



## Audit and Risk Management Committee

<b>Date:</b>	<b>Tuesday, 17 January 2023</b>
<b>Time:</b>	<b>6.00 p.m.</b>
<b>Venue:</b>	<b>Committee Room 1 - Wallasey Town Hall</b>

**Contact Officer:** Joe D'Henin  
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Please note that public seating is limited therefore members of the public are encouraged to arrive in good time.

Wirral Council is fully committed to equalities and our obligations under The Equality Act 2010 and Public Sector Equality Duty. If you have any adjustments that would help you attend or participate at this meeting, please let us know as soon as possible and we would be happy to facilitate where possible. Please contact [committeeservices@wirral.gov.uk](mailto:committeeservices@wirral.gov.uk)

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

## AGENDA

- 1. WELCOME AND INTRODUCTION**
- 2. APOLOGIES FOR ABSENCE**
- 3. 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.

- 4. MINUTES (Pages 1 - 6)**

To approve the accuracy of the minutes of the meeting held on 26 October 2022.

## **5. PUBLIC AND MEMBER QUESTIONS**

Please telephone the Committee Services Officer if you have not received an acknowledgement of your question/statement by the deadline for submission.

### **5.1 Public Questions**

Notice of question to be given in writing or by email by 12 noon, Thursday 12 January 2023, to the Council's Monitoring Officer via this link: [Public Question Form](#) and to be dealt with in accordance with Standing Order 10.

For more information on how your personal information will be used, please see this link: [Document Data Protection Protocol for Public Speakers at Committees | Wirral Council](#)

Please telephone the Committee Services Officer if you have not received an acknowledgement of your question/statement by the deadline for submission.

### **5.2 Statements and petitions**

## Statements

Notice of representations to be given in writing or by email by 12 noon Thursday 12 January 2023, to the Council's Monitoring Officer ([committeeservices@wirral.gov.uk](mailto:committeeservices@wirral.gov.uk)) and to be dealt with in accordance with Standing Order 11.

Please telephone the Committee Services Officer if you have not received an acknowledgement of your question/statement by the deadline for submission.

## Petitions

Petitions may be presented to the Board if provided to Democratic and Member Services no later than 10 working days before the meeting, at the discretion of the Chair. The person presenting the petition will be allowed to address the meeting briefly (not exceeding three minute) to outline the aims of the petition. The Chair will refer the matter to another appropriate body of the Council within whose terms of reference it falls without discussion, unless a relevant item appears elsewhere on the Agenda. If a petition contains more than 5,000 signatures, it will be debated at a subsequent meeting of Council for up to 15 minutes, at the discretion of the Chair. Please give notice of petitions to [committeeservices@wirral.gov.uk](mailto:committeeservices@wirral.gov.uk) in advance of the meeting.

### **5.3 Questions by Members**

Questions by Members to be dealt with in accordance with Standing Orders 12.3 to 12.8.

- 6. INTERNAL AUDIT UPDATE REPORT (Pages 7 - 30)**
- 7. CORPORATE RISK MANAGEMENT UPDATE (Pages 31 - 54)**
- 8. HYBRID WORKING (Pages 55 - 74)**
- 9. MINIMUM REVENUE PROVISION (Pages 75 - 86)**
- 10. ANNUAL UPDATE ON USE OF SURVEILLANCE POWERS UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA) (Pages 87 - 90)**
- 11. PLANNING SYSTEM UPDATE (Pages 91 - 96)**
- 12. EXEMPT INFORMATION - EXCLUSION OF MEMBERS OF THE PUBLIC**

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

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

**13. EXEMPT APPENDIX - PLANNING SYSTEM UPDATE (Pages 97 - 98)**



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## AUDIT AND RISK MANAGEMENT COMMITTEE

Wednesday, 26 October 2022

Present: Councillor S Mountney (Chair)  
Councillors S Kelly S Powell-Wilde  
A Davies N Graham  
T Cox

### 19 WELCOME AND INTRODUCTION

The Chair opened the meeting and reminded everyone that the meeting was being webcast and a copy was retained on the Council's website.

### 20 APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Jason Walsh and Independent Person Joanne Byrne.

### 21 MEMBERS' CODE OF CONDUCT - DECLARATIONS OF INTEREST

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

Councillor Naomi Graham declared a personal and non-pecuniary interest in the item on Assurance on Regeneration Schemes as a member of her family worked for Peel Holdings so would withdraw for that item.

### 22 MINUTES

**Resolved –  
That the minutes of the meeting held on 20 July 2022 be approved.**

### 23 PUBLIC QUESTIONS

No public questions were received.

### 24 STATEMENTS AND PETITIONS

No statements or petitions were received.

### 25 QUESTIONS BY MEMBERS

The following question had been received from Councillor T Cox concerning

the Hoylake town hall development known as the Beacon Project and the value for money of the funds for it.

The Director of Resources responded that the Council was only the responsible body for part of the funding. There was an awareness from the Director of Resources that Department of Levelling up, Housing and Communities (DLUHC) were in dialogue with the organisations involved regarding the lack of progress on the schemes.

The Chair requested an update at a future meeting and the Director of Resources agreed to request this from DLUHC.

## 26 **INTERNAL AUDIT UPDATE REPORT**

The Audit Manager presented the report of the Chief Internal Auditor which identified and evaluated the performance of the Internal Audit Service and included details of any issues arising from the actual work undertaken during the period 1 July to 31 September 2022.

Members queried details in the report around the Hoylake Golf Resort and lessons learned from it. In line with the remit for the review, the report confirmed that all key decisions relating to this initiative were undertaken in accordance with the Council's Constitution, Policy and procedures. There was concern over whether decisions were made with full information being available at the time, and the Chair asked for information be brought back to a future meeting on whether the decisions taken on the Hoylake Golf Resort were made with full information being available, specifically the risk that a financial penalty might be paid.

**Resolved: That the report and outcomes of audit work undertaken including the quality assurance improvement review exercise be noted.**

## 27 **INTERNAL AUDIT ANNUAL COUNTER FRAUD REPORT**

The Audit Manager introduced the report of the Chief Internal Auditor which updated the Committee on the activities of the Corporate Counter-Fraud Team within Internal Audit. The report covered the work undertaken by the Team during the previous eighteen months including a National Fraud Initiative, publicity campaigns and e-learning modules.

Members debated the work and were concerned at any reports of staff working whilst being off sick and the recovery of monies lost due to fraud. Information on these was requested for future meetings.

**Resolved: That the report be noted and work of the team continue to be supported.**

28 **CORPORATE RISK MANAGEMENT UPDATE**

The Risk, Continuity and Compliance Manager introduced the report of the Director of Resources which provided an update on the Council's risk management arrangements for the Corporate and Directorate Risk Registers. It was noted that Senior Leadership Team had met to discuss risk and separate sessions were to be held for more specifics. Directorates maintained their own Risk Registers to align with their Business Plans with reviews at least quarterly.

Members discussed the update and the Chair noted that some Committees did not have risks on their working plan and may require a reminder.

**Resolved: That the report be noted**

29 **DRAFT STATEMENT OF ACCOUNTS UPDATE, DRAFT ANNUAL GOVERNANCE STATEMENT AND FINANCIAL MANAGEMENT CODE ASSESSMENT FOR 2021/22**

The Senior Finance Manager introduced the report of the Director of Resources which presented the draft unaudited Statement of Accounts, Financial Management Code assessment, an update on changes to the accounts and the draft Annual Governance Statement for 2021/22 to the Audit and Risk Management Committee. The Statement of Accounts set out the Council's financial position as at the 31 March 2022, along with a summary of its income and expenditure for the year ended 31 March 2022. The Annual Governance Statement was to reflect key governance issues up to the date of the approval of the annual statement of accounts, and therefore a final version would be reported to the Committee in January 2023 for approval along with the final version of the Council's financial statements. The opinion was that the Council's governance arrangements overall were effective.

Members discussed the update and the deadline dates for subsequent years and the risks of reporting late.

**Resolved: That**

- (1). the draft, unaudited Statement of Accounts for 2021/22 be noted.**
- (2). Finance Management Code for 2021/22 be noted.**
- (3). the draft Annual Governance Statement for 2021/22 be approved, including the actions planned in 2022/23 to address the two significant governance issues identified from this year's annual governance review.**
- (4). the changes to the draft Accounts as set out in appendix 5 be noted.**

30 **CODE OF CORPORATE GOVERNANCE 2022**

The Head of Legal Services introduced her report which detailed the revised Code of Corporate Governance for approval, which was last reviewed in

2018. The Code communicated the Council's decision making processes and the principles underlining them, and had been updated following the move from Cabinet to Committee-based decision making.

**Resolved: That**

**(1) the revised Code of Corporate Governance at Appendix 1 to the report be approved; and**

**(2) Constitution and Standards Committee be recommend full Council to adopt the revised Code of Corporate Governance and the framework detailed therein as part of the Council's Constitution.**

### 31 **ICT CONTINUITY CONTROLS**

The head of ICT and Digital presented the report of the Director of Resources which had been prepared in response to a request by the Chair of the Audit and Risk Management to provide an update on the resiliency of Wirral Council's IT infrastructure and the disaster recovery plans. The report detailed the continuity controls. It was noted that the Council had two data centres in different locations where data is saved to and can be recovered from, and a third online.

Members queried the detail of disaster recovery and were reassured that there were practical backup systems within services and alternate power supply at a data centre. Members also confirmed that where staff dealt with their Council work on their phones, the Council retained control of the apps and could delete the data remotely if needed.

**Resolved: That the report be noted.**

### 32 **ASSURANCE ON REGENERATION SCHEMES**

The Director of Resources presented her report which updated members on the financial guarantees which the Council entered into on a number of regeneration projects and the mitigations with the associated risks. The Council's external auditors, Grant Thornton, had recommended that the risks arising from the guarantees were closely monitored and the mitigations reported to Members.

Members noted that the Council always looked for funding options and they noted the arrangements for three major regeneration developments and noted that the arrangements were not unusual for Councils to make.

**Resolved:**

**That the report be noted.**

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

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

**34 ASSURANCE ON REGENERATION SCHEMES EXEMPT APPENDIX**

**Resolved: That the exempt appendix for the Assurance on Regeneration Schemes report be noted.**

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## AUDIT AND RISK MANAGEMENT COMMITTEE

TUESDAY 17 JANUARY 2023

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

### REPORT SUMMARY

This report identifies and evaluates the performance of the Internal Audit Service and includes details of any issues arising from the actual work undertaken during the period 1<sup>st</sup> October 31<sup>st</sup> December 2022. There are a number of items of note concerning audit work undertaken that are brought to the attention of the Members for this period and these are identified at Appendix 1. Additional information requested by Members at a previous meeting of this Committee relating to the Hoylake Golf Resort (Celtic Manor) is included at Appendix 2. The Internal Audit Charter and Strategy are included at Appendices 3 and 4.

This matter affects all Wards within the Borough. It is not a key decision.

### RECOMMENDATION

The Audit and Risk Management Committee is recommended to note the report and endorse the Internal Audit Charter and Strategy.

## **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 the Chartered Institute of Public Finance Accountants (CIPFA) and the Chartered Institute of Internal Auditors (CIIA).

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 No other options considered appropriate as the service is required to comply with the very specific requirements of the Public Sector Internal Audit Standards for delivery and reporting frequency.

### **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 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 October to 31 December 2022.

### **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. This is mitigated by a robust system of follow up, reporting and escalation of audit matters.

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. This is mitigated by comprehensive governance and reporting systems developed and implemented in compliance with relevant professional standards.

## **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 The content and/or recommendations contained within this report have no direct implications for equality. However, the delivery of an effective internal audit service will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of equality.

## **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/greenhouse gases.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 The content and/or recommendations contained within this report have no direct implications for community wealth. However, the delivery of an effective internal audit service will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of economic, social and environmental justice for all residents.

### **REPORT AUTHOR:**

**Mark P Niblock**  
Chief Internal Auditor  
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### **APPENDICES**

1. Internal Audit Activity – Summary Update
2. Hoylake Golf Resort (Celtic Manor)
3. Internal Audit Charter
4. Internal Audit Strategy

### **BACKGROUND PAPERS**

Internal Audit Plan 2022-23

### **TERMS OF REFERENCE**

This report is being considered by the Audit and Risk Management Committee in accordance with Section B of its Terms of Reference.

(b) Internal Audit and Internal Control

(iv) Consider regular summary reports on the work of internal audit including key findings, issues of concern and actions in hand as a result of internal audit activity.

**SUBJECT HISTORY (last 3 years)**

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

## APPENDIX 1

<b>REPORT TITLE:</b>	<b>INTERNAL AUDIT UPDATE</b>
<b>ACTIVITY SUMMARY – OCTOBER TO DECEMBER 2022</b>	

### 1 Items of Note

#### 1.1 Climate Emergency

Follow up audit work on the 17 recommendations agreed with management following the audit of the Council's Climate Emergency arrangements earlier in the year has been performed to evaluate progress being made and indicates a positive position. Management attention has however been drawn to a high priority recommendation with an approaching implementation deadline of April 23 regarding a review of existing contracts that may have a significant environmental impact on the Council. The recommendation relates to the completion of an environmental impact assessment of those contracts identified as high risk, with the aim of reducing high carbon emissions. It is acknowledged that the original target implementation date for this recommendation is April 23 but it is reported here to ensure that this issue remains in focus.

#### 1.2 Creditor Payments

An audit investigation was undertaken during the period to review the circumstances leading to a duplicate creditor payment of over £200,000 being made to an authorised contractor. The audit identified a number of actions required to improve controls in operation to prevent any future incidences of this nature which have been agreed with senior management for immediate implementation. It should be noted that no evidence of any fraudulent activity was identified and that the payment was made in error with monies immediately being returned to the Council by the contractor. As part of the audit exercise a number of additional audit tests were undertaken utilising specialist audit interrogation software to examine all matching supplier names, invoice numbers and invoice dates on the database and a number of additional potential duplicate payments identified that are currently being examined by the team. Actions are also being undertaken to ensure that additional controls are included within the new financial systems scheduled for implementation later this year.

#### 1.3 Health and Safety

An audit review of the operation of Health and Safety procedures within the Council is currently being undertaken. This involves an assessment and evaluation of corporate awareness and compliance with new policies and procedures and includes the completion of risk assessments by the workforce, the review and management of operations by the health and safety team, and the facility to raise awareness of key health and safety concerns

within the current processes. In addition, an assessment of contractors and third-party organisation operating on behalf of the Council is also being undertaken to evaluate compliance with Council requirements. The outcome of this important work, along with any required actions will be reported back to this Committee upon completion.

#### 1.4 Merseyside Pension Fund (MPF) – Russian Federation/Ukrainian Investments

1.4.1 On 24th February 2022, the Russian Federation invaded Ukraine in a steep escalation of the ongoing Russo-Ukrainian War. This was followed by the introduction of sanctions by the UK Government defined within the Russia (Sanctions) (EU Exit) (Amendment) (No. 2) Regulations 2022 effective from 1st March 2022, with reciprocal sanctions introduced by the Russian Government.

1.4.2 An audit review has been undertaken as part of the Internal Audit Plan for 2022/23, to provide additional assurance to the MPF stakeholders regarding the divestment actions taken and statements provided by the Fund, primarily focused on the impact on relevant investments.

1.4.3 The findings from the work undertaken have concluded that prompt and effective action was taken by the key Investment Officers at the Fund in response to the Russo-Ukrainian situation. The level of direct exposure and financial risk to the Fund was minimal at the time and has been further reduced by the subsequent actions that were in compliance with Regulations and Scheme Advisory Board Guidance, (0.09% @ 30/09/22). It is acknowledged that it is not feasible to identify and quantify all indirect / secondary exposure for MPF to the Russian market but again it is accepted that this is limited. An audit recommendation was agreed on the basis of the high-profile nature of the continuing situation, the level of Member / Stakeholder appetite for further information, and to demonstrate full transparency and effective communication in line with the Responsible Investment Policy, that an explicit report is presented to the Investment Monitoring Working Party. This is to provide details of; the financial impact in respect to the direct and indirect investment exposure; the positive actions taken by the Investment Officers to further limit the financial risk; and the actions being taken to monitor the situation and communicate with stakeholders.

#### 1.4.4 Financial Resilience

An audit is currently in progress to evaluate the effectiveness of the risk-based approach currently being adopted by the organisation for the validation of new budget proposals for the 2022/23 budget process and includes testing a sample of savings to the underlying evidence base for accuracy and achievability. A report will be prepared on the outcomes from this audit for management identifying any actions required and a summary of this prepared for this Committee.

#### 1.4.5 MPF Cyber Assurance

As previously reported to this Committee an audit has recently been completed to review the effectiveness of the controls in operation to protect the Merseyside Pension Fund systems against the risk of cyber-attacks. The audit involved assessing the controls around the devices that protect the network from the internet and testing their robustness. The audit has now been completed and reports prepared for senior management at both the Merseyside Pension Fund and Digital Services who operate a number of systems and processes on behalf of the Fund. The reports identify a number of actions to improve existing arrangements to ensure that maximum protection is provided. A timescale for implementation has been agreed with management and further audit work is scheduled to evaluate progress and gauge the effectiveness of these arrangements and the outcome from this work will be reported to this Committee upon completion.

#### 1.4.6 Information Governance – Access Controls

Audit reviews of the access controls in operation over the Children's Liquidlogic and the Election systems are currently being undertaken to evaluate the effectiveness of controls in operation to protect sensitive and confidential data maintained within these systems. In addition, Internal Audit are performing a range of duplicate tests to assess the accuracy of data held and avoid any inaccurate and duplicate entries. Reviewing who has access to key systems and ensuring data is maintained correctly can make a significant difference in mitigating against cyber-attacks and there are more planned access control reviews of other key Council systems included in this year's audit plan. Audit reports are currently being drafted for these systems and discussions will be taking place with senior management regarding any potential actions required to improve existing arrangements.

#### 1.4.7 National Fraud Initiative (NFI)

A question was raised by Members at the previous meeting of this Committee regarding the recovery of fraudulent overpayments of benefits and grants identified during the recent NFI exercise undertaken. Following discussion with colleagues in Benefits and Revenues I can confirm that arrangements are currently in place for the recovery of all of these amounts. A more detailed breakdown of this will be included in the Annual Counter Fraud report presented to this Committee later in the year.

## 2. **Audit Recommendations**

- 2.1 All of the actions identified in audit reports for the period have been agreed with management and are being implemented within agreed timescales. The current BRAG status for these items are currently classified as amber or green as a consequence. Internal Audit will continue to monitor progress and report any slippages to senior management via the Power Bi dashboard in real time. Any significant items outstanding beyond agreed timescales and without sufficient mitigations will be reported to this Committee for any appropriate actions to be taken.

### 3. Internal Audit Performance Indicators

- 3.1 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. This is particularly important at present as the service returns to a normal level of operations following the disruptions caused by the Covid pandemic and the continued agile working:

IA Performance Indicator	Annual Target	Actual % Delivery to date
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 14 days of the completion of fieldwork.	100	96

- 3.2 There are currently no significant issues arising.

### 4. Internal Audit Planned Work Qtr 4 22/23

- 4.1 Audit work is currently being delivered in accordance with the Internal Audit Plan for 2022-23 as endorsed by this Committee in March 2022. Each piece of work has been identified for review based upon the significance of the risks presented in these areas and the corporate impact associated with failure of the control systems in operation. Work currently identified for the next quarter includes the following:

- Business Grants - Post Assurance Checks
- Financial Resilience – Budget Processes
- Merseyside Pension Fund (Collaborative work with Greater Manchester and West Yorkshire Fund Auditors into GLIL Infrastructure Investment)
- Wirral Growth Company
- Health and Safety
- Integrated Commissioning System
- SmartBusiness Project (ERP)

### 5. Internal Audit Developments

- 5.1 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:

- Continued ongoing developments involving the Mersey Region Counter Fraud group led by Wirral Internal Audit,
- 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 via a real time dashboard for Members of this Committee,
- Ongoing development of reciprocal arrangement with neighbouring authorities for audits of 'owned' non internal audit services.

## 5.2. Internal Audit Charter and Strategy.

The Public Sector Internal Audit Standards (PSIAS) require that the Head of Internal Audit develops and maintains an Internal Audit Charter and Strategy for the service that defines the purpose, authority and responsibility of the service as well as identifying how it will be delivered; and that these are reviewed and updated regularly and presented to the organisations Audit Committee for endorsement. These documents are attached at Appendices 3 and 4 to this report.

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## APPENDIX 2

### Hoylake Golf Resort Development (Celtic Manor)

#### 1.0 Introduction

1.1 During the Internal Audit Manager's presentation of the Internal Audit update report at the ARMC meeting on 26 October 2022, Members queried details in the report around the Hoylake Golf Resort Development and lessons learned from it. In particular, whether decisions relating to the development were made with full information being available at the time, including risks relating to financial penalties. The Chair subsequently asked for further information on this to be brought back to a future meeting of the Committee.

#### 2.0 Additional work undertaken by Internal Audit.

2.1. Minutes of the ARMC meeting and the webcast were reviewed in detail to clarify the areas where Members sought further confirmation around the decisions made in relation to Hoylake Golf Resort Development. Three areas were identified, and audit work undertaken to ensure that these had been considered appropriately during the project lifecycle and evidence was available to support this. These are summarised below:

##### 2.2. Signing the Framework Development Agreement.

2.2.1 At the Cabinet meeting of 7 November 2016, the report of the Leader of the Council was introduced. The report stated that the risks associated with the project, had previously been reported to Cabinet on 20 July 2015. The report included an exempt appendix which was the report of Pinsent Masons, that also included the draft Framework Development Agreement (FDA). The Pinsent Masons report provided the Council with an assessment of the implications of signing the FDA and the measures in place to protect the Council. The draft FDA set out all the legal parameters relating to the project, including a dispute resolution clause. It was resolved that the signing of the FDA under the terms reported, and the formal closing of the Competitive Dialogue procurement process be authorised.

2.2.2 At a Special 'Call In' meeting of the Business Overview and Scrutiny Committee meeting on 7 December 2016, the Chair referred to the Cabinet's decision on Hoylake Golf Resort and the signing of an FDA on the terms reported. The agenda pack included the report of the Leader of the Council and the exempt appendices that had been taken to Cabinet on 7 November 2016. Members expressed their concern over signing the FDA and a motion was put by Members of the Conservative Party and lost. It was resolved (9:6) that the Committee upholds the Cabinet decision to take the necessary next steps in the development of the Hoylake Golf Resort.

#### Summary Conclusion

2.2.3 It is clear that Members had sight of the draft Development Agreement, were aware that it was a binding legal agreement and received advice in relation to its terms at the Cabinet meeting of 7 November 2016. It is also clear that disputes could arise along the way, as there is a dispute resolution clause in the agreement which was used when the Developer made a claim that the Council had breached the agreement.

2.3. Not investing in the Hoylake Golf Resort development in response to the funding application submitted under the Development Agreement entered into between the Council and NJVG.

2.3.1 At the Business Overview and Scrutiny Committee meeting on 27 June 2019, the Director of Finance & Investment (S151) presented their exempt report, advising that the Council had undertaken external due diligence of the NJVG funding and phasing agreement, which was included as an appendix to the report. The committee report recommended that Members consider the NJVG's Funding and Phasing Plan and convey their recommendations to Cabinet regarding the requirement for a prudential borrowing loan of £26m to NJVG, to allow the project to progress to the next stage.

2.3.2 The report produced by IPW details the risks of securing a £26m prudential loan for NJVG and also advised of the potential consequences of the Council not providing the loan. It was moved by a member of the Green Party, and duly seconded by a member of the Labour Party, that it be recommended to Cabinet (13:0) that the Council do not enter into a separate agreement to fund the Celtic Manor project at this time.

2.3.3 At the Cabinet meeting on 8 July 2019, on a motion moved by the Leader, duly seconded by a member of the Labour Party, it was resolved (10:0) that the Council won't be investing in the Hoylake development.

2.3.4 The Leader of the Council emailed NJVG on 15 July 2019 expressing that despite the decision not to invest the Council was still committed to the development agreement.

### **Summary Conclusion**

2.3.5 It is clear that Members were provided with details of the overall potential project risks and any key risks for the Council in respect of the proposed loan to the NJVG, which were included in the external report of IPW presented to Members at the Business Overview and Scrutiny Committee meeting on 27 June 2019 and Cabinet meeting on 8 July 2019.

2.4. Paying the sum of £495,000 to NJVG and releasing the Council from any and all obligations under the Development Agreement.

2.4.1 At the Economy Regeneration and Development Committee meeting of 26 January 2021, the Director of Law and Governance presented a report to Members advising that Legal challenge had been received in respect of the

contractual provisions of the Development Agreement by way of a Dispute Notice. It was resolved that the actions taken thus far in responding to the legal challenges received, be ratified.

- 2.4.2 At the Economy Regeneration and Development Committee meeting of 26 July 2021 the Director of Law and Governance presented a report recommending that Members endorse the continuation of such actions as the Director of Law and Governance considers is necessary and in the public interest to contest and /or seek to settle any potential litigation. Members were given details regarding a legal issue and a potential solution. Members asked questions regarding the position, the background issues, the issues involved and the possibilities for resolution. It was resolved that the Hoylake Golf Resort Development Agreement item be referred as urgent business to Policy and Resources Committee meeting on Wednesday 28 July 2021 for consideration.
- 2.4.3 At the Policy and Resources Committee meeting of 28 July 2021, the exempt report of the Director of Law and Governance report was presented to Members, which sought agreement to the proposed settlement to avoid potentially costly litigation and any associated financial or reputational risks arising out of such process. The report included a note from Leading Counsel which included the risks faced by the Council of not settling. Following a lengthy and considered debate, on a motion by the Chair/member of the Labour Party, and seconded by a Labour Party member, it was resolved (8:7) that the recommendations within the report be approved. A member of the Conservative Party proposed that a vote be taken on removing the matter from the Committee's delegation and six Members voted in favour of removal and the matter then became a referral to Council for a decision.
- 2.4.4 At the Extraordinary Council meeting of 11 August 2021, the Director of Law and Governance, introduced their exempt report on the matter of the dispute with NJVG and a number of Councillors sought clarification on a number of areas relating to the report, such as the general history and timeline of the Development Agreement. Following a lengthy and considered debate, it was resolved (22:21) that the recommendations within the report be approved.

### **Summary Conclusion**

- 2.4.5 It is clear that Members were provided with sufficient information during the Policy and Resources Committee meeting of 28 July 2021 and Extraordinary Council meeting of 11 August 2021, to enable them to make informed decisions about whether or not to pay NJVG £495,000 and releasing the Council from any and all obligations under the Development Agreement.

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# **WIRRAL INTERNAL AUDIT SERVICE**

## **INTERNAL AUDIT CHARTER**

MPN  
January 2023

### Background

The purpose of this Internal Audit Charter is to define internal audit's purpose, authority and responsibility. It establishes internal audit's position within the Council and reporting lines; authorises access to records, personnel and physical property relevant to the performance of audit work; and defines the scope of internal audit activities.

This Charter also covers the arrangements for the appointment of the Chief Internal Auditor and internal audit staff, and identifies the nature of professionalism, skills and experience required.

### Definition

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.

The Public Sector Internal Audit Standards require that the internal audit charter defines the terms 'board' and 'senior management' in relation to the work of internal audit. For the purposes of internal audit work, the 'board' refers to the Council's Audit and Risk Management Committee which has delegated responsibility for overseeing the work of internal audit. Senior management is defined as the Chief Executive and members of the Council's Senior Leadership Team.

### Standards

The internal audit function is required to comply with Public Sector Internal Audit Standards (PSIAS). The Relevant Internal Audit Standard Setters, which includes the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA) in respect of local government, have adopted the common set of PSIAS. The PSIAS encompass all of the mandatory elements of the Chartered Institute of Internal Auditors International Professional Practices Framework (IPPF). Compliance with the Standards is subject to an ongoing quality assurance and improvement programme (QAIP) developed and introduced by Internal Audit to ensure continuous compliance with the Standards.

### Responsibilities and Objectives of Internal Audit

Internal audit is responsible for establishing procedures and applying the required resources to ensure that the service conforms with the Definition of Internal Auditing and the Standards. The members of the internal audit team must demonstrate conformance with the Code of Ethics and the Standards.

The Chief Internal Auditor must deliver an annual internal audit opinion and report that can be used by the organisation to inform its annual governance statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This is the 'assurance role' for internal audit.

Internal audit may also provide an independent and objective consultancy service, which is advisory in nature and generally performed at the specific request of the organisation. The aim of the consultancy service is to help line management improve the Council's risk, governance and internal control. This is the 'Consultancy' role for internal audit and contributes towards the overall opinion.

### **Responsibilities of the Council**

The Council is responsible for ensuring that internal audit is provided with all necessary assistance and support to ensure that it meets the required standards.

The Section 151 Officer will make appropriate arrangements for the provision of an internal audit service. This will include the formal adoption of this Charter by the Audit and Risk Management Committee and the adoption of corresponding elements in the Financial Procedure Rules.

The Council will ensure it has taken all necessary steps to provide internal audit with information on its objectives, risks, and controls to allow the proper execution of the audit strategy and adherence to internal audit standards. This will include notifying internal audit of any significant changes in key control systems which may affect the internal audit plan.

The Council, through the Chief Executive, Section 151 Officer, Monitoring Officer and other relevant managers, will respond promptly to audit plans, reports and recommendations.

Responsibility for monitoring and ensuring the implementation of agreed recommendations rests with the Council.

### **Independence of Internal Audit**

The internal audit activity must be independent and internal auditors must be objective in performing their work. The Chief Internal Auditor must confirm, at least annually, the organisational independence of the internal audit activity. Internal audit shall have no operational responsibilities within the line management structure.

### **Chief Internal Auditor**

The Chief Internal Auditor will be appointed by the Council as a body and will have sufficient skill, experience and competencies to work with the leadership team and the Audit and Risk Management Committee and influence the risk management, governance and internal control of the Council. The Chief Internal Auditor is responsible for ensuring that there is access to the full range of knowledge, skills, qualifications and experience to deliver the audit plan and meet the requirements of the PSIAS. In addition to internal audit skills, the Chief Internal Auditor will specify any other professional skills that may be needed by the internal audit team. The Chief Internal Auditor will hold a full, professional qualification, defined as CCAB, CMIIA or equivalent professional membership and adhere to professional values and the Code of Ethics.

### **Relationships**

The Chief Internal Auditor reports directly to the Section 151 Officer. The Chief Internal Auditor, or an appropriate representative of the internal audit team, shall attend meetings of the Audit and Risk Management Committee unless, exceptionally, the Committee decides that they should be excluded from either the whole meeting or for particular agenda items.

The Chief Internal Auditor shall have an independent right of access to the Chief Executive and the Chair of the Audit and Risk Management Committee. In exceptional circumstances, where normal reporting channels may be seen to impinge on the objectivity of the audit, the Chief Internal Auditor may report directly to the Chair of the Audit and Risk Management Committee.

Internal Audit and External Audit will agree a protocol for co-operation which will make optimum use of the available audit resources.

### Scope of Internal Audit

The Chief Internal Auditor should develop and maintain a strategy for providing the Chief Executive and the Section 151 Officer economically and efficiently, with objective evaluation of, and opinions on, the effectiveness of the Council's risk management, governance and internal control arrangements. The internal audit plan will be risk based, prepared in consultation with Directorate Management Teams and presented to the Audit and Risk Management Committee for approval. The Chief Internal Auditor's opinions are a key element of the framework of assurance the Chief Executive and the Leader of the Council need to inform the completion of the Annual Governance Statement (AGS).

### Opinion Work

The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach that is aligned with all of the strategies, objectives and risks to the Council.

#### Governance

Internal audit must assess and make appropriate recommendations for improving the governance process in its accomplishment of the following objectives:

- promoting appropriate ethics and values within the organisation;
- ensuring effective organisational performance management and accountability;
- communicating risk and control information to appropriate areas of the organisation; and
- co-ordinating the activities of and communicating information among the Audit & Risk Management Committee, external and internal auditors and management.

#### Risk Management

Internal audit must evaluate the effectiveness and contribute to the improvement of risk management processes by assessing:

- organisational objectives support and align with the organisation's mission;
- significant risks are identified and assessed;
- appropriate risk responses are selected that align risks with the organisation's risk appetite; and
- relevant risk information is captured and communicated in a timely manner across the organisation, enabling staff, management and the board to carry out their responsibilities.

#### Internal Control

Internal audit must assist the organisation in maintaining effective controls by evaluating their effectiveness and efficiency and by promoting continuous improvement. The internal audit activity must evaluate the adequacy and effectiveness of controls in responding to risks within the organisation's governance, operations and information systems regarding the:

- achievement of the organisation's strategic objectives;
- reliability and integrity of financial and operational information;
- economical, effective and efficient use of resources;
- effectiveness and efficiency of operations and programmes;
- safeguarding of the Council's assets and interests from losses of all kinds, including those arising from fraud, irregularity corruption or bribery; and

## Appendix 3

- compliance with laws, regulations, policies, procedures and contracts.

Internal Audit utilise a dynamic risk based planning system designed to proactively identify audits to address any emerging and developing risks on an ongoing and 'future focussed' basis.

Internal audit will promote and contribute to continuous ongoing improvements in systems across the Council by identifying and recommending best practice actions following audit work completed.

Where key systems are being operated on behalf of the Council or where key partnerships are in place the Chief Internal Auditor must ensure arrangements are in place to form an opinion on their effectiveness.

Where the Council operates systems on behalf of other bodies, the Chief Internal Auditor must be consulted on the audit arrangements proposed or in place.

It is management's responsibility to ensure the provision for relevant audit rights of access in any contract or Service Level Agreement the Council enters into, either as provider or commissioner of the service.

### **Non - Opinion Work**

Internal audit provide, at the request of management, a consultancy service which evaluates the policies, procedures and operations put in place by management. A specific contingency is made in the internal audit plan to allow for management requests and consultancy work.

The Chief Internal Auditor must consider the effect on the opinion work before accepting consultancy work or management requests over and above the contingency allowed for in the internal audit plan. In the event that the proposed work may jeopardise the delivery of the internal audit opinion, the Chief Internal Auditor must advise the Section 151 Officer before commencing the work. The Chief Internal Auditor must consider how the consultancy work contributes towards the overall opinion.

### **Fraud**

Managing the risk of fraud is the responsibility of line management; however the Section 151 Officer retains specific responsibilities in relation to the detection and investigation of fraud. The Internal Audit Service provides a counter fraud function that includes undertaking work of a proactive nature, conducting substantive audits in key risk areas as well undertaking some reactive work of an investigatory nature involving suspected fraud. In addition, the service is responsible for maintaining effective counter fraud policies and procedures for the Council including the Counter Fraud and Corruption, Money Laundering and Bribery and Corruption policies. Internal audit should be notified of all suspected or detected fraud, corruption or impropriety, to inform their opinion on the control environment and their audit plan.

### **Reporting**

The Chief Internal Auditor will agree reporting arrangements with the Chief Executive and the Section 151 Officer which will include procedures for the:

- distribution and timing of draft audit reports;
- Council's responsibilities in respect of responding to draft audit reports;
- distribution of finalised audit reports;
- follow up by internal audit of agreed recommendations; and

## Appendix 3

- escalation of recommendations where management responses are judged inadequate in relation to the identified risks.

The Chief Internal Auditor will present a formal report annually to the Chief Executive, Section 151 Officer and the Audit and Risk Management Committee giving an opinion on the overall adequacy and effectiveness of the Council's framework of governance, risk management, and internal control. This report will conform to the PSIAS for the Head of Internal Audit Opinion statement, and will be timed to support the production of the Council's Annual Governance Statement. Reports of progress against the planned work will be presented to the Audit and Risk Management Committee on a regular basis during the year.

### Internal Audit Access Rights

Designated auditors are entitled, without necessarily giving prior notice, to require and receive from the Council and any associated or contracted bodies including any shared service providers or trading companies:

- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature;
- access at all reasonable times to any land, premises, officer and member of the Council;
- the production of any cash, stores or other property of the Council under an officer's and member's control; and
- explanations concerning any matter under investigation.

### Internal Audit Resources

If the Chief Internal Auditor or the Audit and Risk Management Committee consider that the level of audit resources or the terms of reference in any way limit the scope of internal audit, or prejudice the ability of internal audit to deliver a service consistent with the Definition of Internal Auditing and the Standards, they should advise the Chief Executive and the Section 151 Officer accordingly.

# **WIRRAL INTERNAL AUDIT SERVICE**

# **INTERNAL AUDIT STRATEGY**

MPN  
January 2023

### Introduction

The Public Sector Internal Auditing Standards requires the Head of Internal Audit (Chief Internal Auditor) to produce a high level audit strategy showing how the Internal Audit service will be delivered and developed.

The principal aims of this strategy are to communicate the contribution that Internal Audit makes to the Council including:

- Internal Audit objectives and outcomes
- How the Head of Internal Audit will form and evidence his/her opinion on the control environment.
- How Internal Audit's work will identify and address local and national issues of risk.
- How the service will be provided
- The resources and skills required to deliver the Internal Audit Service.

### Internal Audit Objectives and Outcomes

The purpose of Internal Audit is to provide the Council, through the Audit and Risk Management Committee, and the Section 151 Officer with an independent and objective opinion on risk management, control and governance and their effectiveness in achieving the organisation's agreed objectives. This opinion forms part of the framework of assurances that the Council receives and informs the Annual Governance Statement.

Internal Audit, through a process of evaluation and testing is able to help ensure the proper, economic, efficient and effective use of resources.

Internal Audit acts as an independent consultancy which can help line managers improve risk management, governance and control within the areas they have responsibility for.

Internal Audit does not relieve management of their responsibility for establishing and maintaining adequate controls but assists in the effective discharge of this responsibility.

### Head of Internal Audit Annual Opinion

The Head of Internal Audit (Chief Internal Auditor) provides an annual written audit report to those responsible for corporate governance to support the Annual Governance Statement. This report is based on an assessment of the results of audit work undertaken throughout the year. Whilst providing this opinion of the control environment the Chief Internal Auditor will reflect on the variance between work undertaken and that planned, and will consider the performance of the Internal Audit Section against its indicators and targets and also the results of the annual quality assessment of the service.

### Internal Audit Risk Identification

An Audit Plan is produced each year before the start of the financial year, this is authorised by the Strategic Leadership Team, the Section 151 Officer and the Audit and Risk Management Committee. The Audit Plan identifies all of the key issues and risks known to the organisation at the time of writing and yet also has built in flexibility which allows Senior Management to direct Internal Audit resources to newly forming areas of local and national risk. Local and National areas of risk are identified throughout the financial year via Cabinet and Committee reports, discussions with the Chief Executive, Chief Officers, the Section 151 Officer and the External Auditors, at Area Forums, professional seminars and conferences and through reviewing relevant professional publications.

### Internal Audit Service Provision

Internal Audit operates in accordance with the Public Sector Internal Auditing Standards which define the way in which internal audit services should be delivered across the sector.

Internal Audit is able to provide its service due to its unique position within the Authority, which allows for comprehensive coverage of the Authority's activities and unrestricted access to all records and assets deemed necessary in the course of their assurance and consultancy work, including unrestricted access to:-

- The Chief Executive
- Members
- Individual Chief Officers
- All authority employees

Internal Audit develops an Audit Plan which sets out the work that will be completed by the service; the plan is risk based and takes into account the following factors:

- Materiality, that is the level of significance attributed to the system including factors such as the number and value of transactions, the need to demonstrate high standards of probity and reputational risk;
- Business Risk, this is the impact on objectives the system has the potential to create;
- Audit Experience, this includes previous Internal Audit, External Audit and Inspection reports, and the date of the previous audit coverage;
- The potential for the system to be subject to fraud or corruption.

The plan is determined from the priorities identified by the risk assessment and the productive audit days available and aligns with all of the strategies, objectives and risks of the Council. It is designed in an insightful fashion so as to allow it to remain flexible and dynamic, accommodating work required to be undertaken on an ongoing proactive basis to address any developing or emerging risks as they materialise during the life cycle of the plan, and consequently ensuring that it always remains 'future focussed'.

By its very nature Internal Audit work completed will ensure that continuous ongoing improvements in risk management and the overall control and governance environment are undertaken by senior management across a wide range of systems and service delivery areas in operation within the Council.

The Chief Internal Auditor monitors the actual work against the plan on a monthly basis and takes appropriate action to address any issues arising, including informing Chief Officers and Members of any changes on a timely and regular basis. Consequently, the plan is designed to be very flexible and dynamic allowing it to continually adapt to any changing circumstances and priorities during the year.

All audit assignments will be the subject of formal reports. The reports will identify any risks associated with the internal control environment and recommend actions to address any weaknesses. Reports will contain recommendations that are considered to be high, medium or low priority for attention. Following a meeting to discuss the report and its recommendations an action plan will be prepared and included in the final report. This will be issued to the line manager and where necessary the senior management team member(s) responsible. Each audit assignment is subject to a quality check by a Programme Auditor/Audit Manager to ensure that the objectives

## Appendix 4

have been achieved and that recommendations made are consistent with the findings and evidence recorded. In addition, the Chief Internal Auditor undertakes further quality checks for a number of completed audits during the year.

The Chief Internal Auditor will submit regular reports to the Audit and Risk Management Committee identifying work completed against the plan, any significant control issues found and the potential for improving the risk management and control processes and will also inform the committee of any changes made to the annual plan.

It is important that good working relationships are developed and maintained with those staff subject to audit, in order to help foster this type of relationship the audit report will acknowledge areas of good practice. The Team's commitment to the process of developing good working relationships is further demonstrated by its attempts to be constructive and helpful and to provide protection and security for the Authority and individual members of staff, particularly those who have financial responsibilities through the audit process. To aid the development of the service and to help make it more customer focused feedback questionnaires are distributed with each audit report asking managers to assess the overall usefulness of the audit, the auditor's conduct and the quality of the report.

Each audit assignment is subject to Post Audit Assessment/Review to ensure that the objectives have been achieved and that recommendations made are consistent with the findings and evidence recorded. The findings from these reviews are used to inform future audit assignments and development programmes.

### **Resources and Skills Required to Deliver the Service**

The main resource required to deliver the service is its staff, these are recruited based on the skills and experience needed to provide a high quality service.

All staff within the section are provided with the opportunity for continuing professional development including the chance to undertake relevant professional qualifications. Training needs of all staff are identified through the Post Audit Assessment Process and annual Performance Appraisal/Check In system which is linked to core competencies for internal audit professionals.

In this way, we ensure that staff members are suitably skilled to deliver the specialist services provided by Internal Audit.



## AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday 17<sup>th</sup> January 2023

REPORT TITLE:	CORPORATE RISK MANAGEMENT UPDATE
REPORT OF:	DIRECTOR OF FINANCE (S151 OFFICER)

### REPORT SUMMARY

This report provides an update on the Council's risk management arrangements including the latest version of the Corporate Risk Registers and the first Policy and Service Committee risk workshops.

This matter affects all Wards within the Borough. It is not a key decision.

### RECOMMENDATION

The Audit and Risk Management Committee is recommended to note the report.

## 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 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 appropriate as failure to report this information would demonstrate ineffective governance and non-compliance with professional best practice.

### 3.0 BACKGROUND INFORMATION

- 3.1 Reviewing the Corporate Risk Register helps to demonstrate that robust risk management practices operate across the Council. Corporate Risks flow through the organisation to Directorate and Service Risk Registers helping to ensure that risks are identified, regularly discussed, and understood by all parties to allow for the management and, where possible, the mitigation of risks.
- 3.2 The Corporate Risk Register contains high level strategic risks which by their very nature are often slow to change in score, mitigating controls can take time to have an effect. However regular review of risk registers helps to demonstrate sound decision making and allows for them to be dynamic as well as reflect the changing situation the Council operates within.
- 3.3 It is often not possible to fully eliminate or transfer risk but instead the aim can be to reduce it to acceptable and tolerable levels as well as improving the awareness and visibility of risk levels being carried by the Council.

#### **Corporate Risk Register (CRR)**

- 3.4 A detailed review of the Corporate Risk Register took place with a selection of directors on the 1<sup>st</sup> of December 2022. Following further revisions an updated CRR was then discussed at the Strategic Leadership Team meeting on 4<sup>th</sup> January 2023. The latest version of the CRR is attached to this report as Appendix 1.
- 3.5 There are several key changes to highlight including the increase in several scores and the proposed demotion of risks to a Directorate Risk Register (DRR).
- 3.6 Four risks have had their current Residual/Net score increased mainly due to concerns about the impact of the economic climate on the public, partners and service providers. The risks are:
- CRR002. Key Partnerships
  - CRR004. Increasing and Unmanageable demand
  - CRR006, Challenging Market Conditions - Health & Care Sector
  - CRR011. Financial Stability in 2022/23
- 3.7 Several risks are considered to be holding their level rather than scores reducing, this is due to increasing external pressures which are difficult to mitigate. This has

led to existing controls simply maintaining the position, it is therefore important to keep these risks under regular review.

- 3.8 It is proposed that two risks; CRR018 Development and Implementation of the Local Plan and CRR019 Vision for Economic Development, are demoted to the Regeneration and Place Directorate Risk Register. This will be discussed further with the new Director alongside the regular review of the Regeneration and Plan DRR.
- 3.9 The CRR will be reviewed again by SLT in late February/March in line with budget setting, the development of Directorate Business Plans for the new year and to allow horizon scanning for the year ahead.

#### **Policy and Service Committee Risk Workshops**

- 3.10 Following the letters sent by the Chair of this Committee to the Chairs of the Policy and Service Committees, in August and November 2022, highlighting the collective responsibility for understanding the risks faced by the Council and the measures taken to mitigate them in support of Council's service delivery decisions and priorities.
- 3.11 As reported to the last meeting of this Committee it was suggested that a dedicated risk session be held for a subgroup of each committee, with the relevant Director to discuss in detail their Directorate Risks and associated Corporate Risks. See Appendix 2 for the recommended outline for the sessions and basics of risk management guidance provided.
- 3.12 To date three risk workshops have been undertaken by the Economic, Regeneration and Housing; Adults Care and Health; and the Children, Young People and Education committees. The workshops for the Environment, Climate Emergency and Transport Committee and the Tourism, Communities, Culture and Leisure Committee have been scheduled for early February 2023.
- 3.13 Each risk workshop reviewed the risks within the relevant Directorate Risk Register; the controls and planned additional actions to mitigate either the likelihood or impact of the risks as well as challenging the scoring of the risks. All three committees have agreed to hold regular future sessions on a quarterly or half yearly basis alongside the regular business of the committees and the reporting of risks within individual committee reports and decisions.
- 3.14 The workshops highlighted the need for additional risk management training for members, this will be arranged as part of the member development programme following the elections.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There are no immediate financial implications arising directly from this report however, failure to manage the Council's risks effectively could lead to further risk to the Council's financial resilience.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 There are no immediate legal implications arising directly from this report.
- 5.2 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).

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

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

## **7.0 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.

## **8.0 ENGAGEMENT/CONSULTATION**

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

## **9.0 EQUALITY IMPLICATIONS**

9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision, or activity.

## **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 Greenhouse Gases

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 The content and/or recommendations contained within this report have no direct implications for community wealth. However, the development of effective corporate risk management arrangements will assist in ensuring that the Council, its finances, and service provision are effectively managed and governed aiding the advancement of economic, social, and environmental justice for all residents.

**REPORT AUTHOR:** **Helen Turner**  
Risk Continuity and Compliance Manager  
email: [Helenturner@wirral.gov.uk](mailto:Helenturner@wirral.gov.uk)

## **APPENDICES**

The PDF files below may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact [HelenTurner@wirral.gov.uk](mailto:HelenTurner@wirral.gov.uk) if you would like these documents in an accessible format.

## BACKGROUND PAPERS

Risk Management Policy

Letters from the Chair for the Audit and Risk Management Committee, addressed to Policy and Services Committee Chairs 04/08/2022 and 10/11/2022.

## TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Section C of its Terms of Reference;

### (C) Risk Management & Control

- i. 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.
- ii. Consider the effectiveness of the system of risk management arrangements.
- iii. 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.

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date
Audit & Risk Management Committee Update of the Corporate Risk Management Arrangements	18th November 2019
Corporate Risk Management Update	27th January 2020
Risk Management Update	10th March 2020
Corporate Risk Register Update	16th November 2020
Corporate Risk Management Update	25th January 2021
Corporate Risk Management Update	9th March 2021
Corporate Risk Management Update	5 <sup>th</sup> July 2021
Corporate Risk Management Update	27 <sup>th</sup> September 2021
Corporate Risk Management Update	30 <sup>th</sup> November 2021
Corporate Risk Management Update	24 <sup>th</sup> January 2022
Corporate Risk Management Update	15 <sup>th</sup> March 2022
Corporate Risk Management Update	27 <sup>th</sup> June 2022
Corporate Risk Management Update	26 <sup>th</sup> October 2022

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# Committee Risk Workshop

## Purpose of session

- Improve visibility and understanding by Committee members of the significant, strategic risks faced by the Council
- Opportunity to discuss in more detail the Directorate Risk Register (DRR) and associated Corporate Risks, Directorate Plan, Committee Work Plan...
- Review and challenge the risks and their associated mitigating controls and planned actions.
- Horizon scanning for any emerging risks

# Consideration of the Risk Register

1. Are these the “Right” risks to be monitored and managed at this level? Do the descriptions make sense and mean what we think they say?
2. Do the risks reflect the reports and activity brought to committee? Are they linked to the committee work plan and corporate/directorate plans?
3. Are the risks being actively managed or is the level of risk being tolerated and simply maintained? Perhaps external pressures mean it cannot be reduced?
4. Anything missing? Risk register needs to be a manageable size (no limit) but not everything – some risks managed at lower levels and escalated if necessary
5. Horizon scanning – what might be coming – changes in legislation/issues elsewhere – flag up to allow early preparation and/or monitoring eye and not forgotten

# Additional Considerations

- Are the key relevant risks being identified, monitored and managed?
- Is an appropriate level of risk being tolerated? – too high/too low
- Is enough information provided in committee reports to support robust decision making?
- Level of detail correct? – too much too little, balance avoid getting lost in the minutiae but enough to be informed.

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## General feedback on the session

- Useful/insightful?
- Repeat - frequency of session – quarterly, half yearly, annually?
- Additional guidance/training required?
  - Recording of risk management training session from January 2022 available on Member Portal.

# Risk Management

Helen Turner

Risk, Continuity & Compliance Manager

Audit & Risk Team

November 2022

# What do we mean by the term “Risk”?

The Council defines a risk as:

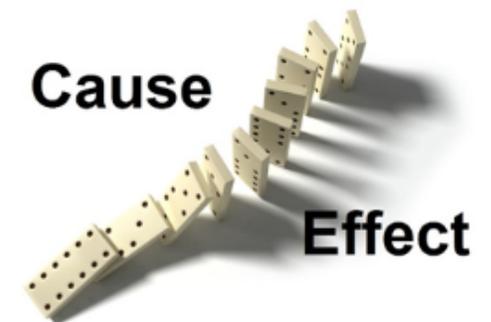
*“An uncertainty that could have adverse or beneficial effects on the **achievement of objectives**”*

Risks can be both positive and negative; an opportunity or a threat.

It is about the **good management** of risk, and **not** the elimination of all risks.

For clarity risks should be described with two components:

Cause / Trigger	Impact / Consequences
<p>An event or situation that <u>could</u> occur which results in a negative or positive impact</p> <p>Think about:</p> <ul style="list-style-type: none"><li>▪ How?</li><li>▪ Why?</li><li>▪ When?</li></ul>	<p>The negative or positive result <u>if</u> it did occur:</p> <ul style="list-style-type: none"><li>▪ How big?</li><li>▪ How bad?</li><li>▪ How much?</li></ul>



# Risk Management (RM) – a few key points

Risk management is subjective – beware of individual or group bias

There is no right or wrong - need to ensure enough information and detail provided to support and evidence decision making

Good practice and expected as a basic part of discussions and considerations when looking at budgets and planned activity.

Risk Management helps by:

- Documenting the **possible** impacts on priorities – of taking/not taking action
- Highlighting why resources are needed and monitor their effectiveness
- Understanding if risks over/under managed and highlight areas to move resources to or from
- Evidencing our appetite and tolerance for risk – threats and opportunities
- Giving clarity and consistency to support understanding

Robust RM requires time to be dedicated to it but regular application and review improves risk management understanding, maturity and culture.

# Risk Registers - Development & Continuing Review

Identifying Risks - principally think about what are your priorities/objectives as laid out in your directorate/service/project plans?

These are what should be used to “hang” risks from.

What are the threats and opportunities (negative and positive sides to risk) that **COULD** impact on your ability to achieve these priorities?

- Any risks to be escalated from service areas? – potential large scale impacts (financial and reputation)
- Any risks to be escalated to a higher level? E.g. DRR to Corporate Risk Register?
- Any Corporate Risks to be demoted to DRR or lower?
- What risks have you already identified in committee reports, anything associated with taking a decision or action that might impact on existing risks or new risks?
- What risks are of concern and need to be monitored at the level the risk register is owned and managed?

# Risk Management within Wirral

The Council maintains that risk management should not restrict service delivery nor stifle innovation unnecessarily, but rather should **support** the taking of risks, provided that they are understood, actively managed, and justified.

It demonstrates the consideration of risks in the Council's decision making and planning, it is important to evidence the risks being taken and managed as part of the Committee report.

Essential to be clear that risks have the **potential** to occur, it is not guaranteed that they will occur. Key/significant risks even if they are being managed can still occur but the likelihood of occurrence maybe being reduce or the possible impacts.

Important to understand that risk management and understanding of the risks is subjective. It is based on someone's knowledge, experience and personal appetite for risk. This can change over time and therefore regular review of risks is necessary.

# Flow of Risks within Wirral

## Corporate Risk Register (CRR) – SLT, P&R and A&RM Committees

(Strategic and large scale potential impact operational risks, aligned to Wirral Plan, detail of mitigation and action will sit within DRR)

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## Directorate Risk Register (DRR) – DMT / Policy & Service Committees

(Strategic and large scale potential impact operational risks, aligned to business plan priorities / delivery plans)

Programme Risks –  
Programme Board,  
Inv & Change Board

Flow of risks up and down between levels.

## Service/Team Risks

(operational risks – may become escalated to DRR if large scale impact)

X-Cutting & Specialist Areas e.g. H&S, Info Governance, Fraud, Partnerships

Project Risks

Also horizontally, across / between areas.



# Committee Reports - Section 7 – Expected Content

What are the key risks associated with taking this decision?

This may be the risks of not taking the decision – what could the impact be?

By taking the action it may lead to other risks, what are they?

Is this activity associated with a particular directorate or corporate risk, perhaps it is key mitigation to try and reduce the likelihood or impact of one of these risks.

What is going to be done to identify, monitor and report these risks on a regular basis?

Will risks be reported back to this committee or elsewhere?

Who is responsible for managing these risks and actions?

# Corporate Risk Template

Score **before** any controls – worst case, often rarely changes without external

Mitigating controls that are in place, and effective on reducing the risks likelihood or impact

Score **after** controls are put in place – where the risk is at the moment of the last review

If Managed score is considered too high additional actions may be identified – with owners and target dates for delivery

Aspirational score – where aim to reduce the risk to with the additional actions. Can change if actions delayed or tolerance for risk changes. **N.B.** Managed and Target scores may be the same if external pressures make it difficult to reduce the risk score.

Priority / Objective	Risk Ref.	Risk Description	Unmanaged / Gross Scores			Risk Owner	Existing Controls - effective and working on the risk	Managed / Current Scores			Planned Additional Actions - to lower the risk or consolidate position	Action Owner	Target Date	Target Scores			Current Risk Status (▲ ▼ ↔ □)	Risk Update
			Likelihood	Impact	Total (LxI)			Likelihood	Impact	Total (LxI)				Likelihood	Impact	Total (LxI)		
Page 47	RR001				0				0						0	▲ ▼ ↔ □		
	RR002				0			0							0	▲ ▼ ↔ □		

- Tells a story - level of risk being carried and why controls are important
- Consistency of information, allows reporting via PowerBI
- Supports decisions – identifies areas for improvement/additional control, reducing controls
- Scoring – 1-5 for both likelihood and impact – Max score of 25
- Scoring levels are defined and colour rated (RAG) based on matrix

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Risk Ref.	Risk Description	Lead Director	Existing Mitigation / Controls	Current / Residual Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score			Selection of Planned Actions	Target Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score			Status of Risk ↑ ↓ ↔ *	Associated Wirral Plan 2021-26 Priority (select from dropdown - up to 2)	Comments / Progress
1	<b>Ability to Deliver Effective Change / Improvements and Services</b> Failure to translate into action and deliver changes needed to sustain an effective organisation, including organisational culture, and improvement action plan leads to increased scrutiny interventions/commissioners, inefficiencies, financial implications	Chief Executive & SLT	Independent Assurance Panel established Dec 2021. Regular reporting to P&R Committee DLUHC Recommendations monitoring in place Regular monitoring reports by Independent Assurance Panel Agreement to move to all out elections in 2023. Changes to committees - number and structure implemented May 2022 Refreshed Wirral Plan 2022/23 priorities and Improvement Plan ratified at Council July 2022 LGA Corporate Peer Challenge findings incorporated into plans.	2	5	10	LGA Corporate Peer Challenge follow up - Nov 2022 Strengthening of cross-party working collaboration. Extension of the delegated authority to officers Preparations to work with the Council's political leadership and committee chairs during 2022/23 to develop a new four year plan for adoption following the elections in May 2023. 2023/24 Directorate Business Plans to be produced by May 2023. Reset of Wirral Plan post elections (May 2023) incorporating remaining Improvement Plan activity and monitoring.	2	5	10	↔		<b>Dec 2022</b> Awaiting second report of Panel and Peer Challenge follow-up. Budget challenges may also start to have an impact on plans, assessment of what the impact may be.  *addition to risk description - reflect need to ensure effective change and organisation.
13	<b>Good Working Relations to Deliver Change</b> Challenges to maintain professional and collaborative working and relationships in hung council leads to delays in decision making, increased costs, threat of intervention	Director of Law & Governance	Council Constitution Training programmes for Members and Officers Engagement and discussions relating to amendments to committees, Improvement Plan and refresh of Wirral Plan Regular briefing meetings e.g. Group Leaders, Committees and working/sub groups with delegated responsibilities	2	4	8	Member Development Strategy 2023 - 27 - members skills audit and training plan 2023/24 Wirral Plan 4 year refresh timetable inc alignment with the new electoral cycle	2	4	8	↔		<b>Dec 2022</b> Potential for score to increase as elections approach in May 2023, difficult discussions and decisions pending financial settlement and budget/savings options.
2	<b>Key Partnerships</b> Failure to develop and maintain key partnerships, with effective governance and decision making, against backdrop of increasing pressure and limited resources, leads to loss of reputation with external stakeholders, distraction from priorities, breakdown of arrangements and inefficiencies	Chief Executive & Director of Neighbourhood Services	Wirral Plan - links with partner priorities, committee work plans Wirral Strategic Partnership Group - September 2022 Community, Voluntary and Faith (CVF) Sector Reference Group established in 2021, mechanism to promote the views of the CVF Sector to the Health and Wellbeing Board. Inaugural meeting of Wirral Place Based Partnership Board 13/10/22 - discussion of governance and terms of ref arrangements Identify key partnerships: NHS via ICS live from 01/07/22 - joint committee structures Wirral Safeguarding Children Partnership Community Safety Partnership Cool Wirral LCR/DLUHC / Homes England	3	4	12	Development of corporate partnership model Regeneration - to establish new approach Matrix of each partnership to RAG assess individually to provide overall assessment Development of Community, Voluntary & Faith Sector Coming Together Plan and framework Support to Wirral Place Partnership - establishment of four key governance and assurance groups by NHS with partners in Wirral	1	4	4	↑	A - Active and Healthy Lives - working to provide happy, active and healthy lives for all, with the right care, at the right time to enable residents to live longer and healthier lives. C - Inclusive Economy - working for a prosperous, inclusive economy - helping businesses to thrive and creating jobs and opportunities for all.	<b>Dec 2022</b> Increase in risk score to reflect funding pressures and increased demands and possible tensions as everyone's resources are limited
Page 49 4	<b>Increasing and unmanageable demand for services</b> Pressures on public of Cost of Living and longer term Covid impacts leads to changes in planning assumptions and unanticipated demand for services resulting in infrastructure and service structures not fitting requirements, growing inequalities, inefficiencies, increased costs, public at risk.	Directors of Children's, Adults and Public Health	Use of Public Health intelligence to highlight health and wellbeing needs of the local population, inform local priorities, policies and strategies. Partnership working with Wirral's Health and care, voluntary and 3rd sector organisations to use Wirral resources to support residents to lead active and healthy lives. NHS Health Inequalities group also established. Logic financial modelling to understand impact of current initiatives on savings Monitoring of savings targets and impact of pressures on services Reporting and monitoring demand on services and other wider pressures e.g. workforce. Developed workforce strategy Accommodation Gateway Panel reviewing children when they come into care Health and Wellbeing Strategy 2022-27 approved Sept 2022 State of the Borough report produced to provide a range of statistics to report on health and wellbeing in the borough and inform planning. Wirral Winter Plan 2022/23 - inc Chief Operating Officer (COO) escalation meetings to manage the Urgent and Emergency Care system, supported by performance dashboards which provide up to daily service operational information against set 'trigger' thresholds	4	5	20	Contribute to and share planning as a partner within the North West and ADASS reviews. Care and Support Review-to trial new ways of working with people to provide a more personalised response. Assistive Technology Plan-implement a range of technology and digital options to assist people to remain healthy and independent. An increased range of extra care housing - 700 units by 2025. Two projects (total of 155 units) due in 2023 - with 5 yr contract length to provide stability. Review and improve the support offer to people at risk of needing hospital care or who are being discharged from hospital.	3	5	15	↑	A - Active and Healthy Lives - working to provide happy, active and healthy lives for all, with the right care, at the right time to enable residents to live longer and healthier lives. B - Brighter Futures - working together for brighter futures for our children, young people and their families by breaking the cycle of poor outcomes for all regardless of their background	<b>Dec 2022</b> Increase in scores for both Likelihood and Impact and increasing numbers of cases and higher cost of cases being presented. Nationally there is an issue with a broken market for Children's homes. Extremely high costs for individual cases. More families entering category of needing support - some Government mitigation and support provided. Staff leaving the domiciliary care sector Government announcement cap on care costs, due to be introduced in Oct 2023, has been postponed for 2 years.
5	<b>Safeguarding</b> Failure of Council and partnership working to effectively manage safeguarding risks across all services leading to a safeguarding incident, resulting in harm to individuals and/or families, potential legal challenge, resident dissatisfaction, appointment of commissioners by Government and public scrutiny	Directors of Children's and Adults Services	Multi-agency Safeguarding Arrangements for Children via Wirral Safeguarding Children Partnership (WSCP) - activity led by the LA, health economy and police including: robust local audit and case review procedures. Full Serious Case Reviews and learning reviews. Section 11 and Section 175 audits of individual agency and school safeguarding arrangements, Scrutiny, publication of policies and guidance, a comprehensive programme of multiagency training (online since April 2020) including: Working Together, CE, Neglect, Domestic Abuse, Contextual Safeguarding, Early Help. Serious incidents are escalated to Assistant Director Level to ensure that learning and procedures are implemented and followed up. Participation in Wirral Safeguarding Adults Partnership Board established in 2021 DASS contract review including safeguarding requirements Adoption of the Prevention Framework Close monitoring of referrals and contacts, caseloads to provide early warning and enable staff highlight spike in demand Ongoing work with the CSU to understand the process around incident reporting and embed within contract monitoring arrangements.	3	5	15	WCSP safeguarding leads have approved commissioning standards Strengthen Provider incident reporting - development of protocol, based on NHSE guidance. Commissioners to be updated on new process and provider contracts varied accordingly. Formalising arrangement with WCCG re STEIS reporting. Contract variations sent to all non NHS providers. Establishment of the Breaking the Cycle programme, encapsulating 8 core projects including: PAUSE, Cradle to Career, DRIVE with outcomes - 3 year programme to 2023 Continue to deliver the new early help model through the design of a new self-help digital tool for families.	2	5	10	↔	A - Active and Healthy Lives - working to provide happy, active and healthy lives for all, with the right care, at the right time to enable residents to live longer and healthier lives. B - Brighter Futures - working together for brighter futures for our children, young people and their families by breaking the cycle of poor outcomes for all regardless of their background	<b>Dec 2022</b> Number of notifications of abuse/neglect likely to increase with the impact of cost of living pressures being felt. Social workers identifying poor living conditions in properties - RSL and private accommodation. Difficult balance between intervention or leave in place resulting in potentially more claims including Human Rights Act, denial of access to family and application of Deprivation of Liberty (DoLs).  Unable to mitigate this risk entirely, one occurrence could have a serious and significant impact. Maintenance of strong controls and robust monitoring is essential.

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				Likelihood	Impact	Total		Likelihood	Impact	Total			
6	<b>Challenging Market Conditions - Health &amp; Care Sector</b> Inability to respond to difficult market conditions (cost of living/inflationary costs, recruitment /staffing) leading to lack of provision, increased costs and budgets	Directors of Children's and Adults Services	Fostering Improvement Plan / Placement Review. Quality assurance and contract management systems in place. Care provider market support for service continuity and quality of provision. Use of care homes contingency plans which cover events which may affect the safe running of the service. Wherever possible, we would expect the registered person to take reasonable steps to cover the staff shortfalls themselves in the short-term using bank or agency staff. LCR Flexible Purchasing Framework supporting providers to access work across region Fair cost of care increases in Adults Services Care sector recruitment fairs and targeted campaigns e.g. foster carers	3	5	15	Review of Quality assurance and contract management model with a view to new model being implemented. Additional contract review underway Development of whole People services approach to ensure consistency and shared best practice/resources	3	5	15	↑	A - Active and Healthy Lives - working to provide happy, active and healthy lives for all, with the right care, at the right time to enable residents to live longer and healthier lives. B - Brighter Futures - working together for brighter futures for our children, young people and their families by breaking the cycle of poor outcomes for all regardless of their background	<b>Dec 2022</b> Increase in impact score due to an increase in volume for Adults and highly complex individual cases in Children's.
7	<b>SEND</b> Failure to appropriately and effectively identify, assess, meet the need and improves outcomes for children and young people with Special Educational Needs and Disabilities resulting in a statement of action from Ofsted, poor school inspection outcomes, children do not reach their full potential and reputational damage for Children's Services and the Council	Directors of Children's and Adults Services	SEND Improvement Plan and Self-evaluation co-produced for the last four years - key actions are evaluated regularly through the SEND Operations Group and the SEND Strategic Board reviewing performance and holding to account. External Ofsted review of provision and recommendations - regular Monitoring Meetings by DfE to review progress, last June 2022 Deep dive review of Written Statement of Action - deadlines and progress reviewed, some extended to allow embedding of activity Priorities detailed in the SEND Strategy 2020-24 Role of SEND Transformation Board, monitoring and reporting to CYPE Committee and newly established Wirral Place Based Partnership Board Robust identification and assessment framework in early years, with trained and qualified SEND professionals. Training and development programme for SEND Team	3	4	12	Robust performance management and quality assurance framework Competency framework for EHCP Co-ordinators and EP SEND Sufficiency Strategy development SEND Strategic Board governance review and refresh Delivery of Written Statement of Action following SEND inspection and review at subsequent DfE monitoring visits - next in Nov 2022.	2	4	8	↔	B - Brighter Futures - working together for brighter futures for our children, young people and their families by breaking the cycle of poor outcomes for all regardless of their background	<b>Dec 2022</b> Review of scores after January as some deadlines for activity in Written Statement of Action pushed to Jan 2023 to allow for activity to become embedded rather than simply completed.
8	<b>Service Delivery Failure</b> Unanticipated major failure in service area (particularly Adults / Children's / Regeneration) leads to service users at risk, intervention/enforcement action, increased costs and damage to reputation	Directors of Children's, Regeneration & Place and Adults Services	Adequate governance and reporting to monitor - early warnings Director regular check-ins with Chief Executive Experience of dealing with and processes to deal with unforeseen events Major Emergency Response Plans Robust partnership working with partners (linked to Risk 2 - Key Partnerships)	3	4	12		3	4	12	↓		<b>Dec 2022</b> Full leadership team in post early January. Decrease in impact score.
14	<b>Emerging Threats/Diseases</b> Lack of knowledge and uncertainty of new and emerging diseases leading to challenges in maintaining and developing plans resulting in inability to respond effectively, inefficiencies, risk to public and staff.	Director of Public Health	Local Health Resilience Partnership is in place to convene stakeholders, and this sits alongside the Merseyside Resilience Forum structure. Establishment and ongoing development of Wirral local health protection delivery service, operated by the Council, multi-skilled local team to support delivery of agreed priorities, provide local surge capacity, and co-ordination in health protection. Re-establishment of the multi-agency Wirral Health Protection Board chaired by the DPH. Review of business continuity plans, and lessons learned from COVID-19. Surveillance and maintaining our active collaboration with UKHSA / CMO / Regional and sub-regional DsPH Agreement of revised Wirral Health Protection Priorities, using local intelligence, covering COVID plus other infectious diseases, environmental hazards, emergency planning and response).	3	5	15	Work across Health care system partners to understand roles and responsibilities, ID gaps in planning and preparedness amongst partners and the new Integrated Care Board EPRR duties will help develop local place-based plan. Capture learning from and structures implemented during the pandemic, develop local plans Development of Wirral Health Protection Strategy	2	5	10	↔	A - Active and Healthy Lives - working to provide happy, active and healthy lives for all, with the right care, at the right time to enable residents to live longer and healthier lives. D - Safe and Vibrant Communities -Working for safe and pleasant communities where our residents feel safe, and are proud to live and raise their families	<b>Dec 2022</b> Role of Health Protection becoming embedded and development of HP Strategy

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9	<b>Workforce Capacity &amp; Skills to Deliver</b> Lack of capacity to deliver services and change projects (across all levels inc SLT) resulting in delays to service redesign/improvements/project delivery and benefit realisation, inefficiencies and costs, welfare issues amongst staff, public at risk and reputational damage.	Director of Resources	Refreshed Wirral Plan 2021-26 and Directorate Business Plans 2022/23 setting out priorities and key activity. Role of Organisational Performance Group - highlighting cross cutting work, pressure areas and performance. Regular communications - Exec View, Director blogs, Wellbeing newsletters, staff roadshows and Directorate events, Staff Forum role as voice of the workforce. Manager training including - Manager Micros/Managers Network. Welfare/wellbeing support - EAP, Flo and intranet information/awareness Staff Check-Ins procedures to help monitor workloads and pressure points - updated 2022. Staff Forum and various special interest network groups Vacancy Panel recruitment process and use of Matrix for agency recruitment Support to staff for Winter Flu vaccination programme to minimise sickness levels Graduate and Apprentice schemes. Learning and development pathways on Flo. Targeted strategies for specialist areas - Children's Social Care Workforce Strategy 2022-25	3	4	12	2	4	8	↔		<b>Dec 2022</b> Risk description amended to reflect skills shortages and inhouse development of staff. Many areas experiencing national shortages and difficulties in recruiting and retaining staff. Report on Hybrid Working to go to ARMC Jan 2023
10	<b>Health &amp; Safety Management</b> Failure of officers, members or contractors to develop, test or sufficiently adhere to health and safety / compliance policies and procedures leads to an incident or exposure resulting in harm to employees / Members / members of the public, legal challenge and reputational damage	Director of Resources	Health and Safety Strategic Group, chaired by Chief Executive, supported by the Health and Safety Steering Group. Hazard specific risk assessment procedures implemented for COVID-19 including for the remobilisation of services, reviewed by H&S Team and Public Health. Measures incorporated into general H&S risk assessments. Updated H&S Strategy and Policy rolled out 2021. Refresh of H&S subject specific policies and supporting information. <del>Follow up review undertaken by Zurich - progress demonstrated</del>	3	5	15	2	5	10	↔		<b>Dec 2022</b> Internal Audit reviews planned in Qtr4 to provide assessment and assurance of arrangements including arrangements with third parties & contractors
Page 51	<b>Financial Stability</b> Failure to maintain sufficient level of priority and focus on achieving the required Financial Stability that could lead to in-year 2022/23 savings not being achieved resulting in budget overspend and/or 2023/24 budget not being delivered to timetable resulting in a legal budget not being set.	Director of Resources	Robust and rigorous monitoring of budgets and savings plans in year - included in regular performance reporting to committees Budget workshops held for Budget Holders - use of budget envelopes First round of budget workshops delivered over the summer 2022 to review Tranche 1 policy options. Tranche 2 savings were devised by considering categorising services via their statutory nature to guide where savings could be made. Clear financial governance structure - accountability, management and monitoring of budgets. Finance Sub-Committee established. Finance training for Members. Budget setting process for 2023/24 commenced much earlier than in previous years Report to P&R committee Oct 2022 - update on the 2023/24 budget position Review and re-evaluation and reprioritisation of capital programme to drive out revenue savings has been undertaken. Review of budget pressures has been actioned to ensure relevance and refine monetary value £. Recruitment freeze and review of the use of agency staff	4	5	20	3	5	15	↑		<b>Dec 2022</b> Report on Budget Setting Process for 2023/24 presented to Policy & Resources Committee in November. Protocol for cessation of discretionary expenditure implemented 06/12/22 Tranche 3 savings proposals are to be worked up that are longer term in nature and have the objective of delivering savings to assist future budget setting rounds. This is to embed a future facing culture and to build in capacity within the organisation. Risk score increased as the macro economic environment and Bank of England base rate increases has meant that interest costs incurred by the Council to finance the capital programme have increased markedly, with the adverse consequences on the revenue account. Appointment to Director of Finance, commenced in
12	<b>Long Term Financial Resilience/Management</b> Failure to effectively develop long-term planning leads to poor decisions on service reductions, unplanned efficiencies and in year overspends, resulting in the withdrawal of Council services to communities, government intervention, S114 declaration.	Director of Resources	Refresh of Medium Term Financial Plan based on investment and income generation. MTFS is revised on an annual basis, principles detailed therein include ensuring adequate reserves, non statutory services, fees and charges reviews. Refreshed Financial Resilience Strategy Scrutiny and challenge to ensure future business cases for savings proposals are robust and deliverable Capital Budget arrangements with revised reporting and monitoring via Investment and Change Board Review and re-evaluation and reprioritisation of capital programme Pension Fund - Triennial valuation ALMFSS./ISS,Asset Allocation, Performance data, Independent Advisors, FSM and lower risk strategies EPS	3	5	15	2	5	10	↔		<b>Dec 2022</b> Appointment to Director of Finance position, commenced in post January 2023, all finance related risks to undergo an indepth review. Work is on going to assess the resilience of the Council companies and presently a Regeneration Financial Strategy is being compiled which will assist with longer term planning in this area. As part of budget setting for 23-24 capital challenge sessions have been completed with the objective of eliminating schemes in order to save money on capital and also the consequent revenue financing costs. The current macro economic situation and associated inflationary pressures will have a major influence on the 23-24 budget. If these were to persist then it would create a very challenging financial picture in the longer term.
20	<b>Exposure to Long-Term Liabilities</b> Failure to understand and monitor exposure to long-term liabilities (in particular within regeneration agreements/contracts) resulting in lack of planning/preparedness/contingencies, financial penalties and costs	Directors of Regeneration & Place and Resources	Arlingclose commissioned to provide technical accounting advice and to undertake a full review and report on each of the current projects. Workshop with key officers and Arlingclose undertaken - August 2022 Reporting to ARM Committee on 3 key regeneration projects and existing arrangements entered into - Oct 2022 Conditions in existing agreements on asset management requirements and site monitoring arrangements.	3	5	15	2	5	10	↔	C - Inclusive Economy - working for a prosperous, inclusive economy - helping businesses to thrive and creating jobs and opportunities for all.	<b>Dec 2022</b> Internal audit activity in this area associated with Wirral Growth Company - commercial activity report in Qtr 4. External report and update to committee due in January 2023 detailing advice and/or recommendations.

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				3	5	15	2	5	10	2	5	10		E - Sustainable Environment - working towards a clean-energy, sustainable borough that leads the way in its response to the climate emergency and is environmentally friendly.	D - Safe and Vibrant Communities -Working for safe and pleasant communities where our residents feel safe, and are proud to live and raise their families	
15	<b>Response to a Significant Disruptive Incident (both internal and external)</b> Inability to respond effectively to a significant disruption resulting in a major failure in service delivery, increased financial burden, risk to public and staff safety	Directors of Resources and Neighbourhood Services	Emergency response structure - Strategic Co-ordination Group, operational response was led by Tactical Co-ordination Group, when necessary operating through a series of delivery cells. Governance structures adaptable to changing situations e.g. during COVID-19 response. Role within Mersey Resilience Forum (MRF) - specialist groups, exercising and development of plans. Updated Community Safety Strategy - key priorities and activity Requirement for annual review of Business Continuity Plans and awareness raising with staff.	3	5	15	Review and refresh of arrangements post COVID-19 - building on changes to guidance and lessons learnt Exercising and testing of Business Continuity (BC) Plans External support to focus on ICT preparedness and plans Participation in MRF/national exercises - identifying plan improvements and developments (Cyber, Power Outages)	2	5	10	↔			<b>Dec 2022</b> Structure/personnel changes as well as several actual planned events occurring in 2023 that mean BC Plans need to be reviewed against scenarios - Oracle Fusion go-live and relocation of back-up data centre.		
16	<b>Cyber Security</b> IT security and staff awareness are insufficient to deter, detect and prevent unauthorised access (internal and external) to IT systems, resulting in data breach/loss of access to data and disruption to Council services with increased financial costs.	Director of Resources	Technical controls: 1) Endpoint security software, 2) Network firewall 3), Prevention of downloading of unauthorised software Member of NW notification groups/networks to share knowledge on latest incidents. Regular patching and updates programme. National Cyber Security Centre Keeping Safe Online training package essential for all staff/Members working online. Cyber Security Board created to review security issues and agreed action plan. Specialist training for IT technical experts.	4	5	20	Project to achieve Cyber Essentials+ accreditation in 2023 Review of Cyber Security Policy/activity Implementation of recommendations for Internal Audit reports Roll out of new Cyber Ninja awareness training for staff and members as essential learning.	2	5	10	↔			<b>Nov 2022</b> CyberEssentials+ accreditation delayed due to small number of remaining legacy elements and changing specification requirements.		
17	<b>Climate Response</b> Failure to deliver organisation target (Net Zero 2030) and boroughwide 2041 leads to increased financial costs, pressure on resources, impact on public health, reputation damage, lack of resilience	Director of Neighbourhood Services	Environment and Climate Emergency Policy and action plan, Action Plan Group meets regularly to monitor progress - targets for carbon, waste and trees. Wirral Plan - monitoring and reporting on delivery of related priority New ways of working and some unforeseen environmental benefits and opportunities to be built upon. Climate Emergency Manager and Team. Tree planting strategy inc targets in place. Partnership working through Cool Wirral Partnership's Climate Change Strategy, Cool 2. Carbon Literacy training - Bronze status as a Carbon Literate Organisation. Environmental impact assessment for Council contracts. 2021 - 50 on-street electric vehicle charging points installed	3	4	12	Delivery of Environment & Climate Emergency Action Plan Aiming for next level Silver as Carbon Literate Organisation. Development of Electric Vehicles Charging Point strategy, linked with the climate emergency strategy Internal fleet - green fleet strategy and associated infrastructure Local Cycling and Walking Infrastructure Plan (LCWIP) to develop a comprehensive cycling and walking network. Develop an asset strategy providing high level overview of sustainable asset management. Development of building decarbonisation project and funding arrangements. Implement procurement strategy on climate emergency linked to social value programme for the achievement of the procurement targets within the climate emergency plan. Carbon Literacy staff training and awareness programme - current focus on leaders/managers and report writers	2	4	8	↔	E - Sustainable Environment - working towards a clean-energy, sustainable borough that leads the way in its response to the climate emergency and is environmentally friendly.	D - Safe and Vibrant Communities -Working for safe and pleasant communities where our residents feel safe, and are proud to live and raise their families	<b>Dec 2022</b> Aiming for next level of accreditation - Silver Carbon Literate Organisation. Training available to more staff to meet numbers required.		
18	<b>Development and Implementation of the Local Plan 2022-2037</b> Failure to ensure the Council's arrangements for the examination in public and subsequent implementation of the Local Plan resulting in intervention, a loss of control over future development and missed opportunities to promote economic growth.	Director of Regeneration & Place	Regulation 19 consultation completed LGA, Planning Officers Society and Planning Advisory Service supporting the work on the Local Plan Local Development Scheme for Wirral includes risk assessment and indicative timetable - updated Nov 2022 Members engagement on Draft Local Plan completed Full working Draft Local Plan issued to Statutory Bodies and Duty to Cooperate Partners for comment Draft Statements of Common Ground issued to Duty to Cooperate Partners Ongoing engagement with DLUHC Ongoing engagement with Homes England and LCR CA on funding for strategic brownfield site Draft Local Plan submitted to Secretary of State for independent examination - Oct 2022 Local Plan examination Board has been established to replace previous Local plan Board.	2	4	8	Examination hearings by independent planning inspectors expected late spring 2023. Adoption is expected early 2024	2	4	8	↔	C - Inclusive Economy - working for a prosperous, inclusive economy - helping businesses to thrive and creating jobs and opportunities for all.	D - Safe and Vibrant Communities -Working for safe and pleasant communities where our residents feel safe, and are proud to live and raise their families	<b>Dec 2022</b> Recommendation at SLT to demote risk to Directorate Risk Register.		
19	<b>Vision for Economic Development</b> Failure to provide a co-ordinated vision (inc across partners) including understanding of impacts of historical agreements leads to delays/indecision/conflicting demands and inability to deliver vision and strategy for sustainable economic development and infrastructure resulting in a decline in prosperity, increased deprivation and inequalities across borough as well as in increased demands on council services, increased costs.	Director of Regeneration & Place	Regeneration projects brought forward within a clear strategic framework reflecting the Borough's Local Plan and providing confidence to investors, funders and developers Strategic Framework allows for enabling infrastructure, skills and business support to be brought forward to underpin major project development Birkenhead 2040 Framework approved March 2022 - Left Bank Prog Officer Board - HE and LCR represented Clearly documented legal frameworks and agreements for all regeneration projects. Robust business cases, project and programme plans with detailed risk registers, to underpin key decisions Clear lines of project reporting through project groups to the Regeneration and Place Board with supporting structures and monitoring in place Regeneration Oversight Officer Board - chaired by C Exec Existing relationships in place with key developers - Muse (Wirral Growth Company LLP) and Peel (Wirral Waters) Local Development Scheme adopted by Council - February 2022. Draft Local Plan submitted to Secretary of State for independent examination - Oct 2022 Asset Strategy to Policy & Resources Committee - Nov 2022	2	5	10	Local Plan - examination hearings by independent planning inspectors expected late spring 2023. Adoption is expected early 2024 Revision of Local Development Scheme to align with Local Plan timetable Development of clear delivery plans	2	5	10	↔	C - Inclusive Economy - working for a prosperous, inclusive economy - helping businesses to thrive and creating jobs and opportunities for all.	D - Safe and Vibrant Communities -Working for safe and pleasant communities where our residents feel safe, and are proud to live and raise their families	<b>Dec 2022</b> Recommendation at SLT to demote risk to Directorate Risk Register - alternative risks to be considered by Director of Regeneration & Place.		

Risk Ref.	Risk Description	Lead Director	Existing Mitigation / Controls	Current / Residual Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score		Selection of Planned Actions	Target Risk Score (Out of a MAXIMUM of 25) Likelihood x Impact = Total Score		Status of Risk ↑ ↓ ↔ *	Associated Wirral Plan 2021-26 Priority (select from dropdown - up to 2)	Comments / Progress		
22	<b>Inflation / Cost of Living Pressures</b> Increases in inflation and cost of living may have an adverse impact for the council and its residents including, but not limited to: • Residents - unable to afford bills for (housing / food / fuel) leading to increased demand for council services, hardship funding, mental health, employment advice, homelessness, public health services, potential impact on children in vulnerable families • Extra demand may reduce the capacity on existing council services and staff and we may have to prioritise, risk also of own staff may suffer sickness through stress with increased workloads • Cost of contracts increasing putting pressure on council budgets and/or may mean that suppliers go under leaving the council without a service • Business growth and survival - recruitment, supply chain issues, reduced consumer spending power and additional post pandemic recovery burdens - increased unemployment, reduced business survival rates, reduced business growth, inability to deliver aims of Economic Strategy, reduced business rate growth • Impact of loss of income in leisure and cultural activities in the council creating a budget pressure	Director of Resources	£3m funding extension to the Government's Household Support Fund, targeted at the borough's most vulnerable residents, a third ring-fenced to support families with children, and a third allocated to help pensioners (age 65+) Local welfare assistance fund and a council tax hardship fund, government have provided £150 to every household band A – D and we have an additional discretionary scheme Children's Services hardship budgets for children in need/children in care Income reserve established specifically for reduced income in leisure of £0.5m Modelling/budget discussions with P&R – provided information to all the committees as part of the budget workshops on this Cost of Living Coordination Group oversight of intelligence and activities Support for staff welfare Role of procurement & contract management LCR Finance Directors question to Govt re: settlement figures and cost of living - confirmation of 2 year settlement proposal Extraordinary P&R Committee Sept 2022 - reviewing existing help and support being provided by the council and exploring what further assistance can be provided Update report to P&R Committee on recommendations Nov 2022 Budget setting for 23-24 has identified inflationary pressures and these have been built in to the financial modelling as part of identifying the budget gap 23-24. SLT planning additional savings required in-year in 22/23 and in 23/24 budget - worst case scenario Effective mobilisation and delivery of any available Government support interventions; targeted support through commissioned LA and LCRCA Business Support Services. November 2022 - Wirral Partnership Summit focussing on working together to support communities Communications Plan - Keeping Wirral Well Targeted support to businesses through Council commissioned Business Support Services (Wirral Chamber supplier) and via LCRCA business support	4	5	20	• Request to programme managers who are submitting capital bids to include an additional contingency for increase inflation • Quarterly report for P&R which will provide stats on the amount and volume of benefit claims and the trend over 3 years so they have oversight of any increases • More frequent and robust monitoring and reporting of income forecasts to SLT and Committee to ensure everyone has oversight • More frequent and robust monitoring and reporting of demand to SLT and Committee to ensure we are on top of it and everyone has oversight • Additional grants programme - fuel poverty and CVF sector • Develop the existing Cost of Living Action Group to include partners within community groups and other local bodies that are already providing support in their neighbourhoods Reporting to the Health and Wellbeing Board to ensure that there is strategic oversight from partners on action being taken to mitigate cost of living challenges. Use of UKSPF to support a Shop Local Campaign and additional high streets intervention activity Joint insight and intelligence work with Council's Qualitative Insight Team, LCRCA Intelligence Team and Wirral Chamber Business Summit planned by Wirral Chamber Winter Holiday Activity Programme - DfE funding, run by Edsential	4	5	20	↔	A - Active and Healthy Lives - working to provide happy, active and healthy lives for all, with the right care, at the right time to enable residents to live longer and healthier lives. B - Brighter Futures - working together for brighter futures for our children, young people and their families by breaking the cycle of poor outcomes for all regardless of their background	<b>Dec 2022</b> The macro economic environment and the Bank of England base rate increases has meant that interest costs incurred by the Council to finance the capital programme have increased markedly, with the adverse consequences on the revenue account. The Local Council Tax Support scheme provides some support to lower banded households within the borough, this costs the Council in excess of £30m.

The scoring of risks is broken down into 2 main parts; likelihood and impact.

Wirral Council has set definitions for each score banding. These should be referred to when discussing the risk scores to help ensure consistency of scoring over the lifetime of the risk register as well as across different projects and teams around the council.

Each risk is given 3 different scores to help provide a storyline for the risk.

**Unmanaged/Gross** - with no controls in place.

**Managed / Current** - based on having existing controls in place and working to reduce either the likelihood of the risk occurring or the impact if it did.

**Target** - where the risk owner is trying to get to, perhaps with additional actions being taken, somewhat aspirational as the effect of actions maybe difficult to judge. What level can or will be achieved.

The tables below provide the scoring definitions as per the Risk Management Policy 2017.

### 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. Or 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. Or 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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17 JANUARY 2023

<b>Report Title:</b>	<b>HYBRID WORKING</b>
<b>Report of:</b>	<b>DIRECTOR OF RESOURCES</b>

## **REPORT SUMMARY**

This report set out the Council approach to the adoption of hybrid working and an update on the steps taken to implement this way of working across services.

This report affects all wards. It does not require a key decision.

## **RECOMMENDATION/S**

The Audit and Risk Management Committee is recommended to note how the Council has adopted hybrid working, the principles and support that are in place to provide a framework to support the effective operation and management of hybrid working.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 The Audit and Risk Management Committee requested a report on Hybrid Working and how this is being managed by the Council.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 The report sets out the background in relation to hybrid working and the benefits to the adoption of this way of working for the Council, employees and prospective employees. Our hybrid working approach is well developed and whilst the report discusses some options in relation to our policy and approach to that, with the technology now in place moving away from hybrid working is not considered a viable or advantageous option.

### **3.0 BACKGROUND INFORMATION**

- 3.1 Hybrid working describes a type of flexible working where an employee can split their time between the workplace and remote working, normally in their own home but also other locations. It can consist of a one-off day, an informal or set pattern to work remotely or can be a temporary and adaptable measure to suit the needs of the business and/or the employee.
- 3.2 A hybrid working model may be structured in different ways depending on the individual organisation's needs. For example, it may involve:
- A set pattern of days in the workplace, such as 2 or 3 days per week.
  - Workplace base preferred, with remote working allowed when appropriate.
  - Remote working with visits to the workplace when face-to-face meetings are needed.
- 3.3 APSE is the foremost specialist in local authority frontline services and operates one of the UK's largest research programmes in local government policy. Their survey and results from over 50 local authorities provides a robust assessment of other councils' approaches and experiences to hybrid working, from which the Council has tested its hybrid working, principles and support in place to provide a framework to support the effective operation and management of hybrid working.
- 3.4 The Council employs around 3,500 staff over 200 or so different services. Around 1800-2000 roles, traditionally those that were office based are suited to hybrid working.
- 3.5 The Council adopted an agile working policy as long ago as 2013. Whilst the terminology has subsequently changed, it was very similar to hybrid working in recognising that developing technology meant that some jobs could be undertaken at home, at different work locations and much more flexibly. However, before the COVID-19 pandemic, agile working and working from home regularly was still largely the exception in many services. For many staff working from home was often only utilised to e-mails or to undertake work that required some focused time or prolonged concentration. The technology available was better for this type of work but not conducive for meetings or collaborative work. The Council introduced Microsoft

Teams in 2018/19. This was still in the process of being rolled out and so was not widely used. The pandemic and lockdown in March 2020 changed all that.

## **Pandemic**

- 3.6 Like many organisations the Council had significant numbers of staff working from home in accordance with the lockdown measures in place. Around 2,000 Council staff worked from home full time for most of 20/21. Microsoft Teams was used for communication and meetings at all levels. The Council also implemented solutions to make other business critical systems accessible from staff working at home which, previously, had not been possible. Due to people and technology working effectively together, we ensured that we both maintained and supported the delivery of essential services together with our local response to the pandemic. Proving the concept that with the right investment in working practices, technology and behaviours, and workspace - work is what we do, what we achieve and the outcomes we deliver – not just somewhere you go.
- 3.7 Across the Council teams and services have used the learning from working in this way and particularly the positive changes to change how they work post-pandemic. As a result, our hybrid working principles have evolved, and been co-designed with services and our people.

## **Culture change**

- 3.8 The Council delivers a wide range of services to local residents. We have a very diverse workforce, operating a range of working styles in different job roles.
- 3.9 Working through the Covid-19 pandemic was challenging; however, significant numbers of our workforce have embraced a different way of working. This was out of necessity rather than choice, but it has accelerated the journey we had started already. Whilst delivering better outcomes is our primary focus this way of working also brings benefits and opportunities for individuals, to work more flexibly in a way and at a pace we could not have imagined. It has provided the opportunity to change the way we work forever.
- 3.10 This includes the ability of many more employees to work remotely or from home and other locations, utilising technology more effectively.
- 3.11 There has been a clear indication from our staff through surveys and other forums that they welcome the idea of greater flexibility in working locations that technology enables, but that they do not want to lose all the social, shared learning and collaboration benefits that working alongside colleagues brings.

## **Challenges**

- 3.12 The Council has faced many of the same challenges as many other employers in managing the move to hybrid working post pandemic which were:
- Homeworking had worked so successfully that it presented a legitimate challenge about whether some roles needed to return to a workplace at all.
  - Employees have their own individual and personal preferences about what would work for them from a hybrid working model – there is no ‘one size fits all’.

- Some job roles do rely much less on collaborative working or meetings and arguably can be done anywhere.
- Some staff do not enjoy homeworking as they felt isolated and, to different degrees, take value from working with others, the social factors of work and the structure from office working.
- New employees need specific support that can't always be provided from remote working arrangements.
- Some staff do not have a home environment that is suitable for sustained periods of homeworking.
- Concerns that the employer could lose some control over employees and that hybrid working brought risks to reduced performance and productivity.
- The implications for buildings and estate and in some case, supporting businesses impacted by the significant change in working patterns and numbers, e.g. local retail or car parks.

### **The Council's approach**

3.13 The Council has developed a draft policy framework for hybrid working which includes a range of guiding principles for both employees and managers. These were launched in July 2022. We have deliberately retained them as draft as it is acknowledged that there may need to be review and change in light of experience and feedback.

3.14 The principles we have adopted are:

- We are keen to offer our employees a degree of personal choice about where they work provided business/service needs continue to be met.
- It is recognised not all job roles within the Council are suitable for hybrid working.
- It is our intention to retain face-to-face contact and social interaction amongst colleagues.
- Employees working as part of a hybrid working arrangement may be required to work in an office, attend team or service meetings at the request of their manager as and when required to meet business requirements. Managers should give reasonable notice of plans.
- We have chosen not to prescribe a set or average number of days or hours by which employees must work from an office as part of a hybrid working arrangement. Our preference is that this is agreed by managers and employees based on job and collaboration requirements.
- Taking into account the size of our workforce and the Council's office availability, staff who intend to combine working in an office with homeworking as a regular pattern of work may look to attend the office or another location several times a week, but we recognise this may vary.

- The Council is not imposing hybrid working (or a requirement to work at home) on employees. Any employee that wishes to work in a Council building or workplace will be able to do so.
- Managers are required to hold face to face team meetings at least once a month as we embed hybrid working ensuring team welfare and collaboration. For days those meetings are arranged managers and employees can book desks in the same location or arrange other meetings or collaborative events.
- There may be times where working from an office location is appropriate to meet specific issue, for example if someone is new into the organisation or is being supported with their learning and development. Likewise, managers and their teams collaborating together either virtual or face to face all provide benefits and ensure team support and effectiveness.
- We will make desk space and meeting rooms available for managers, teams and employees to work.
- Employees should utilise their time, places to work and technology to make hybrid working a success and ensure organisational priorities and outcomes are achieved.
- Hybrid working arrangements are subject to review and ongoing agreement with your line manager. There may be times where hybrid working arrangements need to change to meet business needs.
- Managers must be flexible in their approach and recognise the opportunities and benefits to the Council and employees from hybrid working. Managers will be supported to create clear expectations about how and when people can/should work and manage their teams effectively.
- If there are any concerns about efficiency, effectiveness or safety of hybrid working arrangements, the Council will have the final determination on work location and working arrangements.
- The Council's obligations to consider reasonable adjustments applies to staff working in a hybrid model remains unchanged.
- The Health and Wellbeing of our workforce is paramount. We recognise the benefits that hybrid working can bring in terms of flexibility and work life balance for employees. However, there can be potential risks arising from sustained periods of homeworking or employees feeling that they should always be available or accessible if working at home. Regular breaks are important and encouraged.
- Employees are not expected to work regularly above their normal contractual hours and a culture of working long hours is not expected or encouraged.
- Employees should actively utilise the option of holding virtual meetings within their day-to-day-roles to maximise productivity, efficiency and reduce carbon emissions and costs. For example, we do not expect that employees would travel across the borough to meet a colleague face to face for a meeting unless by exception.

- Employees working at home must ensure that the home working environment is safe and that all homeworking risk assessments, training and checklists requested by the Council are completed.
- Employees must not combine childcare or other caring responsibilities whilst working at home. The Council reserves the right to require employees to work from a Council building if they do not provide assurance that the home working environment is appropriate and health and safety requirements are met.
- Employees will not be deemed exclusively as a home worker so there will be no change to the Council's responsibilities as an employer or of employees' responsibilities to work to required policies and processes.
- If employees wish to request permanent changes to their hours, working pattern, location or place of work they must request this in line with the Council's Work life Balance Policy.

### **Other Policy provisions:**

- 3.15 In addition to the principles, the draft Hybrid policy includes a range of provisions covering the provision and return of equipment, car mileage and expenses, management of performance, working hours, reasonable adjustments and health and safety.
- 3.16 All employees are required to complete an online Working Safely at Home assessment which incorporates the DSE assessment.

### **Benefits**

- 3.17 There are huge benefits for both employees and the Council, greater work life balance, reduced travel time, reduced carbon emissions, reduction in travel costs and time, more flexibility within the working day and greater job autonomy. Trusting people to do the right thing and empowering them to choose where and when to work most effectively - focusing more on the outcomes achieved rather than simply the time spent working in the office (presenteeism).
- 3.18 It is also integral to our plans to rationalising our estate and reducing costs. In 2024, the Council will occupy new accommodation within Birkenhead Commercial District. The Business Case for this is predicated on closure of nine buildings and termination of lease arrangements. The new office will be designed based on hybrid working numbers. In addition, a recent report by Global Workplace Analytics and Design Public Group (DPG) cites that employers will be able to make general financial and productivity efficiencies for each employee that works remotely 2 to 3 times a week. There are efficiencies include less people being on site including consumables together with savings from reduced printing, postage and stationary costs as a result of more digital solutions being implemented.
- 3.19 Hybrid working has increasingly become a competitive area for employers seeking to attract talent. The Council's hybrid working offer, and the flexibility of it, is a key factor in recruitment and retention. Using data and analysis from the 2021 Census the ONS provided some useful insights - As Local Government struggles in many areas to recruit and retain staff it is worthwhile considering its overall perception as a

progressive employer and what other industries, with which it competes as a sector, offers to its' workforce. The data finds that the proportion of people hybrid working has risen in 2022 based on survey responses collected from the 27 April to 8 May 2022, when guidance to work from home because of the pandemic was no longer in place in Great Britain, 38% of working adults reported having worked from home at some point over the past seven days. Pre-pandemic this figure was just 12%.

- 3.20 It is standard for the offer of Hybrid working is usually included within job adverts and so it is important that the Council's approach stands up and provides us with the best opportunity to attract and retain talent. It will also mean that we can attract employees from outside of the area who may not have otherwise considered Wirral for employment opportunities.

### **Support to managers and employees**

- 3.21 As set out above Hybrid Working has brought some challenges and benefits. In addition to the policy framework, we have a wide range of support in place including:

- Developed over forty-one learning resources accessible through our Employee Learning Experience Platform 'Flo'.
- Team sessions facilitated by OD to work with managers and employees to work through how hybrid would work best for their teams\*.
- Developed a range of staff stories and hybrid videos on how they make hybrid working work for them.
- Delivered Manager Networks and Staff Forum events.
- Dedicated Manager masterclasses and manager micros on hybrid working.
- A dedicated resource area on the intranet with guidance and FAQs.

- 3.22 \*Appendix One summarises the impact of these sessions, shares the benefits and solutions for other teams to consider.

- 3.23 The approach we have taken to implementing Hybrid Working and providing support to staff and managers aligns with the guidance issued by the Chartered Institute for Personnel and Development which highlights the importance of engagements and some co-design.

## **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There is requirement to provide items of equipment for homeworking to ensure the Council meets its legal health and safety obligations. These have been met within existing resources.

## **5.0 LEGAL IMPLICATIONS**

- 5.1 Hybrid working is not a legal entitlement. It may form part of an application for Flexible Working which employers have a duty to consider.
- 5.2 The Council's duty of care under the Health and Safety at Work Act applies to Hybrid workers.

## **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 There are no staffing implications arising from hybrid working. There has been a significant investment in ICT to enable the introduction of Hybrid Working and the

development of Cheshire Lines Building as a hybrid hub.

## **7.0 RELEVANT RISKS**

- 7.1 One of the risks from hybrid working may be from a perceived loss of control by the employer or concerns about a reduction in productivity. However, most employers have reported a very positive impact from hybrid working and the mutual benefits it can bring.
- 7.2 APSE is the foremost specialist in local authority frontline services and operates one of the UK's largest research programmes in local government policy. Their survey and results from over 50 local authorities provides a robust assessment of other councils' approaches and experiences to hybrid working which evidenced a positive impact on productivity.
- 7.3 Each service has its own performance indicators down to team and individual level. There is no evidence that performance within services has been impacted negatively and feedback from managers and staff is positive.
- 7.4 Over the summer the Council ran a series of 'We are Wirral' events, with hundreds of our employees attending from across the organisation, to help co-design our people strategy. Together we explored the good practice that already exists at Wirral, described us on a good day, and shared ideas on how we can have even better days. Our people clearly told us the conditions needed for them to thrive and be at their best included hybrid working, being trusted and being empowered to deliver.
- 7.5 In our recent staff survey of 1,400 employees our line managers, strongly agreed (scoring 4 out of a total of 5), that they were equipped to manage their team effectively and our workforce felt trusted to do their job effectively (scoring 3.9 out of a total of 5).
- 7.6 The Council has been explicit within the principles developed that if there are any concerns about efficiency, effectiveness or safety of hybrid working arrangements, the Council will have the final determination on work location and working arrangements.

## **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 The Hybrid Working Policy and principles were designed following comprehensive consultation with trade unions. There was also consultation with the staff forum, staff network groups and a large sample group of line managers from across the Council.

## **9.0 EQUALITY IMPLICATIONS**

- 9.1 Hybrid Working is not available to all employees. As set out in the principles we have adopted, there are certain job roles which by their nature cannot generally be done at different locations or which are fixed to a shifts or services operational times.
- 9.2 The Council has not imposed a requirement to adopt a hybrid working model. Staff can continue to work from a fixed Council Building if that is their preference.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 The provision of Hybrid Working, particularly with reduced requirement travel has a positive impact on the environment and climate.

## 11.0 COMMUNITY WEALTH IMPLICATIONS

11.1 There are no Community Wealth implications arising from this report.

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## APPENDICES

Appendix 1                      Examples of facilitated team sessions

The PDF file below may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact [tonywilliams@wirral.gov.uk](mailto:tonywilliams@wirral.gov.uk) if you would like this document in an accessible format.

## BACKGROUND PAPERS

<https://apse.org.uk/index.cfm/apse/members-area/briefings/2022/22-34-local-government-survey-post-covid-return-to-office-working/>

[https://www.cipd.co.uk/Images/hybrid-working-practical-guidance-2021\\_tcm18-103709.pdf](https://www.cipd.co.uk/Images/hybrid-working-practical-guidance-2021_tcm18-103709.pdf)

## TERMS OF REFERENCE

This report is being considered by the Audit and Risk Management Committee in accordance with Section C of its Terms of Reference.

## SUBJECT HISTORY (last 3 years)

Council Meeting	Date

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# Team Time Sessions: Making Hybrid Working work for you and the Organisation



**Autism Social Communication  
Team (ASC)**

## Team Quote

*"We all welcomed an opportunity to find out more about the building and the move to hybrid working."*

**#BETHE  
DIFFERENCE**

## Team Quote

*"It was lovely to feel part of the organisation again."*



# Team Time Sessions: Making Hybrid Working work for you and the Organisation

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**Forward Planning Team**

## Team Quote

*"First time together in an office environment for two and a half years - very worthwhile session.*

*Very positive feedback from the team afterwards."*

**#BETHE  
DIFFERENCE**



**Team Commitment:** Monthly in person team meeting, twice-weekly team meeting virtually. Better planning and programming of work within the team to help with workload management and trust to deliver when goals are set.



# Team Time - THE HYBRID TEAM CANVAS

Making hybrid working, work for you and the organisation.

#BETHE  
DIFFERENCE

## Our Unwritten Rules



What do we need from each other?

- Maintain understanding of each other's workloads and pressures
- Keeping Outlook calendars up to date (issue of access to all team calendars by some)
- Continue to use FP WhatsApp group and Teams Channel
- Cameras on during Team meetings
- More resilience for tasks like updating Website, using Oracle so load is shared and continuity during holidays etc

## All about Us



What is our team routine - things we commit to on a weekly, monthly basis?

- Twice-weekly team meetings (virtual)
- One in-person Team meeting at Cheshire Lines per month

How will we praise and recognise great work?

- More knowledge sharing in team meetings of specific projects, evidence base studies etc

What do we celebrate and how?

- Knowledge sharing
- Remembering to say thanks and well-done!
- Team lunch after monthly in-person Team meeting

## How We Collaborate & Communicate

What tasks work best in the office, what can be done hybrid, at home, or other? What tools are used?

### In the Office

- For specific project work requiring collaboration between team members and other teams
- Maybe one office based team meeting per month?
- Issue of desk availability with the kit we need – power supply and double monitors
- Specific requirements during Local Plan hearing sessions
- Learning on the job – gaining experience

### Hybrid

- Meeting with QC and consultants who are based elsewhere in the country
- Probably little benefit of half the team being in the office and half at home

## Our Team Purpose

Why does our team exist?

To produce the Local Plan for Wirral, supporting Wirral Plan aspirations for sustainable development, active safe and pleasant communities

### At Home

- Reg 19 Local Plan has been produced while entire team was home-based
- Private conversations between team members and managers much easier
- Focused individual work, emails and admin
- If meetings with external bodies or individuals are virtual there is little point going into the office as Teams calls even with headsets can be distracting to people working close by.

### Other

- Use of Teams Vs Network Drive
- Need for housekeeping of file structure
- Local Plan consultation database

## Wellbeing



How do we look after each other and ourselves?

- Managers too busy to manage
- We've got each other's backs – we take personal responsibility and don't blame others
- High degree of trust
- Good working atmosphere
- Everyone encouraged to contribute, all views have equal weight, not standing on ceremony or pulling rank

What small things can we do to support our wellbeing?

- Need to be clearer about deadlines,
- avoiding false deadlines creating unnecessary stress and pressure
- Avoid micro-management

## So What?



What will you as a team commit to or change as a result of this?

- Monthly in person team meetings
- New folder structure before Local Plan Examination
- Better planning and programming of work within the team

## Psychological Safety



How do we ensure everyone has a voice and everyone is heard?

- Check-ins/one-to-ones not held often enough – need to identify team member responsibility for topic area
- Workload management important, including setting deadlines but also avoid micro-management – people can be trusted to deliver if clear goals set
- Greater clarity on work programme and need to sort out management arrangements re Chief Planner post

# Team Time Sessions: Making Hybrid Working work for you and the Organisation

Page 68



**HR - Recruitment & Resourcing  
Team**

## Team Quote

*"Invaluable to have the time to come together, do some collaborative working and have a laugh."*

*"It helps people realise the benefit of coming in rather than just working at home."*

*"Every team should do it."*

**#BETHE  
DIFFERENCE**



**Team Commitment:** once a month to have full team collaboration time, will support new starters joining the team in week one and stick to no meetings hour.



# Team Time - THE HYBRID TEAM CANVAS

Making hybrid working, work for you and the organisation.

#BETHE  
DIFFERENCE

## Our Unwritten Rules

What do we need from each other?

- Lunch away from desks
- No meetings from 12pm- 1pm
- Recognition
- Diaries up to date
- Manage AL across all teams (responsible for updating)
- Notice for in person meetings (allow for personal circumstances/ arrangements)

## All about Us

What is our team routine - things we commit to on a weekly, monthly basis?

- Team huddle- weekly/ monthly 1-1's

How will we praise and recognise great work?

- Send praise (Teams)
- Documenting and sharing our achievements

What do we celebrate and how?

- Team lunches
- Jacobs Join & AMF cakes
- Recognise Birthdays

## How We Collaborate & Communicate

What tasks work best in the office, what can be done hybrid, at home, or other? What tools are used?

### In the Office

- Once a month- Full team collaboration
- Knowledge share
- Problem solving/ Task & finish
- HR meetings only on office days
- Conscious of other people working in the office
- Regular away days

### Hybrid

- No meetings from 12pm- 1pm
- Job evaluation
- 1-1's
- Team huddle
- Health checks
- Establishments

## Our Team Purpose

Why does our team exist?

To enable the Council to  
#Bethedifference to the residents of  
Wirral by putting the customer at the  
heart of everything we do

### At Home

- More personal/ private calls
- Focus time and tasks
- 1-1's
- Manager meetings
- Take time to laugh (in meetings with our team)

### Other

- Structure working weeks and tasks

## Wellbeing

How do we look after each other and ourselves?

- Regular breaks
- No meetings from 12pm- 1pm
- Taking lunch
- Walking meetings
- Take time to laugh

What small things can we do to support our wellbeing?

- Support new starters joining the team (In week One)

## So What?

What will you as a team commit to or change as a result of this?

- Commit to team volunteering days- use as away day opportunity
- Opportunity for laughter.

## Psychological Safety

How do we ensure everyone has a voice and everyone is heard?

- Round Robin- Huddle
- Glossary of jargon- Acronyms

# Team Time Sessions: Making Hybrid Working work for you and the Organisation



**Covid-19 Outbreak Hub Team**

## **Team Quote**

*"Thank you for making what could have been quite a nerve-racking encounter for some (meeting the team for the first time ever) such an enjoyable experience"*

**#BETHE  
DIFFERENCE**



# Team Time Sessions: Making Hybrid Working work for you and the Organisation

## Team Quote

*"It was good to see each other in person, to discuss hybrid working and to feel more comfortable with coming into the office"*



**Property Pool Plus Team**

**#BETHE  
DIFFERENCE**



# Team Time Sessions: Making Hybrid Working work for you and the Organisation

#BETHE  
DIFFERENCE

## Team Quote

*"Our team found it extremely useful and good fun too.*

*As a new team, it was great to have the time and the space to talk about the practicalities of working in a Hybrid environment and understanding Cheshire Lines a little more too!"*



**Qualitative Insight Team**



**Team Commitment:** to have face to face 'check ins' and to have a Teams Channel for knowledge sharing and ideas. Check out their Team Canvas on the next page...



# Team Time - THE HYBRID TEAM CANVAS

Making hybrid working, work for you and the organisation.

#BETHE  
DIFFERENCE

## Our Unwritten Rules



What do we need from each other?

- No Whatsapp messages outside working hours, and only for fieldwork-related messaging.
- Try to keep meetings between the hours of 9.30am -12pm and 1pm - 3pm.
- Keep your cameras on in meetings if possible, and message in the chat if you can't.
- Give notice of in-person events in Wednesday team meetings
- Work wear - dress down/up accordingly
- Update the relevant spreadsheet after every community engagement
- Mon and Fri check ins are optional
- Annual leave in personal and team calendar

## All about Us



What is our team routine - things we commit to on a weekly, monthly basis?

- Weekly 1-1s
- Office day every Wednesday - general team meeting
- Mon and Fri check-ins
- Project-specific meetings

How will we praise and recognise great work?

- Say thank you!
- Recognise small and big wins
- Constructive criticism

What do we celebrate and how?

- Birthdays - individual to bring own snacks
- Team lunches and dinners

## How We Collaborate & Communicate

What tasks work best in the office, what can be done hybrid, at home, or other? What tools are used?

### In the Office

- Use meeting rooms for collaborative working - book in advance
- Face to face 'check-ins'
- Wednesday meeting - for general updates and organizing the week
- More office days when needed, depending on project

### Hybrid

- Update calendar to show when you're in Cheshire Lines
- Update personal and Team calendar when you're in the community/ annual leave.
- Use Whatapp to communicate when doing fieldwork (but Project Support Officer to be contacted by Teams)

## Our Team Purpose

Why does our team exist?

*To gather people's voices to  
inform decision making...  
leaving a legacy*

### At Home

- Mon and Fri check-ins
- A separate Teams channel for more general chat

### Other

- Weekly 1-1's for now
- Phone number directory to be added on Network
- Think about how we want to present our lanyards when out in the community.

## Wellbeing



How do we look after each other and ourselves?

- Keep in touch
- Take time for ourselves
- Don't be afraid to set up meeting with manager

What small things can we do to support our wellbeing?

- See the sky before the screen
- Ask questions - no question is silly
- Block out 'focus time' in calendars
- Take lunch
- Separate teams chat for 'chit-chat'

## So What?



What will you as a team commit to or change as a result of this?

- Keep lines of communication open
- Continue to be adaptable to team/individual needs
- Keep communication central to the design/set up of our new team

## Psychological Safety



How do we ensure everyone has a voice and everyone is heard?

- Collaborative documents - comments and track changes
- Round robin in meetings, letting everyone speak
- Teams channels for ideas and knowledge sharing
- Share, share, share!
- Be yourself!

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## AUDIT AND RISK MANAGEMENT COMMITTEE

Tuesday, 17 January 2023

<b>REPORT TITLE:</b>	<b>MINIMUM REVENUE PROVISION</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF FINANCE (SECTION 151 OFFICER)</b>

### REPORT SUMMARY

This report provides an update on the calculation of the annual Minimum Revenue Provision (MRP), made in relation to the financing of past and current capital expenditure. Audit and Risk Management Committee requested in July 2022 that a report be brought in regard of MRP to a future meeting of the Committee. This was in response to Grant Thornton's, the Council's external auditors, External Audit Annual Report 2020-21.

### RECOMMENDATION

The Audit and Risk Management Committee is recommended to note the report.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION**

- 1.1 To provide Members with relevant information and assurance around the Council's capital financing arrangements and the calculation of the Minimum Revenue Provision.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 There is the option not to report on this matter. This would however not be in accordance with the recommendation of the 20<sup>th</sup> July 2022 Audit and Risk Management Committee made in response to the Council's external auditor Grant Thornton's External Audit Annual Report 2020-21.

### **3.0 BACKGROUND INFORMATION**

- 3.1 Grant Thornton presented their External Audit Annual Report 2020-21 to Audit and Risk Management Committee in July 2022. Within the report Grant Thornton commented on the Council's Minimum Revenue Provision (MRP) policy and made a number of points including:

- £6.716m of MRP was charged to the revenue account in the 2020/21 financial year representing an average 3% of the total Capital Financing Requirement (CFR) of £262.6m
- Wirral's MRP policy complies with statutory guidance and has been approved by Full Council
- The 2020/21 charge included a recurring reduction for an allowance for past MRP 'overpayment' of £2.6m which will cease after 10 years which will then lead to a future sizeable increase in MRP
- MRP is calculated on an 'annuity' basis using an assumed 2% inflation rate which means MRP charges will increase year on year with benefits accrued in the short and medium term
- Council should consider whether the current MRP policy is still considered appropriate and prudent and that forecast costs have been incorporated into future financial plans

The background and explanation of these issues are explained below.

- 3.2 Council annually approves a Minimum Revenue Provision (MRP) policy which is contained within the Capital Financing Strategy. The 2022/23 policy was approved by Policy and Resources Committee on 15<sup>th</sup> February 2022 and Budget Council on 28<sup>th</sup> February 2022.
- 3.3 MRP concerns the making of suitable provision (over an appropriate timeframe) to enable the full repayment of any capital programme costs which are funded via borrowing. Similar to a personal mortgage, costs will comprise of two elements:
- A. The borrowed principal and
  - B. Interest charges associated with taking a loan to cover the funding requirement

Charges for the repayment of the principal debt is required to be made to the revenue account over a number of years via a charge known as the 'Minimum Revenue Provision' (MRP). Interest charges are also charged to revenue on an annual basis.

- 3.4 The MRP charges made to Wirral's revenue budget and the repayment period are determined by:
- a) the value of borrowing
  - b) the life of the asset created or enhanced for example, a building constructed with an asset life of 50 years would average 2% for a 50 year period (2% x 50 = 100%).
- 3.5 The Prudential Code framework for capital financing was introduced from 1<sup>st</sup> April 2008 following the Local Government Act 2003. The code replaced the previous system of credit approvals and prescribed repayment values relating to capital financing. The Prudential Code allowed increased flexibility in the financing of debt providing it was deemed to be reasonable and 'prudent.' The requirement for an annual Minimum Revenue Provision Policy to be agreed by Council was introduced. Treasury policies as with all other financial matters remained subject to external audit scrutiny and comment.
- 3.6 Following the introduction of the Prudential Code, the Council pool of Council capital borrowing was split into two elements:
- **Pre 2008/09 'Supported Borrowing'** – this initially retained the previous policy of charging debt financing to revenue based upon an annual 4% balance of the capital debt.
  - **2008/09 Onwards 'Unsupported Borrowing'** – the charge of this capital debt was made on the basis of the asset lives of the assets created or enhanced.
- 3.7 Under the flexibilities afforded by the Prudential Code, with the assistance of treasury management advisors, Wirral as many authorities obtained member approval to implement capital financing policy changes. The changes better reflected the actual use and benefits of financed capital assets, whilst providing short and medium term revenue account benefits via the reprofiling of capital financing costs. Three policy changes were agreed by Wirral members as detailed in table 1.

**Table 1: Agreed Capital Financing Policy Changes**

	Committee	Decision	Commentary	Financial Impact
1.	Cabinet 8 <sup>th</sup> December 2016	MRP charges re post April 2008 capital to adopt 'annuity' method	Asset charges on 'annuity' rather than straight line basis. Early years charges lower then gradual increase reflecting 'time value of money'	£6.9m 'one-off' benefit in 2016/17 then £1.25m in 2017/18 with gradual reduction below previous charge until 2038. Post 2038 charges will be higher than 2016/17 level
2.	Cabinet 6 <sup>th</sup> November 2017	MRP charges re pre April 2008 capital to extend 'annuity' method	As above method with asset charges on an 'annuity' rather than straight line basis. Early years lower then gradual increase reflecting 'time value of money'	£4 million benefit in 2017/18. £3.8m 2018/19 then reducing until 2035 before charges increase above 2017/18 level
3.	Cabinet November 2019	Rebase of 'Adjustment A' opening 'credit' for opening 2008 MRP calculations	Technical adjustment allowed counting of credit for older debt' to be factored into future charging profile i.e. more has already been 'paid' in earlier years	£2.6m per year from 2020 for 10 years. From 2030 charge will be higher than pre-2020 charge

3.8 Annuity Method: This reflects the 'time value of money' as £1 expended this year will not have the same spending power as in 10 years' time. The consequence of this calculation is that debt repayments start off lower in early years, then steadily increase year on year reflecting the inflation assumption regarding the value of money until the debt is fully repaid. in overall terms no additional payment is made compared to a flat 'straight line' repayment metho. Repayment is instead profiled taking account of inflationary assumptions rather than evenly repaid year on year.

3.9 Grant Thornton raised concerns over the use of the annuity method in their 2020-21 report on the basis that:

- Members may not have oversight of the method and therefore might not be able to gain assurance that it was the most appropriate method for providing for MRP
- As this method results in an increase in the provision each year, Members did not have oversight of how this was being accounted for within future years accounts

3.10 Two reports relating to the change from a straight line to annuity method of MRP calculation were previously approved by Cabinet in December 2016 and November 2017:

- December 2016 'Unsupported' Capital. This adopted the annuity method for post April 2008 expenditure known as 'unsupported' capital as under the Prudential Code there was no longer any element of central government grant funding deemed to be specifically supporting capital financing costs
- November 2017 Supported Capital. The annuity method was approved for pre-2008 expenditure. The phased approach was as additional work was required to assess and agree appropriate asset lives and previous financing of more historical assets on which to base the spread of repayment costs

Appendices 1 and 2 are extracted from the previous Cabinet reports and provided further comparison between the MRP calculation methods. Appendix 1 shows a comparison between the Revised Asset Life Methodology and Annuity Method of MRP for unsupported capital. Appendix 2 compares the 'regulatory' method versus 'annuity' method for MRP. The tables were included in the reports to clearly highlight the benefit of adoption in the short and medium term but also the profile of gradually increasing provision costs in later years.

3.11 The last change to the Council's MRP policy was approved by Cabinet in November 2019. A number of technical adjustments were required when switching between the pre-2008 and post 2008 capital financing systems. Specialist treasury advisers were commissioned to review the adjustments. The advisers stated that there was an option to apply further credit for a number of items of which by far the largest related to the former Merseyside County Council debt the Council administers on behalf of all the Merseyside local authorities. By applying these credits past payment was judged to place the Council ahead of the repayment 'curve' allowing a reduction of MRP to be taken until the profile was back on track. The value of this adjustment was £26m. After discussion with the external auditor it was recommended that the benefit gained from this adjustment be phased over a 10 year period. Audit and Risk Management Committee also considered a report on this change at its 27<sup>th</sup> January 2020 meeting. Appendix 3 provides further detail of the financial profile arising from this adjustment.

3.12 The current MRP policies have been implemented with prudence in mind. The annuity rate adopted for calculations was based upon the Bank of England target rate of inflation of 2% rather than the higher inflation rate that could have been selected at the time the policy was amended. The use of asset lives enabled the spread of charging to reflect the benefit of use by tax payers over an appropriate

period. As many assets are land and building related with an assumed life of 50 years total MRP charges at an average of 3% per annum are reasonable. The spreading of benefits over years also provides early budgetary relief with time to mitigate future gradual increases in annuity method costs. The previous 'regulatory' method for unsupported capital would have kept capital debt and associated charges within the Council balance sheet well past 50 years due to the reducing balance basis leading to charges being virtually perpetual.

### **Alternative Methods of Calculating MRP**

3.13 The Council agrees its annual MRP policy on an annual basis. It has the right to alter the calculation method providing any revised policy is deemed to be reasonable and 'prudent.' The external auditor will provide comment on any change and report as necessary on any concerns and issues. Alternative methods are available but would require an increase in the revenue budget which would require funding. Alternatives could be:

- Return to straight line rather than annuity method. This would flatten future increases but would come at a cost of an immediate increase in charge to the revenue budget on implementation. The Council has received approximately £15m-£20m of benefit from past lower charges that must be recovered via charges based on either a straight line or annuity method. Straight line would reduce the level of future increases but would require significantly higher levels of charge in the present which considering the extent of the 2023/24 budget pressures will put increasing strain on that budget that may not be sustainable.
- Cease the £2.6m per year over 10 years (from 2019-20) adjustment. This would add £2.6m cost per annum to the budget but lessen future payment commitments. As per the previous point considering the extent of the 2023/24 budget pressures this would put increasing strain on the revenue budget.

3.14 As the provision increases year on year, the additional increase is included within the Medium Term Financial Plan (MTFP) as a pressure. The current MTFP spans 5 years so when setting the annual budget, Council always have oversight of the future five year increases for MRP and these are fully accounted for in budget setting. As the MTFP is a rolling plan, a new year is added each time a year ends.

3.15 The Medium Term Financial Strategy approved by Policy and Resources Cabinet on 15<sup>th</sup> February 2022 and Council 28<sup>th</sup> February 2022 included the following annual capital financing budgetary increase assumptions:

<b>Year</b>	<b>Capital Financing Budgetary Increase</b>
	£ms
2022/23	2.73
2023/24	2.49
2024/25	1.56
2025/26	0.89
2026/27	0.34

The above figures are subject to annual review and will be updated for the 2023/24 Medium Term Financial Strategy.

- 3.16 A change in MRP policy and approach is possible but would involve a sizeable and immediate increase in costs being charged to the revenue budget. Such an increase would require funding via either additional efficiency/savings proposals or from increased income.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from this report which is for noting. Should Council agree to amend the current MRP policy there would be immediate consequences which would almost certainly involve an increased charge requirement against the Council's revenue budget.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 Regulations 27 and 28 of the Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 prescribed how much MRP an authority should charge each year by introducing a formula linked to the Capital Financing Requirement (CFR) calculated as 4% of the opening CFR.
- 5.2 The Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008 (SI 2008/414) updated existing regulations and placed a duty on local authorities to make a prudent provision for debt redemption. Guidance on Minimum Revenue Provision issued by the Secretary of State states local authorities are required to "have regard" to such Guidance under section 21(1A) of the Local Government Act 2003. Further updated guidance was issued in 2018.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 There are no direct resource, staffing, ICT or asset implications from this report.

#### **7.0 RELEVANT RISKS**

- 7.1 There are no risk implications arising directly from this report. Any subsequent change in MRP policy would require compliance with necessary legislation and would need to be affordable. Hence, there would be legal and financial risk to consider.

#### **8.0 ENGAGEMENT/CONSULTATION**

- 8.1 This report is for noting. The Council's MRP policy is approved annually by Council as part of the Capital Financing Strategy. Previous changes to the Council's MRP policy have also been approved by Council.

#### **9.0 EQUALITY IMPLICATIONS**

- 9.1 Wirral Council has a legal requirement to make sure its policies, and the way it carries out its work, do not discriminate against anyone. An Equality Impact

Assessment is a tool to help council services identify steps they can take to ensure equality for anyone who might be affected by a particular policy, decision or activity.

9.2 There are no direct equality implications arising from this report.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 There are no direct environmental and climate implications arising from this report. The capital programme which financing this report relates to does contain a number of schemes relating to environmental and climate issues.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 There are no direct community wealth implications arising from this report.

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## **APPENDICES**

The appendices below may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact [petermolyneux@wirral.gov.uk](mailto:petermolyneux@wirral.gov.uk) if you would like this document in an accessible format.

Appendix 1: Treasury Management Mid-Year Report 2016/17 Cabinet 8<sup>th</sup> December 2016  
(extract)

Appendix 2: Treasury Management Mid-Year Report 2017/18 Cabinet 6<sup>th</sup> November 2017 (Extract)

Appendix 3: Minimum Revenue Provision Re-Profiling Cabinet 25<sup>th</sup> November 2019  
(Extract)

## **BACKGROUND PAPERS**

External Audit Annual Report 2020-21. Grant Thornton. Audit and Risk Management Committee 20<sup>th</sup> July 2022

Council, Policy and Resources and Cabinet Papers listed in subject history below plus

Mid-year 2017/18 Treasury Management Cabinet report 6<sup>th</sup> November 2017

Mid-year 2016/17 Treasury Management Cabinet report 8<sup>th</sup> December 2016

Link Asset Services Wirral MBC Minimum Revenue Provision report May 2019

## **TERMS OF REFERENCE**

The report complies with the following terms of reference:

(c) (iv) : Receive assurances that action is being taken on risk related issues identified by both internal and external auditors and other inspectors.

(c) (v) : Independent scrutiny of the authority's financial and non-financial performance to the extent that it affects the authority's exposure to risk.

(f) (i) : Consider any other reports of external audit and other inspection agencies.

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Council	28 <sup>th</sup> February 2022
Policy and Resources	15 <sup>th</sup> February 2022
Council	1 <sup>st</sup> March 2021
Policy and Resources	17 <sup>th</sup> February 2021
Council	2 <sup>nd</sup> March 2020
Policy and Resources	17 <sup>th</sup> February 2020
Cabinet	6 <sup>th</sup> November 2020
Audit and Risk Management	27 <sup>th</sup> January 2020
Cabinet	25 <sup>th</sup> November 2019

Appendix 1 :  
Treasury Management Mid-Year Report 2016/17 Cabinet 8<sup>th</sup> December 2016  
(Extract)

**TREASURY MANAGEMENT STRATEGY**

**Minimum Revenue Provision – Revised Charging Schedule**

Year Ending 31st March	Revised Asset Life MRP £	Annuity MRP £	Annual Annuity (Saving)/Cost £
2010	375,160	219,505	(155,654)
2011	501,872	296,467	(205,405)
2012	805,303	503,914	(301,389)
2013	1,440,717	888,989	(551,728)
2014	1,593,662	1,000,060	(593,601)
2015	1,600,369	1,035,968	(564,401)
2016	1,810,716	1,205,851	(604,865)
2017	2,344,474	1,611,438	(733,036)
2018	2,845,213	2,036,769	(808,444)
2019	3,646,647	2,569,796	(1,076,851)
2020	3,863,784	2,685,555	(1,178,229)
2021	4,147,910	2,922,924	(1,224,986)
2022	4,403,102	3,138,525	(1,264,577)
2023	4,581,673	3,278,278	(1,303,396)
2024	4,581,673	3,393,747	(1,187,927)
2025	4,473,451	3,379,413	(1,094,038)
2026	4,448,753	3,470,533	(978,221)
2027	4,395,383	3,531,847	(863,536)
2028	4,336,989	3,592,734	(744,255)
2029	4,291,916	3,669,962	(621,954)
2030	4,245,716	3,731,830	(513,886)
2031	4,159,755	3,739,846	(419,909)
2032	3,889,247	3,466,746	(422,501)
2033	3,542,825	3,101,007	(441,818)
2034	3,532,276	3,195,942	(336,335)
2035	3,523,868	3,294,111	(229,757)
2036	3,508,350	3,388,849	(119,501)
2037	3,469,985	3,457,931	(12,054)
2038	3,406,197	3,490,891	84,695
2039	3,388,128	3,588,026	199,898
2040	3,358,251	3,660,027	301,775
2041	3,350,678	3,778,388	427,710
2042	3,336,816	3,891,149	554,332
2043	3,263,147	3,996,895	633,748
2044	3,195,670	3,923,482	727,812
2045	3,174,273	4,022,487	848,214
2046	3,055,795	3,969,393	913,597
2047	2,744,248	3,623,039	878,791
2048	2,510,814	3,420,151	909,336
2049	2,158,701	2,973,976	815,276
2050	2,158,701	3,084,940	926,239
2051	2,158,701	3,200,100	1,041,400
2052	2,158,701	3,319,620	1,160,919
2053	2,152,949	3,430,967	1,278,018
2054	1,865,793	3,050,619	1,184,826
2055	1,528,802	2,568,219	1,039,417
2056	1,207,653	2,091,647	883,994
2057	913,919	1,652,307	738,388
2058	585,965	1,142,693	556,728
2059	538,516	1,098,703	560,187
2060	406,553	810,985	404,432
2061	377,071	769,981	392,909
2062	362,834	764,113	401,279
2063	208,886	395,594	186,708
2064	154,951	280,949	125,998
2065	148,787	275,124	126,337
2066	145,740	277,212	131,472
2067	86,940	164,445	77,505
2068	35,220	75,531	40,311
<b>Total Repaid</b>	<b>144,500,190</b>	<b>144,500,190</b>	<b>0</b>

Appendix 2 :  
Treasury Management Mid-Year Report 2017/18 Cabinet 6<sup>th</sup> November 2017  
(Extract)

**Minimum Revenue Provision – Revised Repayment Schedule**

Wirral Council							
Supported Borrowing CFR and MRP							
Year	Year ending 31st March	Opening CFR	Regulatory Method MRP	Closing CFR	Annuity based MRP	Closing CFR	Regulatory over Annuity
		Adjustment A ->	£11,478,000				
			4%		2.000%	45.0	
		£	£	£	£	£	£
1	2018	174,965,024	6,539,481	168,425,543	2,433,696	172,531,328	4,105,785
2	2019	168,425,543	6,277,902	162,147,641	2,482,370	170,048,957	3,795,531
3	2020	162,147,641	6,026,786	156,120,856	2,532,018	167,516,940	3,494,768
4	2021	156,120,856	5,785,714	150,335,141	2,582,658	164,934,282	3,203,056
5	2022	150,335,141	5,554,286	144,780,856	2,634,311	162,299,971	2,919,974
6	2023	144,780,856	5,332,114	139,448,742	2,686,997	159,612,973	2,645,117
7	2024	139,448,742	5,118,830	134,329,912	2,740,737	156,872,236	2,378,092
8	2025	134,329,912	4,914,076	129,415,835	2,795,552	154,076,684	2,118,524
9	2026	129,415,835	4,717,513	124,698,322	2,851,463	151,225,221	1,866,050
10	2027	124,698,322	4,528,813	120,169,509	2,908,492	148,316,728	1,620,321
11	2028	120,169,509	4,347,660	115,821,849	2,966,662	145,350,066	1,380,998
12	2029	115,821,849	4,173,754	111,648,095	3,025,995	142,324,071	1,147,758
13	2030	111,648,095	4,006,804	107,641,291	3,086,515	139,237,555	920,288
14	2031	107,641,291	3,846,532	103,794,759	3,148,246	136,089,310	698,286
15	2032	103,794,759	3,692,670	100,102,089	3,211,211	132,878,099	481,460
16	2033	100,102,089	3,544,964	96,557,125	3,275,435	129,602,664	269,529
17	2034	96,557,125	3,403,165	93,153,960	3,340,944	126,261,721	62,222
18	2035	93,153,960	3,267,038	89,886,922	3,407,762	122,853,958	-140,724
19	2036	89,886,922	3,136,357	86,750,565	3,475,918	119,378,041	-339,561
20	2037	86,750,565	3,010,903	83,739,663	3,545,436	115,832,605	-534,533
21	2038	83,739,663	2,890,467	80,849,196	3,616,345	112,216,260	-725,878
22	2039	80,849,196	2,774,848	78,074,348	3,688,672	108,527,588	-913,824
23	2040	78,074,348	2,663,854	75,410,494	3,762,445	104,765,143	-1,098,591
24	2041	75,410,494	2,557,300	72,853,194	3,837,694	100,927,449	-1,280,394
25	2042	72,853,194	2,455,008	70,398,187	3,914,448	97,013,002	-1,459,440
26	2043	70,398,187	2,356,807	68,041,379	3,992,737	93,020,265	-1,635,929
27	2044	68,041,379	2,262,535	65,778,844	4,072,591	88,947,673	-1,810,056
28	2045	65,778,844	2,172,034	63,606,810	4,154,043	84,793,630	-1,982,010
29	2046	63,606,810	2,085,152	61,521,658	4,237,124	80,556,506	-2,151,972
30	2047	61,521,658	2,001,746	59,519,912	4,321,867	76,234,639	-2,320,120
31	2048	59,519,912	1,921,676	57,598,235	4,408,304	71,826,335	-2,486,628
32	2049	57,598,235	1,844,809	55,753,426	4,496,470	67,329,865	-2,651,661
33	2050	55,753,426	1,771,017	53,982,409	4,586,399	62,743,466	-2,815,382
34	2051	53,982,409	1,700,176	52,282,232	4,678,127	58,065,338	-2,977,951
35	2052	52,282,232	1,632,169	50,650,063	4,771,690	53,293,648	-3,139,521
36	2053	50,650,063	1,566,883	49,083,181	4,867,124	48,426,524	-3,300,241
37	2054	49,083,181	1,504,207	47,578,973	4,964,466	43,462,058	-3,460,259
38	2055	47,578,973	1,444,039	46,134,934	5,063,756	38,398,302	-3,619,717
39	2056	46,134,934	1,386,277	44,748,657	5,165,031	33,233,272	-3,778,753
40	2057	44,748,657	1,330,826	43,417,831	5,268,331	27,964,940	-3,937,505
41	2058	43,417,831	1,277,593	42,140,237	5,373,698	22,591,242	-4,096,105
42	2059	42,140,237	1,226,489	40,913,748	5,481,172	17,110,070	-4,254,682
43	2060	40,913,748	1,177,430	39,736,318	5,590,795	11,519,275	-4,413,365
44	2061	39,736,318	1,130,333	38,605,985	5,702,611	5,816,664	-4,572,279
45	2062	38,605,985	1,085,119	37,520,866	5,816,664	0	-4,731,544
46	2063	37,520,866	1,041,715	36,479,151			
47	2064	36,479,151	1,000,046	35,479,105			
48	2065	35,479,105	960,044	34,519,061			
49	2066	34,519,061	921,642	33,597,419			
50	2067	33,597,419	884,777	32,712,642			
			142,252,382		174,965,024		-37,520,866

**Appendix 3 :  
Minimum Revenue Provision Re-Profiling Cabinet 25<sup>th</sup> November 2019 (Extract)**

Year	Year ending 31st March	Opening Capital Financing Requirement	Annuity based MRP	Closing Capital Financing Requirement	Proposed Re-Profiling Adjustment	Additional MRP resulting from the higher Capital Financing Requirement (created by lower MRP charges)	Net MRP Adjustment
		£'m	£'m	£'m	£'m	£'m	£'m
1	2020	170.05	2.53	167.52	(2.64)	0.01	(2.63)
2	2021	167.52	2.58	164.93	(2.64)	0.05	(2.59)
3	2022	164.93	2.63	162.30	(2.64)	0.09	(2.55)
4	2023	162.30	2.69	159.61	(2.64)	0.13	(2.50)
5	2024	159.61	2.74	156.87	(2.64)	0.18	(2.45)
6	2025	156.87	2.80	154.08	(2.64)	0.23	(2.40)
7	2026	154.08	2.85	151.23	(2.64)	0.29	(2.35)
8	2027	151.23	2.91	148.32	(2.64)	0.34	(2.29)
9	2028	148.32	2.97	145.35	(2.64)	0.40	(2.23)
10	2029	145.35	3.03	142.32	(2.64)	0.46	(2.17)
11	2030	142.32	3.09	139.24	0.00	0.52	0.52
12	2031	139.24	3.15	136.09	0.00	0.53	0.53
13	2032	136.09	3.21	132.88	0.00	0.55	0.55
14	2033	132.88	3.28	129.60	0.00	0.56	0.56
15	2034	129.60	3.34	126.26	0.00	0.57	0.57
16	2035	126.26	3.41	122.85	0.00	0.58	0.58
17	2036	122.85	3.48	119.38	0.00	0.59	0.59
18	2037	119.38	3.55	115.83	0.00	0.60	0.60
19	2038	115.83	3.62	112.22	0.00	0.61	0.61
20	2039	112.22	3.69	108.53	0.00	0.63	0.63
21	2040	108.53	3.76	104.77	0.00	0.64	0.64
22	2041	104.77	3.84	100.93	0.00	0.65	0.65
23	2042	100.93	3.91	97.01	0.00	0.66	0.66
24	2043	97.01	3.99	93.02	0.00	0.68	0.68
25	2044	93.02	4.07	88.95	0.00	0.69	0.69
26	2045	88.95	4.15	84.79	0.00	0.71	0.71
27	2046	84.79	4.24	80.56	0.00	0.72	0.72
28	2047	80.56	4.32	76.23	0.00	0.73	0.73
29	2048	76.23	4.41	71.83	0.00	0.75	0.75
30	2049	71.83	4.50	67.33	0.00	0.76	0.76
31	2050	67.33	4.59	62.74	0.00	0.78	0.78
32	2051	62.74	4.68	58.07	0.00	0.79	0.79
33	2052	58.07	4.77	53.29	0.00	0.81	0.81
34	2053	53.29	4.87	48.43	0.00	0.83	0.83
35	2054	48.43	4.96	43.46	0.00	0.84	0.84
36	2055	43.46	5.06	38.40	0.00	0.86	0.86
37	2056	38.40	5.17	33.23	0.00	0.88	0.88
38	2057	33.23	5.27	27.96	0.00	0.89	0.89
39	2058	27.96	5.37	22.59	0.00	0.91	0.91
40	2059	22.59	5.48	17.11	0.00	0.93	0.93
41	2060	17.11	5.59	11.52	0.00	0.95	0.95
42	2061	11.52	5.70	5.82	0.00	0.97	0.97
43	2062	5.82	5.82	0.00	0.00	0.99	0.99
<b>Total</b>					<b>(26.36)</b>	<b>26.36</b>	<b>(0.00)</b>



**AUDIT AND RISK MANAGEMENT COMMITTEE**  
**Tuesday, 17 January 2023**

<b>Report Title:</b>	<b>ANNUAL UPDATE OF USE OF SURVEILLANCE POWERS UNDER THE REGULATION OF INVESTIGATORY POWERS ACT 2000 (RIPA)</b>
<b>Report of:</b>	<b>Director of Law and Governance</b>

## **REPORT SUMMARY**

The Regulation of Investigatory Powers Act 2000 (“RIPA”) enables local authorities to carry out certain types of surveillance activity, if specified procedures are followed. The information obtained as a result of surveillance operations can be relied upon in court proceedings providing RIPA is complied with.

The Investigatory Powers Act 2016 (“IPA”) is the main legislation governing the acquisition of communications data. The information obtained as a result of these acquisitions can also be relied upon in court proceedings providing IPA is complied with.

This report updates members on issues relevant to this area of work and gives details of RIPA directed surveillance applications and IPA communications data applications that have been authorised in the last year, 1 January 2022 to 31 December 2022.

## **RECOMMENDATION**

The Audit and Risk Management Committee is recommended to note the use made by the Council of covert surveillance since 1 January 2022.

## **SUPPORTING INFORMATION**

### **1.0 REASON/S FOR RECOMMENDATION/S**

- 1.1 To ensure that the Council complies with the legal obligations under RIPA, IPA and national guidance.
- 1.2 To help in giving transparency about the use of RIPA and IPA in this Council.

### **2.0 OTHER OPTIONS CONSIDERED**

- 2.1 There is a statutory obligation to follow the requirements set out in the Regulation of Investigatory Powers Act 2000 in relation to the carrying out of directed surveillance by public regulatory bodies. The use of covert surveillance on the occasions listed in this report was the most appropriate and proportionate method available to gather evidence of any criminal offences that may have occurred, as such other options have to be discounted.

### **3.0 BACKGROUND INFORMATION**

- 3.1 The Regulation of Investigatory Powers Act 2000 (RIPA) governs how public bodies use surveillance methods in their regulatory/enforcement roles. The Council may use directed covert surveillance for the purpose of preventing or detecting crime or preventing disorder, or establish and maintain a relationship with a person (a Covert Human Intelligence Source [CHIS]) to covertly obtain information relating to an investigation. The information obtained as a result of surveillance operations can be relied upon in prosecution proceedings brought by the Council providing the requirements of RIPA are complied with.
- 3.2 The Investigatory Powers Act 2016 (IPA) is the main legislation governing the acquisition of communications data. The information obtained as a result of these acquisitions can be used to aid and assist officers in their investigations and to identify offenders and can also be relied upon in prosecution proceedings.
- 3.3 The origins of RIPA and IPA lie in the Human Rights Act 1998 (HRA) which places restrictions on the extent to which public bodies may interfere with a person's right to respect for his or her home and private life and correspondence during the course of an investigation into suspected criminal activities. The provisions of RIPA ensure (in summary) that any such interferences are in accordance with the law and are necessary and proportionate (i.e., the seriousness of the suspected crime or disorder must outweigh any possible interferences with the personal privacy of the persons being investigated and of persons who associate with them).
- 3.4 The Council's Constitution (Part 3, Section C(a) – Proper Officer Functions) sets out the officers delegated to authorise the use of covert surveillance in accordance with the procedures prescribed by RIPA. Since 1 November 2012 such authorisations require the further approval of a magistrate where the legislation applies.
- 3.5 The Investigatory Powers Commissioner (IPCO) is responsible for overseeing the operation of RIPA and IPA and regularly inspect public bodies to ensure compliance with the legislation. IPCO last inspected the Council on 21 May 2021. The outcome of that inspection was reported to the Committee on 5 July 2021. The Committee approved amendments to the Council's policy and guidance document made in response to the Report. All the required amendments were duly made to the policy.

- 3.6 On 15 February 2022 training on the use of RIPA was delivered by PHF Training to thirty-three (33 no.) officers from various regulatory services across the Council who could seek to make use of covert surveillance techniques and the acquisition of communications data to assist investigations. The training dealt in detail with the requirements for authorisations of directed covert surveillance and the use of covert human intelligence sources under RIPA and the use of social media and other sources of communications data for the purpose of investigations by the Council.
- 3.7 In the last year, 1 January to 31 December 2022, there have been only two (2 no.) applications under RIPA made to the Magistrates' Court on 31 March 2022 and 21 July 2022 to enable test purchases to be made by juveniles (under the supervision of Trading Standards Officers) in conjunction with a national enforcement exercise, from retailers who were suspected of selling e-cigarettes to young persons under the age of 18. There have been no applications during the period for the use of a Covert Human Intelligence Source.
- 3.8 In addition, there has been one (1 no.) non-RIPA authorisation granted on 2 March 2022 for the use of overt CCTV surveillance equipment with prominent warning signage on a rural lane subject to fly tipping of waste materials in the immediate area around the existing 'no fly tipping' signage.
- 3.9 In the same time period, there have been no formal authorisations sought or granted for either the acquisition of communications data or the use of Covert Human Intelligence Sources.

#### **4.0 FINANCIAL IMPLICATIONS**

- 4.1 There are no direct financial implications arising from this report at present, however training of officers will need to receive continued funding in order to maintain current knowledge, continued compliance and high standards.

#### **5.0 LEGAL IMPLICATIONS**

- 5.1 The Protection of Freedoms Act 2012, which requires local authorities (where RIPA applies) to obtain the approval of a magistrate for the use of covert surveillance, came into force on 1 November 2012.
- 5.2 In situations where directed surveillance is carried out as part of an investigation by officers but a formal RIPA authorisation from the Magistrates' Court is not required, officers must still apply the principals set out within the Act and the Council's Policy and Guidance requires officers to complete a Non-RIPA Authorisation which must be approved internally by an Authorising Officer.

#### **6.0 RESOURCE IMPLICATIONS: STAFFING, ICT AND ASSETS**

- 6.1 There are no direct resource implications arising from the report.

#### **7.0 RELEVANT RISKS**

- 7.1 There is a risk of inadvertent breaches of human rights and data protection legislation by officers unless the requirements of RIPA and the detailed guidance given in the Code of Practice and Council's Policy Document are followed.

## **8.0 ENGAGEMENT/CONSULTATION**

8.1 Not applicable.

## **9.0 EQUALITY IMPLICATIONS**

9.1 There are no direct equality implications from the report. All investigations and subsequent enforcement action taken by Council regulatory services is carried out in accordance with Corporate and Service Enforcement Policies as previously approved by Council and other relevant policies and statutory guidance where applicable.

## **10.0 ENVIRONMENT AND CLIMATE IMPLICATIONS**

10.1 There are no direct environment and climate implications.

## **11.0 COMMUNITY WEALTH IMPLICATIONS**

11.1 There are no direct community wealth implications arising from the report.

### **REPORT AUTHOR: Paul Martin**

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## **BACKGROUND PAPERS**

Regulation of Investigatory Powers Act 2000

Investigatory Powers Act 2016

Protection of Freedoms Act 2012

Home Office Covert Surveillance and Property Interference: Revised Code of Practice (August 2018)

Home Office Covert Human Intelligence Sources, Draft Revised Code of Practice (January 2021)

Acquisition and Disclosure of Communications Data Code of Practice (March 2015)

Wirral Council Policy and Procedure on the use of Powers Under the Regulation of Investigatory Powers Act (2020)

## **TERMS OF REFERENCE**

This report is being considered by the Audit and Risk Management Committee in accordance with Para 11.2(i) and (m) of its Terms of Reference.

## **SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>
Reports to the Audit & Risk Management Committee	11 March 2019 27 January 2020 16 November 2020 05 July 2021



## AUDIT AND RISK MANAGEMENT COMMITTEE

TUESDAY 17 JANUARY 2023

<b>REPORT TITLE:</b>	<b>PLANNING SYSTEM UPDATE</b>
<b>REPORT OF:</b>	<b>DIRECTOR OF RESOURCES</b>

### REPORT SUMMARY

This report is to update the Committee on the implementation of the public portal for planning, building control and the regulatory services.

The portal affects all wards across the Borough.

### RECOMMENDATION

The Audit and Risk Management Committee is recommended to note the report.

## SUPPORTING INFORMATION

### 1. REASON FOR RECOMMENDATION

- 1.1. To provide Members with an update to review the progress of migration from legacy products for planning, building control and the regulatory services.

### 2. OTHER OPTIONS CONSIDERED

- 2.1. Remaining on the legacy product was not an option as the software was approaching it's end of life support.

### 3. BACKGROUND INFORMATION

- 3.1. As part of Wirral Council digital strategy, the application rationalization programme is to reduce the total number of applications in use across the organisation to reduce complexity and enable savings where possible.
- 3.2. Three legacy systems were in use across Building Control, Planning, Land Charges, Environmental Health, Licensing, Housing, Grants, Adaptations and Trading Standards.
- 3.3. The award of the new system was made after of two rounds of procurement to Tascomi, which was then acquired by Idox. No other supplier responded in full to the tender nor could fulfil all of the requirements of the specification.
- 3.4. The procurement exercise was completed using the Crown Commercial Services (CCS) Framework, 'RM3821 Data and Applications Solutions'. There are 14 suppliers on this framework under 'Lot 2b – Environmental and Planning'.
- 3.5. Idox group has positioned to become a market leader for regulatory software, having Uniform, Acolaid (legacy) and Idox cloud offerings. These are used by the majority of Councils across the UK.
- 3.6. The Idox cloud solutions first went live for Public Protection – Houses in multiple occupancy (HMO) and Selective licencing in August 2021. Landlords use the public portal to submit applications and payments.
- 3.7. Building Control went live October 2021.
- 3.8. Planning went live June 2022.
- 3.9. Public Protection phase 2 for regulatory services went live September 2022.

#### **Planning Portal**

- 3.10. The Planning service receives circa 2000 applications a year and all applications are available to view by the public on the planning portal. The Idox Cloud product has a different look and feel to the previous Acolaid system. It displays less information and users report that it is harder to navigate than the previous system
- 3.11. The planning service has a log of all issues raised by Members and the public, and as of the writing of this report 28 issues have been raised and logged, see Appendix 1 of this report.

- 3.12. Majority of issues raised are due to the functionality that the Idox portal does not provide compared to the previous planning system. While the Idox cloud portal is different, it is considered to be fit for purpose, as it exceeds the government's minimum statutory information requirement.
- 3.13. The one issue that is not functionality related is that of the email notifications going into the 'Junk' folder. Work is ongoing with Idox to resolve this issue.
- 3.14. Each of the Idox cloud modules has a corresponding log of project issues. Project risks and issues are reviewed daily by the Wirral project manager and on a weekly update call with the Idox project manager.
- 3.15. A monthly report is reviewed by the Digital Programme board and every three weeks by the Regulatory & Environmental Services Replacement Software (RESRS) project board chaired by the Chief Planner.
- 3.16. Issues that occur once a service has gone live are raised with the Idox service desk.
- 3.17. There have been three service outages since the system has gone live. On all three occasions it was related to issues with the server infrastructure. The longest outage meant the system was unavailable over a whole weekend. Idox have now migrated the system to the Amazon Web Services (AWS) cloud to mitigate these issues re-occurring.
- 3.18. Requests for product improvements are submitted to the Idox Ideas hub for consideration by the product development team. These typically take between 6 to 12 months to deliver once accepted by Idox.
- 3.19. Idox retains ownership of their cloud product which essentially is a single solution shared across all their customers. The Idox product team decides if any development will take place, when and what the deliverable will be like.
- 3.20. Participation in national user groups has begun and it is believed that greater customer pressure upon Idox can be made to direct the priority issues nationally.
- 3.21. From discussions with colleagues from Liverpool City Council it is understood that Department of Levelling Up, Housing and Communities (DLUHC) have had discussions with Idox following issues raised by Councils.
- 3.22. The 'Search for planning applications' page on the Wirral Council website has been completely updated to provide advice on viewing and commenting on applications in the new planning system. This was based on feedback and issues raised by residents.

#### **4. FINANCIAL IMPLICATIONS**

- 4.1. There are no direct financial implications as a result of this report.

#### **5. LEGAL IMPLICATIONS**

- 5.1. The Wirral Council legal team has been consulted in relation to supplier performance and possible contract breaches.
- 5.2. The recommended outcome is to continue to work with Idox to a negotiated settlement of each issue which requires close management.

## **6. RESOURCE IMPLICATIONS**

- 6.1. It is envisaged that all project work will be carried out within existing resources.
- 6.2. The Head of ICT and Digital is working with the project board representatives from across all the service areas to deliver a corporate based application support team. This will provide a centralised team for supporting the new system while also managing the service provided by Idox.

## **7. RELEVANT RISKS**

- 7.1. All project risks are captured within the Digital Programme. Once the project is complete risks will be managed through departmental risk registers and associated process.

## **8. ENGAGEMENT/CONSULTATION**

- 8.1. An issues log captures all feedback from Members and the public. The Chief Planner has also met with representatives from local groups who use the system to update them and listen to their concerns. The group advised that they would collate their issues to assist the service in responding to a group rather than individuals.

## **9. EQUALITY IMPLICATIONS**

- 9.1. There are no direct equality implications arising as a direct result of this report.

## **10. ENVIRONMENT AND CLIMATE IMPLICATIONS**

- 10.1. There are no direct environment or climate implications as a direct result of this report.

## **11. COMMUNITY WEALTH IMPLICATIONS**

- 11.1. An effective public portal for planning, building control and the regulatory service is beneficial to residents, through helping to ensure effective businesses and supporting investment into the local economy.

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## **APPENDICES**

Appendix 1 – Idox Cloud Issues Log

The information contained within the appendix of this report may not be suitable to view for people with disabilities, users of assistive technology or mobile phone devices. Please contact [petermoulton@wirral.gov.uk](mailto:petermoulton@wirral.gov.uk) if you would like this document in an accessible format.

## **BACKGROUND PAPERS**

Digital Programme Risk Register  
Meeting minutes from meetings with Idox  
Regulatory Service Tender Document

## **TERMS OF REFERENCE**

This report is being considered by the **Audit and Risk Management** Committee in accordance with **Section C** of its Terms of Reference, "**Risk Management and Control**".

**SUBJECT HISTORY (last 3 years)**

<b>Council Meeting</b>	<b>Date</b>

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By virtue of paragraph(s) 1 of Part 1 of Schedule 12A of the Local Government Act 1972.

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