitigations in place to help reduce the level of risk that the Council is exposed to.

This report aims to support a more detailed in-depth exploration via Audit and Risk Management Committee of the identified risks and mitigations, in order to seek assurance that the risks are being appropriately managed.

Key duties have been set out in relation to the context for Adult Care and Health services, the report then addresses each of the three areas of risk.

This report does not include any specific recommendations or actions as it describes mitigations already in place or being progressed to reduce Corporate risk.

RECOMMENDATION/S

Committee notes the contents of this report and the specific actions and mitigations already in place to reduce corporate risks.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

1.1 N/A.

2.0 OTHER OPTIONS CONSIDERED

2.1 N/A.

3.0 BACKGROUND INFORMATION

What is Adult Social Care

- 3.1 Adult Social Care services are in place in order to ensure that the Council can meet its statutory duties to protect and support people that are vulnerable provided to ensure that people that need support get it in the right place and at the right time.
- 3.2 The Council has specific duties to ensure that people's needs are assessed in a timely manner. Following assessment, appropriate services are put in place to effectively support the person. A range of services must be in place to meet the needs of the local population and the market must be managed; the Council has duties to prevent market failure.
- 3.3 Adult Social Care must, in effect, provide personal and practical support to help people live their lives and to maintain their independence and dignity. There is a shared duty between the Government, local Councils and providers of services to make sure that people who need care and support have the choice, flexibility and control to live their lives.
- 3.4 There is a national level of care and support needs that all councils consider when they assess what help they can give. To qualify for support:
- Needs must arise from or are related to a physical or mental impairment or illness
 - As a result of those needs, the person is unable to achieve two or more outcomes in the areas listed below
 - As a result, there is, or is likely to be a significant impact on their wellbeing
- 3.5 The areas include:
- eating, drinking and preparing meals
 - personal care
 - being appropriately clothed
 - being able to make use of the home safely
 - running and maintaining the home
 - developing and maintaining family and other personal relationships
 - accessing and engaging in work, training, education or volunteering
 - making use of necessary facilities or services in the local community including public transport and recreational facilities
 - carrying out any caring responsibilities for a child

- 3.6 **See Corporate Risk No. 2** (details in Appendix 1): Failure to improve the quality of health and care services through integrated commissioning and delivery arrangements, could lead to demand continuing to increase, leaving the Council exposed to increased financial pressures in relation to meeting social care assessed need.
- 3.7 Although Care and Health systems have been organised separately due to national structures and legislation, many people experience both types of services when they need extra help and support, due to long-term illness or increasing old age and frailty.
- 3.8 Integrated care is about joining up the range of different Health and Social Care services so that people experience their support one seamless service, with their needs placed at the centre. People with long-term conditions require regular support, and the services should be easier to access as well as helping people to be as independent as they can be.
- 3.9 The approach we have taken is to ensure that people receive the right care, in the right place, at the right time. Bringing together all the different parts of the Health and Social Care system to provide better communication and information sharing, whilst reducing duplication and confusion for individuals, carers and staff.
- 3.10 20,000 people receive support from Social Care in Wirral each year; all of them go to the NHS for support as well. It is clear from listening to people's views that they do not want to go to the NHS for one part of their care, and the Council for the other. They want to experience more joined-up care.
- 3.11 The Council has a duty to integrate services wherever possible and to ensure that they are in the best shape to deliver care and support in the most effective way possible. There is no single blueprint that sets out how to integrate or a specific plan to follow nationally. Arrangements differ considerably across different Local Authorities and NHS areas.
- 3.12 Wirral undertook an in-depth transformation process to ascertain the best ways to integrate. This process involved the development of detailed business cases, the review of a range of options and presentation of those options and plans through formal Cabinet decision making processes.
- 3.13 It was agreed that joining up services and budgets would certainly help to keep the NHS more sustainable, and stronger locally. It would also help the Council to manage an under pressure Social Care resource.
- 3.14 The Section 75 Partnership Agreement enables integrated teams carry out all statutory assessment and support planning duties on behalf of the Council. These arrangements are closely performance and quality managed to ensure that people receive timely and appropriate assessment and support services.

- 3.15 In most cases services are now commissioned jointly between NHS and Social Care. The Better Care Fund, now valued at £58M, comprises of a set of services aimed to enable people to get back on their feet after illness and to maximise their independent living skills. It also supports some of the core costs of Social Care. This group of services is constantly reviewed and revised to offer the best support that we can purchase within the resources available. During this last year domiciliary care was re-commissioned in order to improve response times and the service capacity. It should be noted that demand for this type of support continues to grow and is currently running at a 16% increase over the last year which is impacting upon the budget overall.
- 3.16 **See Corporate Risk No. 9** (details in Appendix 1): Insufficient time and resource for preventative and upstream activity mean that outcomes for vulnerable people do not improve, resulting in demand for reactive services not reducing, or increasing.
- 3.17 Upstream activity relates to what can be put in place to enable people to keep as healthy and well as they can in order to continue to live independently without the need for intervention from public services.
- 3.18 It is recognised that the Council and Health partners could work much more closely with local communities and the voluntary sector to develop a much-improved localised response.
- 3.19 Care and Health have been working closely with Public Health and Primary Care to respond more locally at community level through neighbourhood working. It is widely acknowledged that collaboration through place-based delivery models offers the best opportunity for organisations to tackle the growing challenges that they are faced with. Similarly, for residents using services, they are often engaged with multiple organisations as well as various 'departments' within an organisation, who may or may not be working together or holistically. There are opportunities therefore for improving outcomes for people, creating sustainable services and enhanced customer experience through place-based service delivery transformation.
- 3.20 Voluntary sector services for low level interventions with people have included Community Connectors and Promoting Independence and care workers. They have provided evidence of how those interventions can significantly reduce demand for formalised Care and Health services. They do however require sustainable funding.
- 3.21 The neighbourhood programme is a place-based service delivery model integrating services to support residents to live the lives they want to and to support communities to help each other. To do this we have a programme to:
- Integrate local services responsive to local need.
 - Build services on assets of the community and intervene early in an emerging problem.
 - Embed person-centred approaches within the context of family and community.
 - Deliver services within the community, close to home from a flexible asset base.
 - Connect residents to the assets of the community, including community groups and the private sector.

- 3.22 Clearly, a key challenge is moving from this; being a Care and Health initiative and broadening out to whole Council and public sector partners.
- 3.23 **See Corporate Risk No. 11** (details in Appendix 1): The Council and its partners do not effectively manage their relevant safeguarding risks, leading to a safeguarding incident, resulting in harm to individuals and/or families, potential legal challenge, resident dissatisfaction and public scrutiny.
- 3.24 Wirral Council is part of an adults safeguarding partnership that runs on behalf of Liverpool City Region Authorities, CCGs, Probation, and Merseyside Police. Partners contribute to the cost of running the Merseyside Safeguarding Adult Board (MSAB), which is administered on behalf of them by Wirral staff.
- 3.25 The Board was constituted in order to offer comparison and research into what best practice looks like. Rather than for Wirral to work alone on safeguarding arrangements, understanding activity but not necessarily what good looks like. This was of course duplicated across a number of Authorities.
- 3.26 The Board is now well established and takes the strategic lead across Merseyside for adult safeguarding. Annual reports have shown the work of the Board in detail. It has improved relationships and has offered clear comparison in relation to performance and quality standards.
- 3.27 Good examples of this work include the ability to understand the findings of Safeguarding Adult Reviews and to learn from them. Performance data identified that Wirral was receiving far more initial enquiries than other area, and that a smaller percentage of these became full safeguarding investigations. This has allowed comparison and best practice review of arrangements for receiving safeguarding and other enquiries in Wirral.
- 3.28 The Board is about to enter into a Peer Review, run through the Local Government Association.
- 3.29 It is anticipated that the review will focus on the following questions;

Part One – How well has the MSAB met its original Aims and Achievements?

1. What activities has the Board undertaken to be assured that people are safe?
2. What value has the Board added?
3. How has the Board influenced the sharing of good practice and consistency across areas?
4. Are Board members challenged in the implementation of decisions made by the Board?
5. How do the voices of service users and front-line practitioners inform strategic decision making and the work of the Board?

Part Two – Benefits and Challenges / Local v Combined

1. How does the MSAB work for its partners? What are the Benefits and Challenges?
2. How do Board members balance the independent responsibilities of their agency roles and their role as a Board member?
3. How is the work of the Board communicated by Board members to local areas and used to influence local practice? And how are local issues highlighted to the Board?

3.30 The outcome of the Peer Review and any associated recommendations will be reported into each Local Authority.

4.0 FINANCIAL IMPLICATIONS

4.1 The Council currently spends a little over £150M on Adult Social Care Services. This cost is reduced down to around £100M, after income is taken into account. Adult Social Care spending is volatile as the cost to the Council is demand led.

4.2 If a person has more than £23,250 in savings and capital, they have to pay the full cost of any support required. For people with less than £23,250 in savings or capital, they are financially assessed to contribute towards the cost of their support.

4.3 Social care is therefore demand rather than budget led this does lead to budget volatility based on the statutory requirement to assess and meet people's needs. Cost and risk of Adult Social Care is therefore of central importance to the Council as it has the potential to impact across the whole Council.

5.0 LEGAL IMPLICATIONS

5.1 No new implications.

6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

6.1 Almost all our statutory Social Care services are now delivered through formal partnership with our key NHS providers in Wirral. This includes all our Social Workers for adults and for children with disabilities. They were transferred to the NHS to work in fully integrated teams with Nurse and Therapy colleagues. Staff however, retained their Council terms and conditions, including their pension rights.

7.0 RELEVANT RISKS

7.1 Risks identified within the Corporate risk register for Adult Care and Health are covered within this report; mitigations are to be explored through ARMC.

8.0 ENGAGEMENT/CONSULTATION

8.1 N/A. All appropriate matters in relation to policy and social care service structure have been consulted on as appropriate. A scrutiny workshop review of Integrated arrangements and proposed arrangements for 2020 was held on 30 October 2019.

9.0 EQUALITY IMPLICATIONS

9.1 N/A. No specific proposal.

10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS

10.1 The content and/or recommendations contained within this report are expected to have no impact on emissions of CO2.

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APPENDICES

Appendix 1 - Detail extracted from Corporate Risk Register

REFERENCE MATERIAL

Corporate Risk Register.

SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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Corporate Risk Register
11 September 2019

Portfolio / Priority	Risk Ref.	Risk Description	Unmanaged Scores			Risk Owner	Existing Mitigation	Owner	Current Scores			Planned Additional Mitigation	Owner	Target Date	Current Risk Status (▲ ▼ ◀ ▶)
			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)				
Adult Care and Health	2	Demand Management	5	4	20	Graham Hodkinson - Director for (Adult) Care & Health	Better Care Fund investment in preventative and re-ablement services. NHS providers have agreed review targets to meet growth in demand. LD savings plan rolled forward under new commissioning lead	Graham Hodkinson	2	4	8	Implementation of the Wirral Together Strategy to minimise reliance on public services through a phased programme over the next decade	Rachel Musgrave - Consultant in Public Health	From April 19 - ongoing during 19/20	↑
2019/20 Priority Improve Health & Wellbeing by Joining Up Services for Residents		Failure to improve the quality of health and care services through integrated commissioning and delivery arrangements, could lead to demand continuing to increase, leaving the Council exposed to increased financial pressures in relation to meeting social care assessed need					Domiciliary Care recommissioned to manage demand and responsiveness of the market. Responding effectively and in a timely manner now exceeding residential care					Implementation of the Home First Pathway	Jacqui Evans - AD, Unplanned Care and Community Care Market commissioning	From 01/06/2019	
							Social Work services integrated with partners with a section 75 agreement for most services, focus on demand management, early intervention and prevention	Jason Oxley - AD - Health and Care Outcomes							
							Implementation of Healthy Wirral Strategy	Graham Hodkinson							
Adult Care and Health Children & Families Page 159	9	Upstream / Preventative Activity	4	4	16	Graham Hodkinson - Director for (Adult Care & Health) / Paul Boyce - Corporate Director for Childrens Services	Health and Social Care Integration. Key services currently integrated to deliver effective responses	Jacqui Evans - AD - Integrated Commissioning Programme	4	4	16	Improved business intelligence arrangements and tools for Population Health management.	Nancy Clarkson	Mar-20	→
						Early Help and Prevention Strategy	Elizabeth Hartley, Assistant Director - Early Help and Prevention	Development of Restorative Practice approaches through Partners in Practice (PIP) arrangements with Stockport (Via DfE)				Paul Boyce, Corporate Director for Children	Mar-20		
						Public Health Commissioning	Julie Webster - Director for Health and Wellbeing	Joint Commissioning Forum/Framework				Carly Brown - Asst Director - Modernisation & Support	Mar-20		
						Partnership for Children and Families - Children's Strategy	Carly Brown - Asst Director - Modernisation & Support	Planned work in Adult Social Care to review the referral/single point of access arrangements, to enhance strength based approaches to assessment and support planning, to develop a neighbourhood model ensuring that people can access the right support at the right time.				Jason Oxley/Jacqui Evans/Graham Hodkinson.	Mar-20		
	11	Significant safeguarding incident	4	4	16	Graham Hodkinson - Director for (Adult) Care & Health Paul Boyce - Corporate Director for Children's Services	Multi-agency Safeguarding Arrangements for Children (formerly Wirral Safeguarding Children Board) activity including audit, scrutiny, training and publication of policies, procedures and guidance. Children and Families Overview and Scrutiny Committee. Integrated children's safeguarding performance management arrangements.	Simone White - Deputy Director for Children	3	4	12	New multi-agency safeguarding arrangements for children led by the LA, health economy and police including robust local audit and case review procedures	Paul Boyce	Sep-19	→
						Merseyside combined Safeguarding Adult Board. Care and Health Overview and Scrutiny Committee/Care and health Panel. Ongoing grip in relation to safeguarding activity and learning from other LCR partners NB review of front door leading to practice changes	Graham Hodkinson	Review of referral and handling processes for safeguarding adult alerts, LCR benchmarking.				Graham Hodkinson	On-going during 19/20		
						The Council and its partners do not effectively manage their relevant safeguarding risks, leading to a safeguarding incident, resulting in harm to individuals and/or families, potential legal challenge, resident dissatisfaction and public scrutiny		Embed approach to Contextual Safeguarding				Tony Kirk, Head of Contextual Safeguarding	Mar-20		

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 <p>COUNCILLOR CHRISTINE JONES</p>	<p>CABINET MONDAY 24 JUNE 2019</p> <p>Local Government Ombudsman Report (March 2019)</p>
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Councillor Chris Jones said:

“We have offered our fullest apologies to this family. The Council has accepted the findings of the report and is implementing all the recommendations made by the Ombudsman.

“We have since significantly improved the way domiciliary care is managed and kept under review to accommodate changes in circumstances and ensure care packages meet people's needs as they change over time, and the level of care commissioned is appropriate to the needs of each individual who receives this care.

“The Council's aim is to ensure each of those who receive domiciliary care have their needs fully met by a care package which works flexibly to meet their specific needs, and that if there are complaints these are dealt with quickly and fairly. We accept that in the case highlighted by the Ombudsman this did not happen. We apologise for this and can reassure residents we have comprehensively reviewed and improved our complaint handling procedures.

“In light of the issues raised by the Ombudsman's investigation the Council has also worked closely with care providers who work on our behalf to ensure staff are fully trained in safeguarding and administering medication to ensure that now and in the future these issues are dealt with promptly and appropriately.”

REPORT SUMMARY

The Local Government Ombudsman (LGO) has investigated a complaint made to the Council and found the Council at fault. It has made a number of recommendations that have been accepted in full. The Ombudsman has made the decision that the report would be published. The recommendations include that arrangements should be made for the report to be considered at full Council, Cabinet or another Committee with delegated authority.

This report seeks to set out the action that has been taken, or will take, to avoid similar faults in future and to meet the recommendations of the report in full which have been accepted. The findings and recommendations were specific to the case that was investigated.

This report relates to two of the Wirral Plan pledges: older people live well, and people with disabilities live independently.

The decision is not a key decision. The findings do relate to all wards as some responses to the Ombudsman's recommendations will apply to all wards.

The report refers to Mr X as the son of the former service user, and for ease of reference the same approach has been taken in this report.

RECOMMENDATION/S

Members are asked to note the report and actions that have been or will be taken, in response to the Local Government Ombudsman's recommendations.

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 Each case which comes to the Ombudsman takes account of the individual needs and circumstances of the person complaining when recommendations are made to remedy injustice caused by fault.
- 1.2 The Ombudsman has no legal power to force councils to follow recommendations, but they almost always do. Some of the things a council may be asked to do include issuing an apology, paying a financial remedy or improving its procedures so similar problems don't happen again.

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Ombudsman's recommendations have already been accepted in full.

3.0 BACKGROUND INFORMATION

- 3.1 Mr Y had health conditions and disabilities which caused him significant difficulty with mobility and completing daily living tasks. He lived on the ground floor of his home because he was not able to safely use the first floor. His son, Mr Z, lived on the first floor with his partner. They helped Mr Y with household tasks, although they found this difficult because of Mr Z's own health issues.
- 3.2 The Council arranged a package of care and support at home for Mr Y, for which he paid the full cost. The Council paid the care provider, and invoiced Mr Y. By the time of the events relating to the original complaint arising, the package consisted of four calls each day with two carers at each call as carers had to hoist Mr Y for all transfers. The support included help with personal care, meal preparation and medication.
- 3.3 His other son, Mr X, lived over 200 miles away and had a third-party mandate to access Mr Y's bank account.
- 3.4 Safeguarding issues were raised that firstly went unnoticed then, having been delayed for over one month, were not investigated adequately. The safeguarding enquiry was closed without being completed.
- 3.5 The Council's intention to focus on meeting needs rather than timed tasks is not an issue in itself; to some degree support should be flexible. However, the Council commissioned support based on the time it believed it should take to meet Mr Y's needs. With 59% of calls providing less than 75% of the time commissioned, it either commissioned far too much time, or the support fell far short of that planned. Whether Mr Y paid the full cost of his care, or a contribution, he should not pay for support he did not receive, and his care should have been reviewed when it was clear that the amount of time was commissioned was not being provided.
- 3.6 The Council was also at fault in the way it dealt with Mr X's complaint. Had the Council dealt properly with Mr X's complaint, it should have picked up on these other problems sooner and acted to protect him

4.0 Action taken which addresses the concerns from the LGO report

4.1 To remedy the injustice identified in their report the Ombudsman made a number of recommendations which Wirral have taken steps to remedy or have plans to remedy.

1. Apologise to Mr X detailing the faults identified above and the action it has taken, or will take, to avoid similar faults in future	This action has been completed
2. Waive 50% of Mr Y's care fees to remedy the financial loss it caused	There is a revised invoice being processed which will be sent to Mr X
3. Pay Mr X £200 to remedy the frustration and stress it caused him	This action has been completed.
4. Refer this case to the local safeguarding board for review	This action has been completed.
5. Ensure all relevant complaints and assessment staff receive appropriate safeguarding training to ensure safeguarding issues are dealt with promptly and appropriately	This action has been completed.
6. Review the complaint handling in this case and develop an action plan to ensure that there is an improved service in future.	This action has been completed

4.2 In 2018 the Council ensured Social Work staff undertook a 2 day Safeguarding Training programme presented by an Independent Lecturer from the University.

4.3 The Council has worked with the Trust to be part of a national pilot of the Making Safeguarding Personal outcome questions. These support the development of safeguarding practice locally that is person centred.

4.4 The Council has since significantly improved the way domiciliary care is managed and kept under review, to accommodate changes in circumstances and ensure care packages meet people's needs as they change over time. These steps support how the Council avoids similar faults in future. The level of care commissioned is appropriate to the needs of each individual who receives this care.

4.5 The Council's aim is to ensure each of those who receive domiciliary care have their needs fully met by a care package which works flexibly to meet their specific needs, and that if there are complaints these are dealt with quickly and fairly. The following sections outline the steps that have been taken to support these improvements.

Trusted Assessor Process

- 4.6 In order to improve the customer journey within domiciliary care, Wirral Health and Care Commissioning (WHCC) has worked closely with Wirral NHS Community Foundation Trust in developing and embedding a business process to allow trusted assessment and review of domiciliary care packages in the community in order to allow Domiciliary Care Providers ('the Provider') to be able to make adjustments to care packages of care in a very responsive and timely fashion
- 4.7 This new system was piloted for 6 months from Jan 2017 and following a very successful review, a decision was made to roll this out to all Tier 1 and 2 Providers in Wirral
- 4.8 Under the Trusted Assessor process, the Provider completes a review of the care package being provided; inclusive of risk assessment and will include any family or significant person reviews and a reminder re potential for changes to charging. The provider continues to keep the case under review over the lifetime of the package of care to ensure that services delivered continue to meet needs and also that people are able to live to their maximum independence level. Under the new care and support at home contract, providers must:
- supply a caring, compassionate workforce of staff that are skilled, have access to training and provide a timely responsive, proactive approach in supporting people and their families. (see training requirements below)
 - adapt a Trusted Assessor approach by working collaboratively with key partners to promote independence, reduce dependency and work collaboratively on streamlined business processes
 - support early intervention and chronic condition management, preventing the escalation of conditions and individuals entering acute settings inappropriately and minimising the disruption and number of professional interventions in an individual's daily life. Services are to be rooted in asset-based approaches, embedding different conversation and community connections into the support plan and the care delivered on a day to day basis
 - ensure that care and support packages meet individual needs, focusing on personalised care and outcomes for individuals. Their staff will value and respect the individual's home and their personal possessions, demonstrating empathy and sensitivity in the care and support that they provide, acting upon specific cultural or religious requirements requested by the individual and their family
 - work with partners to develop and embed the innovative use of a wide range of technology to support, efficient and effective care and Support at home, particularly telehealth and telecare, and within the lifetime of the contract be considered as prescribers of equipment to ensure effective capacity and flow, and right time response for people as required.
 - Work with all partners to ensure that support is scheduled so that care workers are not rushed; have the time to talk and meet Customers' needs and to ensure that they get to their next visit on
 - have robust contingency plans in place to ensure the safe, reliable and effective delivery of Care and Support at Home to Wirral residents, where unexpected or unplanned events occur.

Staff Training/Induction

- 4.9 The Provider must ensure that all staff employed after March 2015 achieve the Care Certificate (as defined by the Department of Health, Skills for Care England and the Care Quality Commission)
- 4.10 All Managers responsible for the service must receive an induction commensurate with Skills for Care's Management Induction Standards completed within the first 12 weeks of employment.
- 4.11 In order to demonstrate their compliance with Contractual obligations, the Provider must:
- submit a monthly Service Quality Performance Report, cover a whole range of Performance Management requirements
 - prepare for and attend quarterly monitoring meetings with the Council in order to discuss the information submitted in the Service Quality Performance Report

The Council has increased the staffing resource available to the complaints team. The team have undertaken safeguarding training. The team have established robust procedures for monitoring its performance.

5.0 FINANCIAL IMPLICATIONS

- 5.1 The Council has agreed to pay £200 as a gesture of goodwill and would waive 50% of the care costs amounting to £13,700.

6.0 LEGAL IMPLICATIONS

- 6.1 The recommendations have no legal implications as the Ombudsman has not made findings or recommendations in relation to policy.

7.0 RESOURCE IMPLICATIONS: ICT, STAFFING AND ASSETS

- 7.1 The resource implications are financial largely.

8.0 RELEVANT RISKS

- 8.1 The risks are around a similar issue recurring and the mitigation is the action we are taking and proposing to take to prevent this.

9.0 ENGAGEMENT/CONSULTATION

- 9.1 There is none planned in relation to this report.

10.0 EQUALITY IMPLICATIONS

10.1 N/A.

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APPENDICES: LGO Report

REFERENCE MATERIAL

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Standards and Constitutional Oversight Committee	11 June 2019

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**Report by the Local Government and Social Care
Ombudsman**

**Investigation into a complaint against
Wirral Metropolitan Borough Council
(reference number: 17 020 182)**

28 March 2019

The Ombudsman's role

For 40 years the Ombudsman has independently and impartially investigated complaints. We effectively resolve disputes about councils and other bodies in our jurisdiction by recommending redress which is proportionate, appropriate and reasonable based on all the facts of the complaint. Our service is free of charge.

Each case which comes to the Ombudsman is different and we take the individual needs and circumstances of the person complaining to us into account when we make recommendations to remedy injustice caused by fault.

We have no legal power to force councils to follow our recommendations, but they almost always do. Some of the things we might ask a council to do are:

- > apologise
- > pay a financial remedy
- > improve its procedures so similar problems don't happen again.

Section 30 of the 1974 Local Government Act says that a report should not normally name or identify any person. The people involved in this complaint are referred to by a letter or job role.

Key to names used

Mr X	The complainant, and Mr Y's son
Mr Y	His father
Mr Z	Mr Y's other son

Report summary

Adult social care (home care)

Mr X complains that the Council provided his late father, Mr Y, with a home care service which was not adequate, and charged him for a service he did not receive. When he complained, he says the Council failed to deal with his complaints properly or take effective safeguarding action.

Finding

Fault found causing injustice and recommendations made.

Recommendations

To remedy the injustice caused, we recommend the Council:

- apologise to Mr X detailing the faults identified and the action it has taken, or will take, to avoid similar faults in future;
- waive 50% of Mr Y's care fees to remedy the financial loss it caused;
- pay Mr X £200 to remedy the frustration and stress it caused him;
- refer this case to the local safeguarding board for review;
- ensure all relevant complaints and assessment staff receive appropriate safeguarding training to ensure safeguarding issues are dealt with promptly and appropriately; and
- review the complaint handling in this case and develop an action plan to ensure an improved service in future.

The complaint

1. The complainant, whom I shall refer to as Mr X, complains that the Council provided his late father, Mr Y, with a home care service which was not adequate. He says it:
 - provided fewer hours than it was contracted to deliver;
 - kept inadequate records;
 - issued inaccurate bills;
 - failed to carry out effective safeguarding investigations; and
 - handled his complaints about these issues poorly.
2. Mr X says he spent a lot of time trying to get the right care for Mr Y. The problems caused Mr Y disappointment and distress because of the shortfalls. He could not raise the issues with the Council himself.
3. Mr X also says he does not have a problem with paying for care which was properly provided and invoiced. He does not agree that Mr Y should pay for care he did not receive or which was not properly invoiced.

Legal and administrative background

The Ombudsman's role

4. We investigate complaints about 'maladministration' and 'service failure'. In this report, we have used the word 'fault' to refer to these. We must also consider whether any fault has had an adverse impact on the person making the complaint. We refer to this as 'injustice'. If there has been fault which has caused an injustice, we may suggest a remedy. (*Local Government Act 1974, sections 26(1) and 26A(1), as amended*)
5. We cannot investigate late complaints unless we decide there are good reasons. Late complaints are when someone takes more than 12 months to complain to us about something a council has done. (*Local Government Act 1974, sections 26B and 34D, as amended*).

In this case, Mr X first raised some of the issues in 2016 and formally complained to the Council in January 2017. The Council provided Mr X with its final response in March 2018 and he then came to us. For this reason, we have exercised discretion to consider the issues back to 2016.

6. We may investigate a complaint on behalf of someone who has died or who cannot authorise someone to act for them. The complaint may be made by:
 - their personal representative (if they have one), or
 - someone we consider to be suitable.(*Local Government Act 1974, section 26A(2), as amended*)
7. In this case, we decided Mr X was a suitable person to complain on Mr Y's behalf.

Safeguarding

8. A council must make necessary enquiries if it has reason to think a person may be at risk of abuse or neglect and has needs for care and support which mean he or she cannot protect himself or herself. It must also decide whether it or another

person or agency should take any action to protect the person from abuse or risk.
(*section 42, Care Act 2014*)

9. The Wirral Multi Agency Adult Safeguarding Procedure says:
 - “A principle of no delay applies to all safeguarding adults work” (p23).
 - “Ideally an investigation should be concluded within 28 days” (p23).
 - “The most important element in determining when a safeguarding enquiry can be concluded will be whether the individual is as safe as they can be and that risk has been appropriately identified and mitigating actions taken where possible” (pp23/24).
 - “The initial enquiries will begin on the day of receipt of referral, to ascertain whether the criterion is met, and to check the immediate safety of the adult has been ensured” (p24).

How we considered this complaint

10. We produced this report after examining relevant documents and interviewing the complainant and relevant employees of the Council.
11. We gave the complainant and the Council a confidential draft of this report and invited their comments. The comments received were taken into account before the report was finalised.

What we found

What happened

12. Mr Y had health conditions and disabilities which caused him significant difficulty with mobility and completing daily living tasks. He lived on the ground floor of his home because he was not able to safely use the first floor. Another son, Mr Z, lived on the first floor with his partner. They helped Mr Y with household tasks, although they found this difficult because of Mr Z's own health issues.
13. The Council arranged a package of care and support at home for Mr Y, for which he paid the full cost. The Council paid the care provider, and invoiced Mr Y. By the time of these events, the package consisted of four calls each day with two carers at each call as carers had to hoist Mr Y for all transfers. The support included help with personal care, meal preparation and medication.
14. Mr X lived over 200 miles away and had a third party mandate to access Mr Y's bank account.
15. In July 2016, the Council wrote to Mr Y about outstanding invoices.
16. In August, Mr X emailed the Council because he had found invoices at Mr Y's home and needed more detail before he could arrange payment. He asked the Council to send him copies of invoices by email in future so that he could pay them. He said it was difficult for Mr Y to deal with in his current state of health.
17. The Council completed a review of Mr Y's care package to ensure it was meeting his needs. The review identified that carers had not been using his hoist and sling for transfers and the assessor had concerns that the methods they used were not safe. An occupational therapist (OT) visited with the assessor a few days later and agreed with this view. The OT updated the records in Mr Y 's home and advised the Care Provider that two carers should use the hoist and sling for all transfers.

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18. The Council asked the Care Provider about the time it spent on the morning call. The Care Provider advised it had been asked to provide a 45 minute call when it took over, and two carers had always completed the tasks within that time.
 19. In early autumn Mr Y's care provider changed.
 20. The chronology of the assessment documentation is difficult to follow but it appears the Council carried out an assessment in September. It notes that Mr X would support Mr Y with finances if required, but he didn't hold powers of attorney.
 21. In November, Mr X emailed the Council and copied in the Care Provider because he still had not received a response to his August email.
 22. In January 2017, Mr X wrote to the Assistant Director Health and Care Outcomes, thanking him for responding to a message he had left. Mr X said he had not received any response to either his August email, or his November email. He said again that he needed to see invoices to make payment. Also, that he was happy to pay "any relevant, appropriate and justified bills for care services" but did need to see what had been provided. He said Mr Y was "disabled, depressed and not in a fit state to deal with the Council about payment of services". He said Mr Y's funds would not last long with care bills of £1,500 per calendar month and asked whether the Council could provide any support. He also listed five issues which had arisen with the Care Provider since it had taken over the care package.
 - Mr Y's eye drops not administered.
 - Mr Y not strapped into his wheelchair creating a fall risk.
 - Carers not washing up after meals and dirty dishes left in the sink.
 - Carer kicking soiled bedding into the kitchen and used pads/underwear left in open bins in the kitchen.
 - Carers putting heavily soiled clothes in the washing machine without soaking.
 23. The Assistant Director responded five days later. He said he had passed the complaint on and put a hold on any automatic letters chasing unpaid invoices while the complaint was investigated.
 24. On 19 January 2017, the Council wrote to Mr X confirming who would investigate. The deadline for completion was 28 February.
 25. On 27 February, one of the Council's internal emails shows the complaint had not yet been considered. A manager decided some of the issues should have been addressed through safeguarding procedures. The officer dealing with his complaint wrote to Mr X to advise it would not be able to complete the investigation by 28 February but expected to respond by 7 March.
 26. On 1 March, the Council began the safeguarding process.
 27. On 15 March, a Council officer visited Mr Y who confirmed the complaints and raised some new issues. He said the hoist had fallen over with him in it two days previously, and there had been problems with his medication. Mr Y said he was not hurt. The officer found no record of the incident with the hoist but found evidence of discrepancies with medication which had caused an increased risk of seizures. She reported these additional safeguarding concerns. Further enquiries revealed discrepancies with the carers' completion of the communication log and medication not administered although signed for. The carers denied the incident

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- with the hoist. The officer advised that laundry was not part of the care package and carers had been doing this in their “spare time”.
28. On 17 March 2017, the officer met with the Care Provider. When the Council investigated Mr X’s complaint, it did not find any notes from the meeting and the officer could not recall what specific issues they discussed. The Care Provider believed they had focussed on concerns about the hoist and medication.
29. On 28 March, the officer met with Mr Z. He felt heavily soiled laundry should be soaked before putting in the washing machine. The officer said she was waiting for feedback on this from the Care Provider. When the Council investigated Mr X’s complaint, it did not find any further contact on this matter which remained unaddressed. The Council closed the original safeguarding case about the five issues raised in Mr X’s original complaint letter of January.
30. In April, Council records note that visit duration had not improved. It chased the Care Provider who interviewed carer A, one of the regular carers. Carer A had signed for medication he had not given and was on duty when Mr Y said he had fallen in the hoist. Carer A denied the fall from the hoist. He said he could not have picked Mr Y up if he had fallen and said Mr Y made stories up.
31. On 19 April, the Council wrote to Mr X to advise that some of the issues he had raised were being addressed under safeguarding procedures. It said it would need more time to address the invoice issues.
32. In May, Mr X wrote to the Council stating he had not heard from the Council since February. He said Mr Y was still receiving letters threatening recovery by the Head of Legal Services if payment was not made within seven days. Fortunately, these had been intercepted by Mr Z as Mr Y was in hospital again. Mr X asked the Council to stop sending threatening letters, to communicate with him by email and treat him as Mr Y’s representative.
33. The Council wrote back and said although it had put a hold on recovery action, it had a duty to send invoices so people are aware of the financial situation. It said it would not send reminders but would continue to send invoices to Mr Y. It also said it does not have a record that Mr Y lacked capacity to deal with his finances and no record of a power of attorney, so wanted a letter of authority from Mr Y. Mr X replied saying he was content for the bill to go to Mr Y as long as he would not be sent threatening letters, and that he would receive a copy by email.
34. In June 2017, a district nurse visited Mr Y at home and found he was in his wheelchair without the lap belt and at risk of falling out. Also, the hoist sling was upside down. She called an auxiliary nurse and the Care Provider. When the auxiliary nurse arrived, the nurses made Mr Y safe. The carers who arrived said they had not been trained in hoisting.
35. A social worker visited Mr Y with a district nurse. Mr Y said carer A had been put out because Mr Y told him about moving the bed quickly and disconnecting the lifeline alert. Mr Z also reported that carer A and carer B, who usually attended with carer A, had been unpleasant about the house and family. Professionals met to discuss the issues and agreed that carers A and B should no longer support Mr Y.
36. In March 2018, the Council sent its final response to Mr X’s complaint.
- In relation to the standard of care issues it found:
- significant delay sharing the issues with the social work team, identifying safeguarding issues and beginning the safeguarding process; and

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- it had failed to properly consider the safeguarding concerns, and had not considered some issues at all. It apologised for this.

In relation to the care charges and short visits it found:

- 59% of calls provided less than 75% of the time commissioned;
- a shortfall of 579 hours 19 minutes; and
- a small proportion of calls exceeded the commissioned time; it gave no information about how much extra.

The Council said “the focus is very much on completing the tasks required to meet the need. If that means the calls take longer than the scheduled time or less, that is acceptable”. It pays for care in 15 minute blocks so would round up a call to the nearest 15 minutes. It says the amount charged has been calculated correctly.

In relation to the delays and poor complaint handling it found:

- it did not respond to Mr X’s complaint within the set timescales;
- the response letter contained incorrect information including the date; and
- it had found a clear failing in the service.

It apologised that the complaint had not been managed in an acceptable way and enclosed a cheque for £200 as a gesture of goodwill. It advised that Mr Y’s outstanding balance exceeded £26,000.

37. The Council said, in response to our draft report, that Mr Y cancelled or cut short many calls but the Care Provider has not recorded this information. It also says the Care Provider took on a lot of additional work for the Council at a time of great pressure and this affected its recording.

Conclusions

38. The Council has acknowledged several faults in its response to Mr X’s complaint. Some of these faults were serious, particularly around the way it dealt with the complaint which contained safeguarding issues.
39. We are concerned that these safeguarding issues firstly went unnoticed, then having been delayed for over one month, were not investigated adequately. The safeguarding enquiry was closed without being completed; this is unacceptable. We know from later incidents that carers continued to put Mr Y at a greater risk of harm than he was already. When the Council did follow up on the issues, it asked the Care Provider to interview staff and took its word about Mr Y’s allegation that the hoist fell over with him in it. We found the Council was at fault here in the way it dealt with the safeguarding which was contrary to its own procedure.
40. The Council said it was acceptable for care calls to be shorter than commissioned if the person’s needs are met safely, but Mr Y’s needs were not being met safely. Carers moved the bed too quickly and disconnected the lifeline alert, were not trained in hoisting and did not strap Mr Y in his wheelchair. They also did not complete records adequately and signed for medication they did not give, putting Mr Y at an increased risk of seizures. These are all serious concerns which put Mr Y at a significant and avoidable risk of harm over at least 18 months. Unfortunately, we cannot now put this right for Mr Y as he has since died.
41. The Council’s intention to focus on meeting needs rather than timed tasks is not an issue in itself; to some degree support should be flexible. However, the

Council commissioned support based on the time it believed it should take to meet Mr Y's needs. With 59% of calls providing less than 75% of the time commissioned, it either commissioned far too much time, or the support fell far short of that planned. Whether Mr Y paid the full cost of his care, or a contribution, he should not pay for support he did not receive. The Council has provided some reasons why recording was deficient but we cannot say Mr Y should pay for a service which records suggest he did not receive. The Council was at fault here, and caused Mr Y a significant financial loss.

42. The Council was also at fault in the way it dealt with Mr X's complaint. Had the Council dealt properly with Mr X's complaint, it should have picked up on these other problems sooner and acted to protect him. The repeated delays and lack of response to Mr X's communication, caused Mr X significant and avoidable frustration and stress. Mr Y had told the Council that Mr X would support him with finances if required during his assessment in September 2016. Although there was no legal authority for Mr X to act on his behalf beyond his bank account, the Council does not appear to have had concerns about Mr X's intentions. If it did, it should have taken protective action. Under these circumstances, it could have been more pragmatic about this. Mr X clearly obtained invoices when he visited and it was in Mr Y's interests for Mr X to pay his care bills rather than risk legal action. The Council did not need to treat Mr X as a legal representative; this would be wrong. It just needed to provide Mr X, whom Mr Y had authorised to use his bank account, with copies of the invoices. We found the Council was at fault here and caused Mr X significant and avoidable frustration and stress.

Recommendations

43. To remedy the injustice identified in this report we recommend the Council:
- apologise to Mr X detailing the faults identified above and the action it has taken, or will take, to avoid similar faults in future;
 - waive 50% of Mr Y's care fees to remedy the financial loss it caused;
 - pay Mr X £200 to remedy the frustration and stress it caused him;
 - refer this case to the local safeguarding board for review;
 - ensure all relevant complaints and assessment staff receive appropriate safeguarding training to ensure safeguarding issues are dealt with promptly and appropriately; and
 - review the complaint handling in this case and develop an action plan to ensure an improved service in future.
44. The Council must consider the report and confirm within three months the action it has taken or proposes to take. The Council should consider the report at its full Council, Cabinet or other appropriately delegated committee of elected members and we will require evidence of this. (*Local Government Act 1974, section 31(2), as amended*)

Decision

45. We have completed our investigation into this complaint. There was fault by the Council which caused injustice to Mr Y and Mr X. The Council should take the action identified in paragraphs 43 to 44 to remedy that injustice

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**Audit and Risk Management Committee
Monday, 18th November 2019**

REPORT TITLE:	Procurement – Use of Procedure Rules Approval Document Permitted Under The Council Contract Procedure Rules, and NOPONOPAY Progress
REPORT OF:	Head of Commercial Procurement

REPORT SUMMARY

This report informs the Committee of the range and number of contracts awarded which have been subject to Contracts Procedure Rules (CPR's) Rule 12 - Waiving the Rules and Rule 13 – Extension/Variation

The Appendix details the contracts subject to the Extension/Variation or Waiver rules for the period 1st April 2019 to 30th September 2019, which under Contracts Procedure Rule 17 requires that all contracts which meet the following criteria are reported to Audit and Risk Management Committee on a six monthly basis

- a) Contract is awarded, the total value of which exceeds £500k
- b) Variation or extension to a contract approved by The Director of Finance and Investment
- c) Waiver of the Contract Procedure Rules in relation to a contract which exceeds £50k in value

The report also includes a summary of the NOPONOPAY policy progress as requested at the previous meeting

RECOMMENDATION/S

That the report is noted

SUPPORTING INFORMATION

1.0 REASON/S FOR RECOMMENDATION/S

- 1.1 To provide the committee with assurance that the council is taking appropriate measures to comply with Contracts Procedure Rules

2.0 OTHER OPTIONS CONSIDERED

- 2.1 The Council's Contract Procedure Rules require this report to be presented to this Committee. The frequency of the reporting covers the previous six month period as agreed by this Committee on the 21st November 2017

3.0 BACKGROUND INFORMATION

- 3.1 Revised Contract Procedure Rules, approved by this Committee, came into effect on the 1st April 2016
- 3.2 The rules place the responsibility for the approval of contracts on officers of the Council
- 3.3 Each contract is posted on the Council's Contracts Register, The Chest, which is the regional eContracting Portal for the North West local authorities
- 3.4 Within the revised Rules, four distinct Procedure Rules Approval Documents of approval are:

Exceptions
Extensions
Variations
Awards

These form the basis of all reports to this Committee in accordance with Rule 17

- 3.5 The revised rules include the adoption of the Public Procurement Regulations 2015, the Transparency Code 2015 and the requirement to publish all contracts above £5k in value
- 3.6 There have been 32 Exceptions approved for the period. Requests to waive the CPR's for under EU threshold contracts (or where the thresholds do not apply) have been authorised only in the following circumstances, supported in all cases by the appropriate evidence;
- a) Goods, services or the execution of works are obtainable from one source or contractor and there is no reasonably satisfactory alternative.
 - b) Compatibility issues such that procurement from another source would be uneconomic given the investment in the previous infrastructure
 - c) A waiver of the rules would be in the interests of the Council, be lawful, and provide value for money

- d) Where there is a legal requirement to deal with a particular supplier
- e) Contracts awarded to suppliers because of exclusive rights

3.7 The remainder of the approved documents are detailed as follows

Description	Number Approved
Extension	8
Variation	6
Award	12

4.0 APPENDICES

4.1 In accordance with the requirements agreed at the previous meeting, the appendices now include the following additions

- Supplier details for each record
- Financial sub totals for estimated annual and total contract expenditure
- Justification narrative for exception requests
- A reference that indicates that the awarded contract is a single event contract or subject to renewal

5.0 NO PO NO PAY

5.1 The NO PO NO PAY policy was introduced with effect from the 1st April 2019 and this report provides details of progress and the measures being applied to address non-compliance.

5.2 The policy does not apply to schools as they do not have access to the Council's procurement ordering system

5.3 Transaction payments for suppliers and providers are controlled and managed within the Council's Transaction Centre which also has responsibility for all payments relating to the operation of the Council

5.4 The analysis refers to the first 6 months of the application of the policy and reflects the period 1st April 2019 to 30th September 2019

Transaction Type	Total Volume	Total Value
Purchase Order	7,069	£34.9m
Retrospective Purchase Order	3,485	£20.7m
Non Purchase Order	9,271	£28.9m
External Electronic Files from suppliers	6,512	£2.3m
Internal Electronic Files from digital systems	22,536	£63.8m
Total	48,873	£150.6m

5.5 Action Plan

Action	When	Status	Next steps
Report to senior Leadership team	September	Completed	None
Task group Chaired by Director of Finance and Investments	September	In progress	Next meeting December 2019
Task sub-group chaired by Head of customer services	September to December	Analysis and scoping completed	Remedial actions to be established and applied
Training programme to be conducted by Head of Commercial Procurement	November / December	14 Training sessions in place for 168 places at Wallasey and Birkenhead	Complete planned training sessions and review for additional sessions if required
Remedial Plan to be confirmed by Director of Finance and Investments	December	In progress	Remedial Plan to be applied
Ongoing progress monitoring	January to April 2020	Planned	Monthly reviews to apply from 1 st February

6.0 FINANCIAL IMPLICATIONS

- 6.1 The appendices detail a total of 58 requests approved in compliance with the Council's Contract Procedure Rules against an overall third party spend of in excess of £200m during 2018/19
- 6.2 NO PO NO PAY programme will minimise or eliminate exposure to maverick spend and improve VFM from existing and new contracts.

7.0 LEGAL IMPLICATIONS

- 7.1 The Council must comply with its Contract Procedure Rules and relevant procurement legislation

8.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS

- 8.1 The revised CPR's resulted in changing workloads in order to improve the efficiency and effectiveness of the Council's commissioning and procurement processes
- 8.2 The request process includes assurances that the financial resources are available to fund the contracts and also achieves value for money prior to any approval being given

9.0 RELEVANT RISKS

9.1 There are none arising from this report

10.0 ENGAGEMENT/CONSULTATION

10.1 There was no specific consultation undertaken in respect of this report

11.1 EQUALITY IMPLICATIONS

11.1 No because there is no relevance to equality.

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APPENDICES

Appendix 1

BACKGROUND DOCUMENTS

SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit and Risk Management Committee	24/09/2018
Audit and Risk management Committee	23/09/2019

Record	Date	Project Title	Directorate	Service Area	Project Description	CPR Clause applied	Justification as to why this CPR clause is selected	Annual Spend£k	Total contract spend £	Supplier	Department al Contact	Signed by	Approval By
1	01/04/2019	Supported Housing Contract - Local Solutions	Economic and Housing Growth	Supported Housing & Homelessness	Supported lodgings for young people at risk/homeless (aged 16-25) placed with householders throughout Wirral. Provides housing and support to enable vulnerable young people to gain the skills needed so they can live independently in the future and to help them to find and then keep their own homes; supports Social Care objective of keeping vulnerable young people healthy and safe.	C. A waiver of the rules would be in the interest of the Council, be lawful, and provide value for money.	This service is subject of 2 unsuccessful tenders, so is out to soft market testing on CHEST until 12 April. We will then re-tender in a way that will secure greater engagement from suppliers. The service remains strategically important; it currently houses and supports 21 vulnerable young people. This extension is needed to ensure continued service delivery.	£95,187.63	£95,187.63	Local Solutions	Sheila Jacobs	Lisa Newman	Keith Patterson
2	01/04/2019	Intelligence & Evidence Services	Adult Care and Health	Champs Public Health Collaborative	Provision of academic research and evidence base	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	12 months provision was agreed from April 2018 on the basis that previous market exercises had yielded no viable bids, the market is unlikely to have changed in the intervening period.	£80,795.00	£80,795.00	Liverpool John Moores University	Adam Major	Dawn Leicester	Keith Patterson
3	16/04/2019	Parks and Highway disposal of none contracted waste	Delivery Services	Japanese Knotweed Removal at Seacombe Community Centre	disposal of various parks waste via skips and highway gully waste	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	Veolia hold the waste contract at the Merseyside waste disposal plant	£90,000.00	£90,000.00	Veolia E S	Colin Clayton/Mark Smith	Colin Clayton	Keith Patterson
4	25/04/2019	T2A Res EMI beds	Adult Care and Health	T2A Res EMI beds	5 T2A EMI beds	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	We are asking for an extension of a particular contract whilst a review is being undertaken. There are no other who could deliver the service within the timescale for the review to be completed.	£75,530.00	£75,530.00	Summer Fields Care Home	Jacqui Evans	Jacqui Evans	Keith Patterson
5	02/05/2019	Wirral Local Plan Strategic Housing Market Assessment 2019	Delivery Services	Assistant Director Major Growth Projects and Housing Delivery	To provide robust and up-to-date evidence on the potential scale of future housing need and demand in Wirral based upon a range of housing, economic and demographic factors, trends and forecasts. To provide the Council with evidence on the future housing needs, of the authority area to help Wirral Council plan for future growth and make informed policy choices through its emerging Local Plan.	B. Compatibility issues such that Procurement from another source would be uneconomic given the investment in previous infrastructure.	ARC4 have responded to an urgent requirement identified through Counsel and specialist advice on the work needed to ensure a sound Local Plan. ARC4 meets the Council's requirements and have worked with other North West authorities.	£120,000.00	£60,000.00	ARC4	Andrew Fraser	David Ball	Keith Patterson
6	02/05/2019	Remand Invoices	Children's Service	Safer Wirral Services	Wirral Youth Justice Service have a statutory obligation to pay remand costs for young people (from Wirral) who are detained at a Youth Offending Institution, Secure Training Centre or Secure Children's Home	D. Where there is a legal requirement to contract with a particular supplier	The Youth Justice Service have a statutory obligation to pay remand costs for young people who are detained at Youth Offenders	£60,000.00	£60,000.00	Her Majesty's Prison & Probation Service (HMPPS) formerly known as the National Offender Management Service	Kathy Gill	Mark Camborne	Donna Long

7	10/05/2019	Surface dressing preparation 2019	Delivery Services	StreetScene	Pre-Surface Dressing Programme	E. Contracts awarded to sole suppliers because of exclusive rights.	Rhino Asphalt Solutions produce an alternative product in place of conventional Hot Rolled Asphalt minor patching repairs	£70,000.00	£70,000.00	Rhino Asphalt Solutions Ltd	Phil Miner	Mark Smith	Keith Patterson
8	10/05/2019	Illumination of Merseytravel Ventilation Tower	Economic and Housing Growth	Culture and Visitor Economy	Twelve colour reach compact power core light fittings encased in IP-rated housings, specially constructed and installed on each side of the ventilation station illuminating the tower with striking, colourful light.	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	As the building is owned by, operated and maintained by Merseytravel they are the sole organisation that can facilitate this. They have carried out a full procurement process for this and have shown due diligence in the selection of the subcontractor.	£58,521.00	£58,521.00	Mersey Travel	Tom Smith	Lucy Barrow	Keith Patterson
9	13/05/2019	Green Belt Review and Site Selection	Economic and Housing Growth	Major Growth Projects and Housing Delivery	To undertake a Green Belt Review and subsequent Site Selection Study to provide essential and robust evidence to inform the preparation of the Council's Local Plan	B. Compatibility issues such that Procurement from another source would be uneconomic given the investment in previous infrastructure	ARUP have responded to an urgent requirement identified through specialist advice on the work needed to ensure a sound Local Plan. ARUP meets the Council's requirements to ensure the provision of robust evidence, have recognised experience in the review of Green Belts and have worked with other North West authorities	£140,000.00	£70,000.00	ARUP	Andrew Fraser	David Ball	Keith Patterson
10	13/06/2019	LGA Subscription	Business Management	Finance	LGA Membership Subscription	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	LGA Subscription Fees - This is the only supplier that offers this service	£64,088.18	£64,088.18	Local Government Association	Sarah Cox	Shaer Halewood	Donna Long
11	28/06/2019	Extra Care Development	Adult Care and Health	Health and Care	Development of an extra care provision	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	The Grant is only available to the recipient who owns the land and is part of the legal grant agreement. the grant has been signed off by the leader of the Council.	£131,859.00	£329,647.50	Thursby House	Simon Garner	Jason Oxley	Tony Birkett
12	05/07/2019	Artistic Content: Borough of Culture year	Business Management	Culture and Visitor Economy	This Prad 1 is to cover all artistic content contracted during the remainder of the Borough of Culture year. As the artistic content is bespoke to each event and can only be delivered by one supplier in each case, this prad 1 is to serve as a blanket Prad covering multiple performers or artists.	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	As the artistic content is bespoke to each event and can only be delivered by one supplier in each case, this Prad 1 is to serve as a blanket Prad covering multiple performers or artists.	£150,000.00	£150,000.00	Multiple	Tom Smith	Lucy Barrow	Tony Birkett
13	08/07/2019	Tree works at Fort Halstead (following tree risk assessment survey May 2019)	Business Management	Pensions	Tree works including required felling across all areas of site, following full Tree Risk Assessment 2019.	C. A waiver of the rules would be in the interest of the Council, be lawful, and provide value for money.	The trees requiring works/felling are presenting a very high priority H&S risk (i.e. falling and causing injury and/or property damage). There are 35 high risk actions which must be actioned as soon as possible , 82 medium risk actions which must be completed in 6 months (November 2019) and a further 3 low risk actions to be undertaken in 1 year (May 2020).	£62,332.07	£62,332.07	Gavin Jones Limited	Susannah Friar	Peter Wallach	Keith Patterson
14	08/07/2019	Supported Housing Contract	Economic and Housing Growth	Supported Housing & Homelessness	Provision of 3 self-contained flats with onsite support delivered 24:7 to 3 young people aged 16-17 years old who are leaving care and owed a statutory duty. The contract was developed in partnership with CYP and is jointly funded but is held and monitored by Supported Housing.	C. A waiver of the rules would be in the interest of the Council, be lawful, and provide value for money.	This service is subject of 2 unsuccessful tenders, so is out to soft market testing on CHEST until 12 April. We will then re-tender in a way that will secure greater engagement from suppliers. The service remains strategically important; it currently houses and supports 21 vulnerable young people. This extension is needed to ensure continued service delivery.	£71,042.46	£71,042.46	Regenda Homes Limited	Sheila Jacobs	Lisa Newman	Tony Birkett

15	17/07/2019	Provision of Specialist Planning Advice and Technical Support- Call off Service	Economic and Housing Growth	Major Growth & Housing Delivery	Provision of call off planning advice and technical support in relation to urgent tasks required to prepare the Local Plan and related statutory documents to be provided by Arup consultants. Max contract value of up to £150,000 subject to issue and approval of specific task briefs.	C. A waiver of the rules would be in the interest of the Council, be lawful, and provide value for money.	Arup have responded to an urgent requirement to undertake essential call off tasks to prepare the Local Plan to meet the Governments strict deadline. Arup are a recognised leader in this field and are specialist Government advisors. The rates negotiated with Arup for this service are significantly lower than the CCS framework rates. They have confirmed capacity and willingness to deliver.	£100,000.00	£150,000.00	Arup	David Ball	David Ball	Keith Patterson
16	19/07/2019	Wirral Local Plan Urban Brownfield Site Assessment	Economic and Housing Growth	Growth	This commission will involve two related workstreams. The first, an Employment Land Options Study will consider whether identified employment sites should continue to be retained for employment or be available for residential use. The second study will involve the high level assessment of the deliverability and developability of a range of urban brownfield sites, inc stage 1 sites identified.	C. A waiver of the rules would be in the interest of the Council, be lawful, and provide value for money.	Avison Young have responded to an urgent requirement identified through Counsel advice on the work needed to ensure a sound Local Plan. AYS submission meets the Council's requirements. They have current expert relevant knowledge as they are currently working on similar work for the Council. Contract value is a worst case ceiling price, subject to the number of sites to be assessed.	£112,941.17	£160,000.00	Avison Young	Sally Shah	Alan Evans	Donna Long
17	24/07/2019	Renewal of Beach Cleaning Equipment	Delivery Services	AD - Community Services	To replace end of life specialist beach cleaning equipment	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	This is a very Specialised piece of equipment and only available from one UK Supplier	£50,000.00	£50,000.00	Overton UK Ltd.	Bill Hancox	Colin Clayton	Tony Birkett
18	25/07/2019	Street lighting fault repairs contract	Delivery Services	Highways and Streetscene Delivery Services	attending to lighting faults and undertaking repairs	C. A waiver of the rules would be in the interest of the Council, be lawful, and provide value for money.	Due to an unforeseen increase in summer reported lighting faults, and in order to provide a minimum of service extra resource is urgently required	£98,000.00	£98,000.00	Mega-Electrical	Brian Smith	Mark Smith	Donna Long
19	31/07/2019	Kitchen Upgrade at Birkenhead Town Hall	Delivery Services	Const, Maint and Facilities	The removal of existing defunct kitchen equipment including extraction unit and renewal to bring up to current standards and legislation in order to improve the commercial aspects of the council	C. A waiver of the rules would be in the interest of the Council, be lawful, and provide value for money.	The forthcoming major event at Birkenhead Town Hall in September will require the full use and range of the kitchen. Unfortunately the kitchen does not conform to the current standards. Due to the secrecy of this event and the very short notice, in order to procure the works would mean the event would not be able to proceed as there will be a 6-8 week lead in time for materials and manufacture.	£53,240.00	£53,240.00	Windsors Catering Equipment	Neil Corser	David Armstrong	Donna Long
20	02/08/2019	CIPFA subscription 19-20	Business Management	Finance	This contract is for corporate CIPFA membership and attendance at CIPFA courses. (See attached quotation for a full breakdown).	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	CIPFA, the Chartered Institute of Public Finance and Accountancy, is the only professional accountancy body exclusively dedicated to public finance.	£30,738.00	£30,738.00	CIPFA	Shaer Halewood	Shaer Halewood	Donna Long

21	02/08/2019	Mitel Direct Routing protocols	Business Management	ICT Management	Provide the required Mitel licensing, engineering and Project Management to deliver the infrastructure required to integrate the Mitel estate to Microsoft Teams via a high availability pair of SBCs. No professional services to configure Microsoft Teams as this will be done by Digital Staff/Microsoft. Migration of users from Mitel to Microsoft Teams will be the responsibility of Digital Staff.	D. Where there is a legal requirement to contract with a particular supplier.	4Sight are Wirral Council incumbent maintainer of Wirral's Mitel estate.	£55,510.66	£55,510.66	4Sight Communications	Peter Moulton	Peter Moulton	Keith Patterson
22	02/08/2019	Coroner Contract - Liverpool City Council	Business Management	Governance and Assurance - Coroner	Contract with Liverpool City Council for the provision of the Coroner service. This is a shared service with Liverpool City Council as determined by the Ministry of Justice from 2015/16 onwards	D. Where there is a legal requirement to contract with a particular supplier.	This service is to be provided by Liverpool City Council as part of a shared service agreement determined by the Ministry of Justice. Therefore there is no alternative supplier for this service	£611,100.00	£611,100.00	Liverpool City Council	Sarah Cox	Phil McCourt	Keith Patterson
23	02/08/2019	Halo Facilities Management	Delivery Services	Strategic Asset Management	To provide licensed security staff, bailing operator & cleaning staff, currently under review by HR & market manager.	C. A waiver of the rules would be in the interest of the Council, be lawful, and provide value for money.	To provide continued provision of essential staff to enable Birkenhead Market to continue trading.	£52,000.00	£52,000.00	Halo Facilities Management	Jeannette Royle	David Armstrong	Donna Long
24	06/08/2019	Royal Mail Postal Service	Business Management	Business Support Unit Management	Royal Mail provides a postage service - postage for letters incl. international, parcels, special delivery items. Collection of outbound mail	C. A waiver of the rules would be in the interest of the Council, be lawful, and provide value for money.	We have investigated other options available (Whistl) - they would not be able to provide full service & we would still be required to use Royal Mail for 1st class, Special & Recorded Mail (exclusive to Royal Mail) & parcels - causing problems in delivering of mail to residents, customers, partners and suppliers. We would likely have to pay a collection charge on top which currently we don't.	£100,000.00	£100,000.00	Royal Mail Postal Service	Simon Cuerden	Lisa Jamieson	Keith Patterson
25	06/08/2019	i-Connect implementation for Pensions data collection	Business Management	Merseyside Pension Fund	Licence and implement the i-Connect module as part of the integrated Pensions Administration system. The module will provide a web-based portal for the collection and management of monthly data collections from the Fund's constituent employers (n=150+). The module provides secure transfer of the member data, performs a level of quality control and will automatically update the altair database.	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	The i-Connect module is only available from Heywoods who are the current provider of the Fund's pensions administration software. The Fund is currently working with others on the creation of a National Framework for Pensions Administration Software which is scheduled for completion Q2 2020. This framework when in place in 2020 will give more procurement opportunities, including direct award.	£120,000.00	£120,000.00	Aquila Heywood	Guy Hayton	Peter Wallach	Donna Long
26	07/08/2019	grandCARE Systems	Adult Care and Health	Health and Care Outcomes	12 month pilot contract using lease provision to deploy innovative technology to provide support and care to people with dementia and learning disabilities.	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	Unique combination of technologies	£112,673.64	£112,673.64	grandCARE Systems	Jayne Marshall	Jason Oxley	Donna Long

27	43684.45061	Prevention Pledge	Adult Care and Health	Champs Public Health Collaborative	The NHS Prevention Pledge is a key deliverable for the CM HCP Prevention Board. Using a tested model implemented at local authority level for healthy weight, an NHS Prevention Pledge will underpin and support a coordinated approach for large NHS providers to drive C&M prevention priorities and will be a vehicle for the organisations to achieve related CQUINS.	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	The funder (NHS Cheshire and Merseyside Health and Care Partnership) have specified the provider via their board (see attached minutes). The provider is the only one currently providing work of this kind.	£52,000.00	£52,000.00	Health Equalities Group	Adam Major	Dawn Leicester	Keith Sailes
28	43689.43883	River retaining wall repairs	Delivery	Highways and Streetscene	Work is to repair retaining structure at side of river, and improve the river bed	C. A waiver of the rules would be in the interest of the Council, be lawful, and provide value for money.	Work has already been undertaken by this company and has all the environmental permissions, prices have been benchmarked against the BAMN contract and have come in under and therefore provides VFM. Also the work can be done before the Autumn which is essential to ensure the integrity of the carriageway.	£70,000.00	£70,000.00	GAVIN BUILDING SERVICES INC LTD	Brian Smith	Mark Smith	Keith Patterson
29	43689.46087	Senior Performance Analyst	Adult Care and Health	Care and Health	BCF scheme	A. Goods, services or execution of works are obtainable only from one source or contractor and there is no reasonably satisfactory alternative.	Service provided	£39,396.20	£55,811.28	NHS Wirral CCG	Jaqui Evans	Graham Hodgkinson	Donna Long
30	43690.4519	Bloomberg Professional Services	Business Management	Merseyside Pension Fund	Historic and Real-time financial data on every market, unparalleled news and research, powerful analytics, communications tools and world-class execution capabilities in one fully integrated solution. Renewal of contract	E. Contracts awarded to sole suppliers because of exclusive rights.	Bloomberg Analytics is exclusive to Bloomberg	£64,000.00	£128,000.00	BLOOMBERG UK LIMITED	Peter Wallach	Peter Wallach	Donna Long
31	43704.64509	Tour of Britain Patching	Delivery Services	Highways and Streetscene	See uploaded document: to provide carriageway patching as necessary in preparation for the Tour of Britain cycle event	E. Contracts awarded to sole suppliers because of exclusive rights.	Rhino Asphalt produce an alternative product in place of conventional patching materials that would be more suitable for these works (recess and Masterscreed materials)	£50,000.00	£50,000.00	Rhino Asphalt Solutions Ltd	Lian Challis	Mark Smith	Tony Birkett
32	43732.77698	Planned Audit Fee for 2019/20	Business Management	Finance and Investment	Audit fees for 2019/20	D. Where there is a legal requirement to contract with a particular supplier.	Specified by public sector audit appointments Ltd (PSAA). Fees set and published by PSAA at 31/03/19 following consultation process	£123,095.00	£123,095.00	Grant Thornton	Sarah Cox	Shaer Halewood	Tony Birkett

PRAD 2 - Extension												
Record	Date	Project Title		Directorate	Service Area	Project Description	Annual Spend£k	Total contract spend £	Supplier	Departmental Contact	Signed by	Approval By
33	05/04/2019	Wirral Ways to Work Programme - Worklessness Support Service - Lot 1		Delivery Services	Growth, Regeneration and Place	Delivery of the Worklessness Support Service within Lot 1 of the Wirral Ways to Work Programme, part funded by European Social Fund (ESF). The service offers an intensive outreach, engagement and information, advice and guidance to unemployed or economically inactive residents.	£1,254,930.00	£9,269,380.00	Involve Northwest	Stephen Chapman	Alan Evans	Jenny Spick
34	13/05/2019	Wirral Independence Service		Adult Care and Health	WIS	Wirral Independence Service	£3,980,000.00	£23,540,000.00	Medequip	Tim Brookes	Jacqui Evans	Jenny Spick
35	29/05/2019	Civil litigation		Business Management	Finance	Civil Litigation services in defence of liability claims submitted against Wirral Council	£95,454.54	£175,000.00	Weightmans	Mark Niblock	Shaer Halewood	Jenny Spick

36	29/05/2019	Civil Litigation		Business Management	Finance	Civil Litigation services in defence of liability claims submitted against Wirral Council	£95,454.54	£175,000.00	BLM	Mark Niblock	Shaer Halewood	Jenny Spick
37	30/01/2019	Insurance Broking and Advice		Business Management	Risk and Insurance	Provision of insurance broking and advice.	£5,000.00	£21,000.00	JLT Speciality Limited	Mike Lane	Shaer Halewood	Shaer Halewood
38	07/02/2019	Civil Litigation Defence Services		Business Management	Risk and Insurance	The provision of legal services to support the defence of insured Liability claims	£150,000.00	£350,000.00	1) Weightmans LLP 2) BLM	Mike Lane	Shaer Halewood	Shaer Halewood
39	18/07/2019	Banking Services		Business Management	Finance	Covers a wide range of banking services for Wirral Council (including Merseyside Pension Fund). Includes drawings, receipts and various petty cash accounts. All significant financial activities including payroll, creditors and benefit payments and income receipts flow through these accounts. Original contract was for 5 years with 5 annual 12 month extensions available	£65,000.00	£250,000.00	Lloyds Bank	Peter Molyneux	Daniel Kirwan	Shaer Halewood
40	19/07/2019	The Chest eSourcing Portal		Business Management	Commercial Management	The Chest e Sourcing Portal Services	£2,140.00	£17,120.00	Proactis Ltd	Keith Patterson	Nicki Butterworth	Peter Molyneux
Sub Total							£5,647,979.08	£33,797,500.00				

PRAD 3 -Variation

Record	Date	Project Title		Directorate	Service Area	Project Description	Annual Spend£k	Total contract spend £	Supplier	Departmental Contact	Signed by	Approval By
41	09/04/2019	Agriculture Land Study and ALC		Economic and Housing Growth	Forward Planning	As part of the development of Wirral's Local Plan, the Council wish to undertake a review of the agricultural economy and land quality in the Wirral. The purpose of the proposed study is to review the economic impact of farming to the Wirral and the classification of land quality in the borough to inform the Council's planning policy and land-use decisions.	£13,400.00	£134,000.00	RSK ADAS Ltd	Andrew Fraser	David Ball	Peter Molyneux
42	13/06/2019	GVA Commercial advice and assurance for Wirral Growth Company		Economic and Housing Growth	Major Growth and Housing Delivery	GVA Commercial advice and assurance for Wirral Growth Company	£500,000.00	£1,000,000.00	GVA	David Ball	David Armstrong	Daniel Kirwan
43	18/06/2019	Tour of Britain		Business Management	Business Change and Programme Management	Contract to provide cycling event(s)	£250,000.00	£250,000.00	Sweetspot	Tim Games	Nikki Boardman	Shaer Halewood
44	18/06/2019	Tomorrows Women Wirral		Children's Services	Mash	TWW is a project designed to benefit all women aged 18+ in the community and is committed to reducing female imprisonment, offending, and to provide assistance to those women who want to make positive lifestyle changes. TWW offers space in a safe women only environment so partners/agencies can work with them.	£25,000.00	£250,000.00	Tomorrows Women Wirral	Ian shaw	Julie Webster	Shaer Halewood
45	19/08/2019	LOCAL PLAN AND COMMUNITY INFRASTRUCTURE LEVY ECONOMIC VIABILITY STUDY NWCE92 UKSK (NWCE8ACPK3)		Economic and Housing Growth	Forward Planning	Assess the viability of the scale and location of development and policies proposed in the Local Plan, in consultation with relevant stakeholders and assess the more detailed viability of development to inform a draft charging schedule of potential CIL charges for Wirral to generate additional income to the Council, to meet national policy requirements.	£11,796.67	£35,390.00	KEPPIE MASSIE SURVEYORS AND PROPERTY CONSULTANTS	Andrew Fraser	David Ball	Peter Molyneux
46	27/09/2019	Integrated Highway Asset Management Software System		Delivery Services	Highway Development	Procurement of an Integrated Highway Asset Management Software System	£165,245.89	£840,000.00	Symology Ltd.	Shaun Brady	Mark Smith	Peter Molyneux
Sub Total							£965,442.56	£2,509,390.00				

PRAD 4 - Award

Record	Date	Project Title	Single or Renewable Contract	Directorate	Service Area	Project Description	Annual Spend£k	Total contract spend £	Supplier	Departmental Contact	Signed by	Approval By
47	10/04/2019	LED Luminaire Equipment Phase 2	Single	Delivery Services	Highway Development	Supply of LED luminaires	£1,170,000.00	£1,170,000.00	ASD Lighting PLC	Shaun Brady	N/A	N/A

48	01/05/2019	Care & Support at Home	Renewable	Adult Care and Health	Commissioning Community Care	Care & Support at Home - Domiciliary Care Services Re-Ablement, Dom Care, CHC & End of Life	£12,500,000.00	£125,000,000.00	Allied Health-Services Limited trading as Allied Healthcare - Company No 11696513, H White Ltd t/a Apollo Care (West Wirral)- Company No 8639466, Brookfield Care Agency Limited - Company No 2933526, Nautilus Care - Company No 218742, T L Care (nw) Limited - Company No 6325199	Donna Locke	N/A	N/A
49	09/05/2019	Care & Support at Home	Renewable	Adult Care and Health	Commissioning Community Care	Care & Support at Home - Domiciliary Care Services Re-Ablement, Dom Care, CHC & End of Life	£12,500,000.00	£125,000,000.00	Homecare4u O7455354, Homecarers Liverpool 3729978, Nightingales UK 05153902, The Human Support Group 3513906	Donna Locke	N/A	N/A
50	21/06/2019	Provision of Services to Complete the Design, Supply and Install Replacement Aids to Navigation, New Brighton	Renewable	Delivery Services	Highway Development	Removal and subsequent design, supply and replacement of 3no Aids to Navigation markers on the foreshore of the River Mersey, New Brighton, Wirral	£679,828.37	£679,828.37	Southbay Civil Engineering Limited	Neil Thomas	N/A	N/A
51	28/06/2019	New ATP and associated facilities - Leasowe Leisure Centre	Single	Delivery Services	Leisure	Provide new 3G Artificial Grass Pitch, Car Park extension and new changing room facilities at Leasowe Leisure Centre.	£1,390,258.00	£1,390,258.00	Barnhards Sports Surfaces	Damian Walsh	N/A	N/A
52	15/07/2019	Worklessness Support Service	Renewable			The Worklessness Support Service is designed to engage eligible workless young people and adults predominantly within the Council's catchment area, and support their progression into education, employment and training. This service forms part of the wider Wirral Ways to Work programme. The Worklessness Support Service is to be funded from Priority Axis 1 of the European Social Fund (ESF).	£513,272.72	£941,000.00	Involve Northwest	Stephen Chapman	N/A	N/A
53	13/08/2019	KRN A41 Corridor Improvement Works	Single			Major highway maintenance work, including deliverable metrics comprising of 9.4Km newly-resurfaced road; 198 new lighting columns; 4.3Km safety fencing and 7Km cabling.	£2,620,864.47	£2,620,864.47	AE Yates Ltd	Simon Fox	N/A	N/A
54	21/08/2019	Wirral Street Lighting LED Phase 2 Works	Single			Replacement of 9,200 street lighting columns and up to 28,000 lanterns with LED units plus all associated cabling and other works as required.	£4,645,448.10	£9,290,896.23	SSE CONTRACTING LIMITED	Mark Smith	N/A	N/A
55	06/09/2019	PPE and Corporate Workwear	Renewable			Personal Protective Equipment and Workwear	£800,000.00	£800,000.00	Wray Bros	Keith Patterson	N/A	N/A
56	25/09/2019	Community Connector Service	Renewable			The service will establish a network of community connectors within Wirral communities to tackle the issue of social isolation and promote active inclusion to support resident mental health and wellbeing.	£239,369.65	£718,109.00	Involve Northwest	Julie Webster	N/A	N/A
57	25/09/2019	Community Substance Misuse Services	Renewable			This contract will provide a quality service that is effective and is able to support real and sustainable positive change to local residents affected by substance misuse. The service will take a person-centred, holistic approach, working to address the physical and mental health needs of service users and the social and psychological issues associated with the misuse of substances.	£5,789,250.00	£28,946,250.00	Change Grow Live Services Ltd	Julie Webster	N/A	N/A
58	26/09/2019	The Healthy Child Programme (Core Programme) for 0-19 Year Olds for Wirral	Renewable			The 0-19 Service is an integrated programme, combining the functions of Health Visiting (0-5 years) and School Nursing (5-19 years). The service is an evidence-based universal and targeted programme that aims to ensure that every child gets the good start that they need to lay the foundations of a healthy life.	£5,691,695.00	£28,458,475.00	Wirral Community Health and Care NHS Foundation Trust	Julie Webster	N/A	N/A

Audit Progress Report and Sector Update

Wirral Metropolitan Borough Council
Year ending 31 March 2020

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Introduction



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

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

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Members of the Audit and Risk Management Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk.

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 November 2019

Financial Statements Audit

At the time of writing we have not yet been able to issue our opinion on your 2018/19 Statement of Accounts but expect to before the end of November 2019. At this point we will also issue our assurance statement on your Whole of Government Accounts (WGA) submission.

We have begun our planning for the 2019/20 audit and will issue a detailed audit plan, setting out our proposed approach to the audit of the Council's 2019/20 financial statements in January 2020.

We will begin our interim audit in January 2020. Our interim fieldwork includes:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues
- Early substantive testing

We will report our work in the Audit Findings Report.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. 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".

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".

The three sub-criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

As part of our value for money work we will track the progress the Council has made to reduce the budget gaps whilst ensuring that available reserves remain appropriate.

We will report our work in the Audit Findings.

Progress at November 2019 (Cont.)

Other areas

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions and the Teachers' Pensions Contributions Return in accordance with procedures agreed with Teachers' Pensions. The certification work for the 2018/19 has progressed well and will be completed by the 30 November deadline. We will report our findings to the Audit and Risk Management Committee in our Certification Letter in January 2020.

Meetings

We met with Finance Officers in September as part of our regular liaison meetings and continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We continued to engage with officers as you have developed your revised Minimum Revenue Provision (MRP) approach.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers attended our Financial Reporting Workshop in February, which helped to ensure that members of your Finance Team were up to date with the latest financial reporting requirements for local authority accounts.. We have agreed to hold an audit requirements workshop with members of your Finance Team later this year with the aim of creating a greater understanding of the increasing audit requirements within the finance team which will improve the accounts and audit preparation going forward.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We are currently reviewing the impact of all these changes on both the cost and timing of audits. We will discuss this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, before communicating fully with the Audit and Risk Management Committee.

As a firm, we are committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
Audit Findings Report The Audit Findings Report was reported to the July Audit and Risk Management Committee.	July 2019	Reported to the Audit and Risk Management Committee in September 2019
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	Expected to be completed November 2019
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	Expected to be completed November 2019
2019/20 Deliverables	Planned Date	Status
Audit Fee Letter Confirming audit fee for 2018/19.	April 2019	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Audit and Risk Management Committee setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.	January 2020	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2020	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Audi and Risk Management Committee.	July 2020	Not yet due
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2020	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2020	Not yet due

Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

CIPFA – CFO confidence survey

In July, the Chartered Institute of Public Finance and Accountancy (CIPFA) reported the results of their annual confidence survey.

The survey found that the majority of local government finance officers have lost confidence in their future financial positions over the last year.

Seventy per cent of respondents said they were either slightly less or much less confident in their financial position this year compared to 2018-19.

The survey also found that 68% said they were either slightly less or much less confident in their ability to deliver services in 2020-21. Sixty-two per cent expressed equal confidence in their financial position for 2019-20 as they had last year.

CIPFA found that the area of greatest pressure for top tier authorities was children's social care, with the number of authorities rating it as the biggest pressure rising by six percentage points.

For districts the greatest pressures were housing, cultural services and environmental services.

Rob Whiteman, CIPFA chief executive, said: "Local government is facing greater demand pressures than ever before, with particularly pressures in adults' and children's social care and housing. Local authorities also lack certainty about their future financial positions, so it's unsurprising to see confidence on the decline.

"We have repeatedly pointed out that local government is in need of a sustainable funding solution, but meeting this demand requires more than pennies and pounds. The sector as a whole must come together to address the challenges of effective service delivery."

CIPFA's survey received a total of 119 responses from authorities in the UK - 56 top tier authorities, 47 English districts, 12 Scottish authorities, and 4 Welsh authorities.

On the same theme, a Local Government Association (LGA) survey, also reported in July, found that almost two-thirds of councils believe cash for services like adult social care, child protection and preventing homelessness will dry up by 2024-25.

The survey got responses from 141 of the 339 LGA member councils in England and Wales.

It also found that 17% of councils were not confident of realising all of the savings they had identified this year (2019-20).

The LGA said that councils needed a guarantee they will have enough money to meet growing demand pressures in particular in adult social care, children's services, special educational needs, homelessness support and public health.



MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was “working towards improving its approach to local government oversight and support”, Brokenshire promised.

“A robust local audit system is absolutely pivotal to work on oversight, not just because it reinforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy,” he said.

“There are potentially far-reaching consequences when audits aren’t carried out properly and fail to detect significant problems.”

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still “fit for purpose”.

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: “Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

“Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure.”

He added: “This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole.”

In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was “open minded”, but believed the Audit Commission was “of its time”.

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts “must be of the highest level of transparency and quality”, the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.



National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfill their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Page 200 Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

Stage 1 involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

This stage of the consultation is now closed. The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

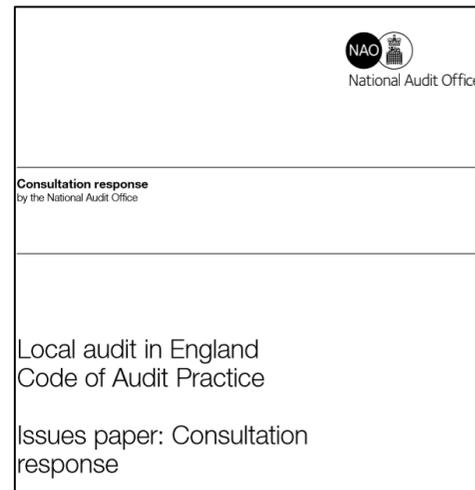
Stage 2 of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation is open until 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>



Local Government Association – Profit with a purpose – delivering social value through commercial activity

The Local Government Association (LGA) report 'Profit with a purpose' focuses on some of the practicalities of how councils can deliver social value through their commercial activity.

Through 'key questions' to ask, the guidance supports councils to face the challenge of how to undertake commercial activity and achieve greater value for the public purse in ways that better meet society's needs and outcomes for people and communities.

In addition, the publication features a number of short case studies highlighting some of the innovative commercial practice already achieving results for communities.

The LGA comments that the best approaches ensure the generation of social value is the primary factor driving commercial activity; from the initial decision to develop a commercial vision to how the approach is developed, and implemented, councils which are pulling ahead ensure social value is placed centre stage.

The guidance starts with an overview of what the LGA understands by 'profit with a purpose', the guidance explores different types of social value and the role of councils in driving social value alongside their commercial ambition.

The guidance then looks at how consideration and delivery of social value should be practically considered when deciding on whether to embark on commercial activity, the need for social value to be prioritised alongside financial return and the key questions councils should consider when embarking on a commercial initiative.

Following on from this, there are specific chapters on; embedding social value in governance of alternative service delivery vehicles, the role of procurement in contracting services that deliver social value and finally how to contract and performance manage social value through your service providers.

Each chapter outlines the factors that need to be considered and the 'key questions' councils should be asking themselves.

In addition, a number of short case studies are provided to highlight some of the innovative commercial practice already achieving results for communities.

The report can be downloaded from the LGA website:

<https://www.local.gov.uk/profit-purpose-delivering-social-value-through-commercial-activity>



Profit with a purpose

Delivering social value through commercial activity

Public Accounts Committee – Local Government Governance and Accountability

The Public Accounts Committee has found that the Government has not done enough to ensure that, at a time when local authority budgets are under extreme pressure, governance systems are improved.

The Ministry of Housing, Communities & Local Government (the Department) is responsible for: ensuring that this framework contains the right checks and balances, and changing the system if necessary. The Secretary of State also has powers to intervene in cases of perceived governance failure. The framework includes: officers with statutory powers and responsibilities; internal checks and balances such as audit committees and internal audit; and external checks and balances such as external audit and sector-led improvement overseen by the Local Government Association. These arrangements represent a significant reduction in the level of central oversight in recent years following the government's decision to abolish the Audit Commission and the Standards Board for England as part of a broader reform of local audit, inspection and reporting.

The Public Accounts Committee report summary notes "Local authorities have a good overall track record with governance arrangements generally robust across the sector, and there is evidence that local authority governance compares favourably to that of the health sector. However, this is not universal and in some authorities governance is under strain, as funding reduces and responsibilities and exposure to commercial pressures change. We are worried to hear about audit committees that do not provide sufficient assurance, ineffective internal audit, weak arrangements for the management of risk in local authorities' commercial investments, and inadequate oversight and scrutiny. This is not acceptable in the more risky, complex and fast-moving environment in which local authorities now operate.

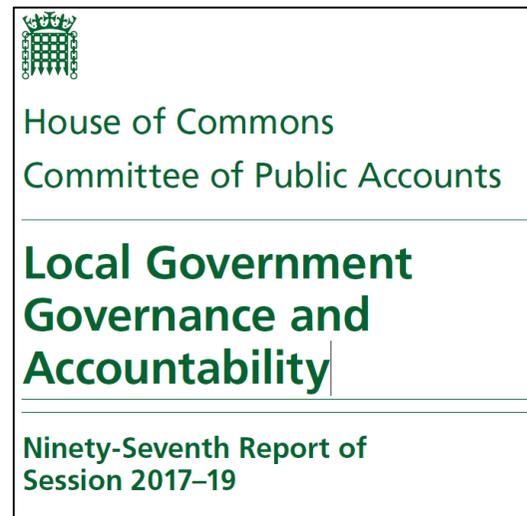
The Department has been reactive and ill-informed in its approach to oversight of the local governance system. However, the Department has now recognised that the network of bodies with responsibility for the local governance framework is fragmented and lacking the leadership needed to drive change. Encouragingly, the Department has now committed to enhancing its oversight role and producing a proactive work programme to deliver this change. We urge the Department to ensure that this activity leads to concrete actions and outcomes on a timely basis. When a local authority fails this has a significant impact on local people and the Department has a responsibility to work with local government to ensure that problems are caught early and that it can pinpoint at-risk councils. Since the abolition of the Audit Commission and other changes culminating in the Local Audit and Accountability Act 2014 there is no central assessment of value for the money, which means the Department's work is fundamental."

The report makes five conclusions, with associated recommendations:

- 1) The Department is not yet providing effective leadership of the local governance system.
- 2) The Department does not know why some local authorities are raising concerns that external audit is not meeting their needs.
- 3) The Department lacks reliable information on key governance risks, or relies on weak sources of information, meaning it has no way of pinpointing the at-risk councils.
- 4) The Department's monitoring is not focused on long-term risks to council finances and therefore to services.
- 5) There is a complete lack of transparency over both the Department's informal interventions in local authorities with financial or governance problems and the results of its formal interventions.

The Government response is available on the website below:

<https://www.parliament.uk/documents/commons-committees/public-accounts/Gov-response-to-Public-Accounts-on-the-93-98-reports.pdf>



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