

Public Document Pack



www.sefton.gov.uk

Town Hall
Trinity Road
Bootle
L20 7AE

Date: 30 August 2023

Contact: Amy Dyson
Contact Number: 0151 934 2045
e-mail: amy.dyson@sefton.gov.uk

Dear Councillor,

AUDIT AND GOVERNANCE COMMITTEE - WEDNESDAY 6TH SEPTEMBER, 2023

I refer to the agenda for the above meeting and now enclose the following report(s) which were unavailable when the agenda was published.

Agenda No.	Item
4	Corporate Risk Management (Pages 3 - 44) Report of the Executive Director of Corporate Resources and Customer Services
8	Annual Report and Opinion of the Chief Internal Auditor (Pages 45 - 84) Report of the Executive Director of Corporate Resources and Customer Services
9	Risk and Audit Performance (Pages 85 - 132) Report of the Executive Director of Corporate Resources and Customer Services

Yours faithfully,

Amy Dyson

Democratic Services

This page is intentionally left blank

Agenda Item 4

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 6 September 2023
Subject:	Corporate Risk Management		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The Corporate Risk Register is presented to each meeting of the Audit and Governance Committee. Since the last Committee meeting in July 2023, the Corporate Risk Register has been reviewed and updated.

The ownership of the content of the Corporate Risk Register lies with the Strategic Leadership Board.

Four new risks have been added or escalated to the Corporate Risk Register in the current quarter. The new risks are:

- Failure to comply with sections 1 and 10 of the Freedom of Information Act
- Education service not being able to meet statutory compliance at an acceptable level.
- Failure to ensure readiness for the planned National Assurance framework for Adult Social Care (due 23/24).
- Adults Social Care contracted rates are no longer sufficient to secure placements.

During the current consultation, two risks were identified for de-escalation after rescoring and moved to the relevant Service Risk Registers.

- Data breach resulting in the wrongful release of personal and/or sensitive information.
- Failure to mitigate impact of Covid-19 on recovery and impact of cost of living crisis for the Sefton economy.

A presentation on one of the risks from the Corporate Risk Register will be provided to Members at the September meeting.

There are other on-going initiatives to embed risk management within the Council including Assurance Mapping and implementing the three lines model.

Agenda Item 4

Recommendation(s):

(1) Consider the updated Corporate Risk Register, noting the nature of the major risks facing the Council, and the controls and planned actions in place to mitigate these risks.

(2) Note the progress on the embedding of risk management within the Council.

Reasons for the Recommendation(s):

A robust system of risk management will assist the Council in meeting its identified objectives.

Alternative Options Considered and Rejected: (including any Risk Implications)

None.

What will it cost and how will it be financed?

(A) Revenue Costs - There are no direct financial implications arising from this report. However, the Council benefits from the work of the section in reducing the impact and likelihood (and so the cost) of risk.

(B) Capital Costs - There are no direct capital costs arising from the report.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):

There are no direct resource implications.

Legal Implications:

There are no legal implications.

Equality Implications:

There are no equality implications.

Impact on Children and Young People: Yes

There are a number of Children Services related risks in the Corporate Risk Register. There are no direct implications as the existing controls and further actions are a summary of what has already been agreed. Where risks are managed effectively the achievement of the Council's objectives in this case for Children's Services will more likely be achieved.

Climate Emergency Implications:

The recommendations within this report will

Have a positive impact	Yes
Have a neutral impact	No
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

The report provides a summary of the risks identified and managed that will impact on the delivery of the Council's purpose. The Corporate Risk Register includes a Climate Change Emergency risk with actions to mitigate its impact and likelihood.

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Positive.
Facilitate confident and resilient communities: Positive.
Commission, broker and provide core services: Positive.
Place – leadership and influencer: Positive
Drivers of change and reform: Positive
Facilitate sustainable economic prosperity: Positive.
Greater income for social investment: Positive
Cleaner Greener: Positive

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7356/23) and the Chief Legal and Democratic Officer (LD 5556/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee meeting.

Contact Officer:	David Eden
Telephone Number:	0151 934 4053
Email Address:	david.eden@sefton.gov.uk

Appendices:

- Corporate Risk Register September 2023

Background Papers:

There are no background papers available for inspection.

Agenda Item 4

1. Introduction

- 1.1 Risk Management is defined as 'systematic application of principles, approach and processes to the task of identifying and assessing the risk and the planning and implementing of risk responses.'
- 1.2 The Risk Management Strategy included in the Corporate Risk Management Handbook, which is presented to the Audit and Governance Committee on an annual basis for approval, states that:
 - 1.2.1 "Risk Management is to be an integral part of the planning and decision-making processes of the Council and that the Strategy is intended to ensure that Risk Management is embedded in the overall planning process.
 - 1.2.2 Risk management is a central part of Council's strategic management and its corporate governance. Effective risk management makes sound business sense and is a good management tool as it helps to ensure that the corporate strategic objectives, in this case Sefton 2030, are achieved. The focus of good risk management is the identification and treatment of risks that could affect the delivery of these objectives.
 - 1.2.3 Risk management should be a continuous and developing process which runs throughout the Council's activities. A systematic approach to identifying and analysing risks is an integral part of all management processes and day-to-day working, rather than a separate initiative."
- 1.3 The responsibilities for risk management within Council are detailed in the Constitution within the Financial Procedural Rules. Selected extracts include:

123 The Council's approach to Risk Management is that it should be embedded throughout the organisation at both a strategic and an operational level, through integration into existing systems and processes.

124 The Section 151 Officer develops the strategy and supporting framework on behalf of Executive Directors and Heads of Service. The Audit and Governance Committee scrutinise the risk management process ensuring the Council's risks are managed effectively.

125 Executive Directors and Heads of Service are responsible for ensuring the Risk Management Strategy is implemented and that the full risk management cycle operates within their Service.

128 Executive Directors and Heads of Service are responsible for ensuring risk management is carried out at both an operational and strategic level in accordance with the agreed guidance and procedures.

129 Executive Directors and Heads of Service will take account of, and address, corporate risks and inform the Chief Internal Auditor of any service risks that should be considered significant enough to rise to the corporate risk register level.

130 Service and operational risk registers, and associated actions, should be reviewed on a regular basis (at least quarterly) as part of the performance management process.

- 1.4 Whilst the process of risk management is routinely undertaken within the Council in a number of areas, both at a strategic level and operationally, it is recognised that there is still scope, to develop a more integrated risk management approach. This report seeks to continue the process of formalising a system of robust Corporate Risk Management and embedding this further into the organisation. The Corporate Risk Management Handbook (CRMH) outlines that there should be three tiers of risk registers in place across the organisation which are identified through the scoring of the risks:
- Corporate Risk Register (CRR)– risks scored at 16 plus and these are the key risks affecting the Council.
 - Service Risk Registers (SRR)– risks scored between eight and 15 which are owned and managed by the Head of Service.
 - Operational Risk Registers (ORR) – risks scored at seven and below which are owned and managed by Service Managers.
- 1.5 An updated CRR is presented at each meeting of this Committee for Members to consider. The ownership of the content of the Corporate Risk Register lies with the Strategic Leadership Board. The CRR has been shared with and reviewed by senior officers to ensure that the risk register reflects the most significant risks facing the Council. The completion of a risk register also demonstrates that the Council has set out an approach to mitigate the risks that have been identified. The updated CRR is set out at Appendix A, using the revised scoring approved by Members in September 2022, for noting by the Committee.
- 1.6 The SRRs are owned and should be reviewed by the (Assistant Directors (previously known as Heads of Service) on a quarterly basis and provided to the Risk and Audit team for information. The completed Service Risk Registers are used by Audit as an agenda item in the formal six-monthly meeting with the Assistant Directors and are also used for the monthly budget meetings that are held by Finance with the Service Management teams.
- 1.7 The Operational Risk Registers are owned and revised by Service Managers. Members may remember that the Risk and Resilience Team assisted by the Internal Audit Team completed an exercise in 2018/19 to fully implement this tier of risk registers across the organisation facilitating the completion of over 70 risk registers. This exercise was completed in March 2019. The Risk and Resilience Team, assisted by the Internal Audit Team, work with the individual teams to facilitate regular reviews of the risk registers which will help to embed risk management at the centre of the Council's activities.

2. Key Developments

2.1 External operating environment

- 2.1.1 The external operating environment has continued to evolve over the past quarter building on a number of significant external events occurring in the previous 12 months. These events can affect existing risks by potentially increasing the

Agenda Item 4

impact and/or likelihood as well as create new risks which could potentially detrimentally impact on the achievement of the Council's strategic objectives.

2.1.2 Some of the events that have occurred and still impacting include.

- UK inflation although falling is substantially greater than originally planned impacting on organisations and individuals.
- Combination of significantly higher than planned inflation, food cost inflation and increased energy costs leading to a cost of living impact to households.
- Supply chain issues continuing post Covid-19 and complicated by Ukraine invasion.
- Bank of England interest rate increases raising bank lending interest rates higher than originally perceived and potentially at a faster rate.
- Heightened cyber security risks remaining following invasion of Ukraine.

These risks are now reflected in the narrative and scoring of the Corporate Risk Register.

2.2 Corporate Risk Register (CRR)

2.2.1 Since the July 2023 update to the Audit and Governance Committee, the CRR has been reviewed and updated. The main changes include:

2.2.2 Four new risks have been added or escalated to the Corporate Risk Register in the current quarter. The new risks are.

- Failure to comply with sections 1 and 10 of the Freedom of Information Act
- Education service not being able to meet statutory compliance at an acceptable level.
- Failure to ensure readiness for the planned National Assurance framework for Adult Social Care (due 23/24).
- Adults Social Care contracted rates are no longer sufficient to secure placements.

2.2.3 During the current consultation, two risks were identified for de-escalation after rescoring and moved to the relevant Service Risk Register.

- Data breach resulting in the wrongful release of personal and/or sensitive information.
- Failure to mitigate impact of Covid-19 on recovery and impact of cost of living crisis for the Sefton economy.

2.2.4 There have been several changes to the narrative within the CRR. Suggestions have been made by the Risk and Resilience Team to SLB on

- the nature of some risk scores,
- the ownership of the risks,
- the updating of actions,
- the current number of strategic risks and
- the potential consolidation of some risks.

2.3 Service Risk Register (SRR)

- 2.3.1 The March 2021 update highlighted that the position on the completion of the quarterly updates on the SRRs, in line with the requirements detailed in the Corporate Risk Handbook, would be provided to the Committee indicating how many had been updated and shared with the Risk and Resilience Team on a rolling 12-month basis. A copy of the SRR from each Service Area is requested at the same time updates for the Corporate Risk Register are requested from members of Strategic Leadership Board. The following provides details of the outcome of the SRR response for a rolling five quarters.
- 2.3.2 A total of eight (80%) SRRs have been provided for Q2 2022/23.
- 2.3.3 A total of eight (80%) SRRs have been provided for Q3 2022/23.
- 2.3.4 A total of ten (100%) SRRs have been provided for Q4 2022/23.
- 2.3.5 A total of eight (80%) SRRs have been provided for Q1 2023/24.
- 2.3.6 A total of nine (90%) SRRs have been provided for Q2 2023/24
- 2.3.7 There has been an improvement in the responses from Service areas for their SRRs this quarter. The above findings indicate that the completion of the SRRs, in line with the Corporate Risk Handbook has generally improved over the past four quarters compared to previous analysis however consistent completion on time remains key to ensuring that there is an effective risk management system within the Council.
- 2.3.8 Focus on work during the next quarter will be on ensuring that the SRRs are updated taking into consideration the risks within the Operational Risk Registers as well as ensuring that there is a 100% response to the quarterly request for an SRR. We are going to be looking qualitatively at the SRRs and provide feedback to the risk owners.

2.4 Operational Risk Registers (ORR)

- 2.4.1 The Risk and Resilience team continue to work with Service Managers and Assistant Directors from selected service areas to ensure the escalation process for risk is fully embedded and relevant risks are escalating from ORR to SRR and SRR to CRR where appropriate. It is noted that the escalation process does not appear to be embedded in every Service Area and in some cases SRRs appear to be completed without consideration of ORR content. Some ORRs are not being updated regularly in line with guidance and there are some outliers where ORRs are not routinely in place and we are continuing to work with Teams to facilitate their completion.

2.5 Proposed actions from June 2021

- 2.5.1 In order to address the issues identified with the embedding of risk management in June 2021, all Assistant Directors were engaged, and the following actions identified and agreed to improve how risk management is embedded within the

Agenda Item 4

organisation. As previously reported a number of key actions have been completed with the exception of the following:

- 2.5.2 It is important that to properly embed risk management that risk is an agenda item on the Departmental Management Team in each of the Service Areas on at least a quarterly basis. *Guidance has been provided previously to Assistant Directors on the proposed agenda item and testing of agenda and minutes was undertaken in January 2023. The testing confirmed that all but one Service Area had an agenda item on risk every quarter. Testing in June 2023 has confirmed a similar picture with all but one Service Area holding at least one formal agenda item each quarter on risk. Testing will take place later in the financial year.*
- 2.5.3 The sharing of the SRR with the relevant Cabinet Member will take place on a quarterly basis. Assistant Directors were requested to provide evidence in March 2022 that in the last quarters evidence was provided that the SRR had been shared with the relevant Cabinet Member. *Testing in April/ May 2022 as previously reported to the June 2022 Committee update, noted that there had been progress although it was not a consistent picture across all of the Service areas. Testing in June 2023 has confirmed that all but one Service Area has shared their SRR with the relevant Cabinet Member. Testing will take place later in the financial year.*
- 2.5.4 An e-learning package on risk management is to be launched across the Council during the next 12 months. *We had engaged a risk management provider to the Council, through the external Insurance Programme, to develop e-learning training content on risk management which was completed by end of November 2021. The e-learning content had been received and it was identified further enhancements were required to ensure that it was tailored for the right audience. We have refined the content and the first part of the e-learning training was finished by the end of June 2022. We have road tested the contents with colleagues and are currently working with Learning and Development colleagues from November 2022 and it was envisaged to transfer the content to the e-learning library before wider rollout to Members and colleagues from October 2023. There are some further tweaks issues with the content to make it suitable.*

2.6 Risk Appetite

- 2.6.1 Following the approval of the Council Risk Appetite Framework in March 2023 the Team has designed training for the Departmental Management Team members, in each Service Area, who normally completed the Committee papers. This training has been rolled out over the summer and is likely to conclude in September 2023. The Chief Internal Auditor is liaising with the Chief Monitoring Officer on revising the format of Committee paper header to include risk appetite before it can be launched formally across the organisation.

2.7 Next steps

- 2.7.1 Following on from the approval of the Sefton Assurance framework is the consideration of implementing the three lines of defence model which outlines Internal Audit's role in assuring the effective management of risk, and the importance for delivering this of its position and function in the corporate governance. By mapping out the assurance activities from the various three lines

of defence on each of the Corporate Risks this should provide better “comfort” to Members and Senior Officers that key risks are being managed effectively. A draft version has been developed and it is envisaged that the final version will be provided in December 2023.

- 2.7.2 The implementation of the three lines model will inevitably require some cultural change in the organisation as there will be the expectation that managers in the 2nd line of defence such as Health and Safety, Finance and Procurement amongst many have responsibility for their systems/policies should undertake active monitoring to determine if their policies/ procedures are embedded within the organisation.
- 2.7.3 The Internal Audit Team have been undertaking Assurance Mapping for the past 12 months pulling together mainly external and, in some cases, internal sources of assurance that is used to help shape the draft internal audit plan and inform the Annual Chief Internal Auditor’s Opinion. Work will continue to take place to refine the approach including drafting an Assurance Map for the Corporate Risk Register.

3. Summary of the current position

- 3.1 Substantial work has been undertaken to attempt to embed risk management across the Council over the past six years through designing a risk framework, providing training, and facilitating the Service and Operational Risk Registers using resources across the Risk and Audit Team. Recent work has been drafting the Sefton Assurance Framework and undertaking Assurance Mapping to inform the Annual Chief Internal Auditor’s Opinion and the Annual Internal Audit Plan.
- 3.2 There is clear evidence of engagement by the leadership team in terms of regularly reviewing the CRR. To demonstrate that risk management is embedded at this level engagement should be universal and consistent over time as highlighted in the update. Improvements required include the consistent regular updating of SRRs, considering the outcome of the ORR’s when looking at SRR and sharing the SRR with the relevant Cabinet Member and the Risk team when requested.
- 3.3 There has been an improvement in the updating of SRRs over the past 12 months although it is not fully embedded. ORRs remain an area to be improved across the Council and we are continuing to work with teams to facilitate this across the organisation.
- 3.4 The implementation of the Council’s risk appetite, will help to further embed risk management within the Council and should improve corporate decision making.
- 3.5 There is further work planned to improve risk management within the organisation through the adoption of Three Lines of Defence model and the Assurance Mapping of key risks.

4. Presentation to the Audit and Governance Committee Meeting

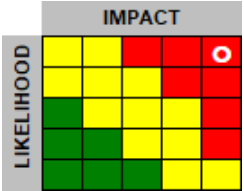

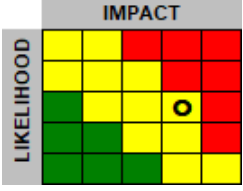
- 4.1 At the Audit and Governance Committee in December 2019 it was agreed that for each meeting a short presentation would be made by a risk owner on one of the

Agenda Item 4

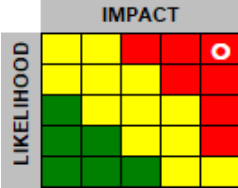
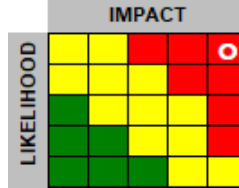
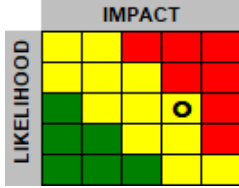
risks from the Corporate Risk Register. The briefing, in line with good practice on risk management, should be on the background to the key risk, the current controls and the actions to mitigate the risk further.

- 4.2 A presentation will be provided to Members at the September 2023 meeting on one of the risks from the CRR.

Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Financial sustainability beyond 2022/23			
Causes	<ul style="list-style-type: none"> The national economy, taking into account inflation and direct government funding which has been reflected in the financial settlement for 2023/24 and planning assumptions for 2024/25 and the demand for services will place substantial strain on the Council's overall medium-term budget. As a result, significant budget and cost reductions will be required. Due to the scale of budget reductions made since 2010 there is a risk that further suitable cost-saving / income generating measures will be difficult to identify. The impact on the financial sustainability of the Council is therefore a key risk. 		
Result	<ul style="list-style-type: none"> The Council will need to identify substantial sustainable savings to meet the funding gap that arises from inflation, potential government grant reductions and increased demand for services for the next 3 year period 2024/25 to 2026/27. The Budget reductions could have an adverse impact on residents and communities. The reputation of the Council may be compromised. Financial sustainability could be compromised. 		
Current treatment and controls	<ul style="list-style-type: none"> The council set a budget for 2023/24 at its meeting on 2 March 2023. Substantial investment has been made into ASC, CSC, and home to school transport as part of this and this is where the financial risk exists- robust financial management and monitoring will be required for the delivery of the approved budget. If there are any variations to the approved budget remedial plans will need to be put in place from within the already approved budget. The council does have an appropriate level of general fund reserves however these do not offer the scope to address a budget gap similar to that experienced in 2022/23 indeed there is no scope to support an overspend from reserves. Within that budget report the key issues that need to be addressed within the next MTFP are identified and work will commence from May 23 on refining these assumptions and the potential budget gap for these next 3 years 2024/25 to 2026/27- work will commence on bridging this gap as part of the next budget planning timetable and will be reported to Members. This is key to the financial sustainability of the council with the key risk remaining being Children's Services. This has been mitigated for 23/24 by all budget assumptions having been agreed with the DCS which ensured that the MTFP for the council was aligned to the improvement plan and provided the service with the resources required to meet this plan, but it is clear that this risk remains. 		
Risk owner	Executive Director Corporate Resources & Customer Services		
Proposed actions	<ul style="list-style-type: none"> Key financial risk for 2023/24 is delivery of savings and Children's Social Care delivering services within budget agreed with DCS - regular and rigorous financial management, monitoring and reporting is required by SLB. SLB have commenced work on the 3 year budget plan for 2024/25 to 2026/27 and an updated MTFP will be presented to cabinet in September 2023 		

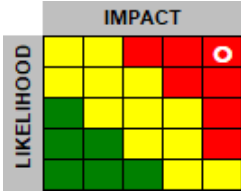
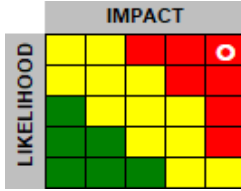
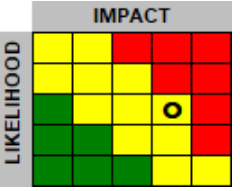
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Dedicated Schools Grant High Needs Funding for Special Educational Needs is inadequate to meet requirements.</p>			
<p>Causes</p>	<ul style="list-style-type: none"> • High Needs budgets are under considerable pressure from increasing numbers of children being diagnosed with complex and life-long SEND related issues. • National funding allocations are not increasing annually at a rate to reflect increases in local population demand and so any additional commissioned places need to be financed from within existing budget envelope. • The number and value of requests from mainstream schools for "top-up" funding (for children with SEND) continues to increase year on year as schools face financial pressures to meet the first £6k of any SEN Support. • Maintained special school provision is full and more children are being placed in independent provision which is more expensive. Whilst this issue is being addressed through extra In-house provision, there remain risks that external placements may continue at high additional cost. • Central Government have advocated parental preference for SEND provision - which has added to the number of children being placed in independent provision - with no additional funding. • The current accounting override whereby the HNF deficit is ringfenced will continue until April 2026, but the increasing accumulative deficit poses a significant financial risk to the council 		
<p>Result</p>	<ul style="list-style-type: none"> • Sefton's High Needs cumulative budget deficit is £18m at the end of 22/23. • The estimated deficit on the high needs block continues to be held on the Council's Balance Sheet. Whilst the current DfE regulations do not expect the Local Authority's General Fund to cover accumulated deficits, this is still only on a temporary basis until 2026. The council does not have the reserves or balances to meet this deficit if required in 2026 hence the threat to financial sustainability. • This is a significant risk to the council and quarterly monitoring statements will continue to be reported to cabinet throughout the 2023/24 financial year. 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> • The quarterly reporting to Cabinet and Council should focus on the work program that seeks to improve the support to children, the demand for the service and the financial forecast- it should also take full account of the progress in the DFEE led Delivering Better Value Programme. • Leadership from Sefton's Executive Director of Children's Social Care and Education, Assistant Head of Education, and the SEN team Managers on how costs can be contained. • Sufficiency statement produced that will drive future strategy and financial sustainability. • Lobbying and engagement of DLUHC, DfE and MCCLG on financial impact and the need for increased support or confirmation that this will continue to be a DSG issue post 2026. • Engagement with special schools actively working with individual schools to review impact of any proposed changes to their funding, reviewing three-year financial plans, identifying any strategic savings to mitigate high calls on DSG High Needs funding. 		

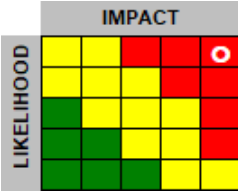
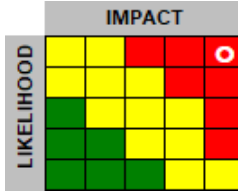
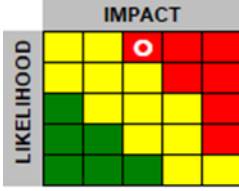
Appendix A Corporate Risk Register September 2023

	<ul style="list-style-type: none"> • Review of place and top up levels of funding. • In addition, further work is being undertaken on alleviating the barriers to inclusivity within mainstream settings and assessment of effectiveness of capital spend to maximise mainstream settings for children and young people. • Council now part of DfE Delivering Better Value Program-it should be noted however that this is focused on the system and not on delivering financial sustainability therefore the council cannot rely on this programme to meet its key financial objective. • Comprehensive quarterly reports to be presented to Cabinet and Council on sufficiency, in house provision, funding and deficit to provide rigor, transparency and inform decision making
Risk owner	Assistant Director Children's Services (Education)
Proposed actions	<ul style="list-style-type: none"> • Through the High Needs Review the LA has been working on two specific workstreams with School representatives working on a number of key areas: • Developing a new funding model to support children with EHCPs. • Clarifying high needs funding outside of the EHCP process. • Reviewing provision and placement sufficiency. • Considering new ways of working with SEN children in schools, making them more cost effective and with good outcomes. • Review of the graduated response and supporting SEN leadership in schools. • Sefton has been working in partnership with the DfE since December 2022 to develop solutions to bring the High Needs Budget into a more financially secure position going forward and help to reduce the accumulated deficit over a set period. • The sign off of the High Needs Deficit action plan through the Delivering Better Value Programme is expected in June 2023 and then a work programme of planned improvements and changes in SEN support for HN children will commence in September 2023 which should reduce projected deficit but also improve outcome for SEN children in Sefton

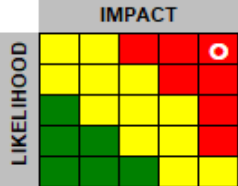
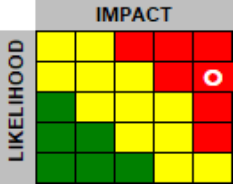
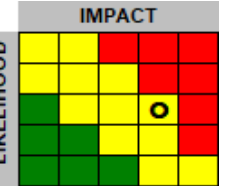
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Financial sustainability beyond 2022/23			
Causes	The Council has a wholly owned Housing Development Company- due to the prevailing economic conditions at present, there is a risk that the value and timing of the dividend from phase 1 maybe the subject of change and the timing of the capital receipt is later than previously forecast.		
Result	Due to the national economic conditions at present, there is a risk that housing completions (driven by interest rates and potential inflation) will reduce from current levels. This could result in a delay to the completion of Phase 1 of company activity. This delay could reduce the dividend and it's timing together with the timing of the capital receipts and debt repayment due to the Council.		
Current treatment and controls	<ul style="list-style-type: none"> The Council, in December 2022, received a detailed update report on all aspects of the Company's activities including building programmes, grant funding and financial implications. This report including changes to timing of dividend and timing and value of receipt was approved by members. A further update report is to be presented to Cabinet as shareholder at the September meeting. Within that report members will be provided with a comprehensive update on the business plan and financial projections that reflect the latest estimates on the build, completion and sales programme and the current risks driven by the national economic picture, especially rising interest rates and recession. The report will focus on the progress on the first 2 sites for which sales are progressing and the 3rd site for which construction has yet to commence. The Company will utilise the Council's internal audit team to undertake an annual work programme. An update on governance arrangements for the company was approved by Cabinet in July 2022 An annual report was presented to Overview and Scrutiny management board in November 2022 and was then considered by the service O&S meeting in January 2023 A self-assessment against the local partnership's guidance re management of wholly owned companies is currently underway by the Council's monitoring officer 		
Risk owner	AD Economic Growth and Housing		
Proposed actions.	<ul style="list-style-type: none"> Due to prevailing market conditions and the volatility that exists, the housing market is currently seeing substantial change within it- this includes the cost of construction, house prices and the cost of mortgages, all of which could impact sales, completions, and the performance of the phase 1 business plan. These risks will need to be managed by the company but as a number of these are outside of its control, close working with the Council will be required to inform effective decision making that protects the Council's financial interests and supports the original objectives of the company. The governance arrangements and current controls will be continually updated - there is a lot of coverage nationally in respect of the management of wholly owned companies and as the guidance and best practice is updated on how these should be governed and managed is published, this will be taken into account by the Council. 		

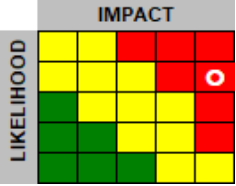
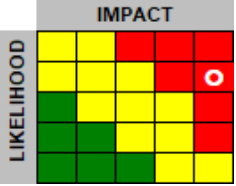
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
The Council is the victim of a cyber-attack.			
Causes	Malware, ransomware, or another virus infects the Council's systems.		
Result	<ul style="list-style-type: none"> • Services will not have access to systems and data as standard and will have to fall back on non-ICT delivery methods, albeit without access to key data. • Data breach occurs. • Financial impact of ransom. • Reputational damage 		
Current treatment and controls	<ul style="list-style-type: none"> • Cyberattack prevention measures are in place, including. <ul style="list-style-type: none"> ○ - Upgraded Council firewalls and active SIEM monitoring service. ○ - Anti malware tools ○ - New Acceptable use policy ○ - LGA Stock take completed ○ - PSN Accreditation achieved and reviewed annually ○ - New security standards for email encryption implemented ○ - Further network security in place to reduce risk • Back-up disaster recovery facility is in place at a separate site, allowing Agilisys to restore the top 20 critical systems. • Agilisys has a Business Continuity-Disaster Recovery plan in place which covers an action plan for this priority restoration, and the subsequent restoration of all other systems. • Ongoing monitoring in in place via ICT governance arrangements • Windows Defender anti-virus software is constantly updated alongside ESET also deployed. • Communication to employees regarding the rise in malware attacks is in place, with an enhanced training offer in place. • Review of Cyber Incident planning completed and revised policy released. • Removal of unsupported systems from the network and segregation in place as required 		
Risk owner	ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> • The ongoing ICT Transformation programme has seen most systems and data migrated to Microsoft Azure cloud hosting, which will reduce the overall risk; and improve Business continuity however further work is underway to improve the current security posture further. • Ongoing Cyber Security Improvement plan in place, including plans to bring all systems in the support of the existing ICT Contract • External validation and assurance ongoing linked to improvement plan. 		

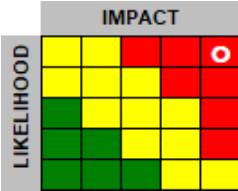
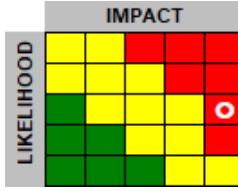
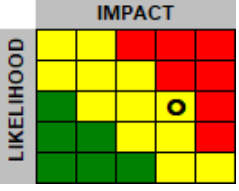
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to adequately invest in the Highway network and associated assets.</p>			
Causes	<p>Inadequate funding to meet need; budget reductions; inflationary cost pressures; insufficient internal staffing resource; insufficient market capacity, contractor availability and contractor capacity; insufficient availability of materials and/or labour; delayed lead-in times for materials or services; rising prices for services, materials, and equipment.</p>		
Result	<ul style="list-style-type: none"> • Deterioration of highway assets • Potential increase in claims • Financial and reputational risks • Potential increase in accidents resulting in injury and/or death. • Reduction in amount of work able to be done within budget 		
Current treatment and controls	<ul style="list-style-type: none"> • Essential work is prioritised within available budget. Regular inspections of most assets to monitor and guide prioritisation of works to mitigate risk. • Regular updates provided to Cabinet Member. • Preventive surface treatments used to prolong the life of the network and to treat more of it than if more long-term maintenance solutions were used (i.e., resurfacing) • Increased Capital funding received through City Region Sustainable Transport Settlement (CRSTS) for 2022-24. Will require additional staffing resource to deliver. 		
Risk owner	<p>Assistant Director Highways & Public Protection</p>		
Proposed actions	<ul style="list-style-type: none"> • Actively pursue opportunities for additional external funding via LCRCA and others to maintain and improve network. • Work with Contractors and suppliers to manage risk, mitigate for price rises, material, and labour shortages, and manage supply chain. • Undertake recruitment to vacant posts; create and recruit to additional posts and/or commissions where funding available to do so. • Further refine and strengthen project planning, delivery, and governance measures 		

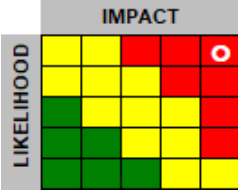
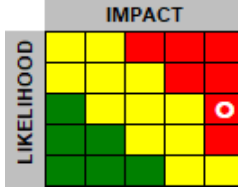
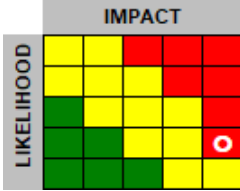
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Condition of Assets			TBC
Causes	<ul style="list-style-type: none"> The council like all local authorities has a mix of assets with each asset being in different condition based on age, use etc. The maintenance of these assets continues to be a challenge due to the size of the estate and the investment required to maintain it. Significant maintenance backlog due to insufficient local government funding being available through providing limited opportunity to invest. 		
Result	<ul style="list-style-type: none"> With insufficient funding being available to the council to provide the right investment or use approved resources in the right areas can lead to Health and Safety risk or injury to staff and public if the statutory requirements are not fulfilled. Component or Systems failure Building closures 		
Current treatment and controls	<p>A delivery team is in place with a percentage of Capital investment funding secured to deliver an initial phase (1) of works. This phase 1 of works is being developed/delivered. Wider essential maintenance Capital investment funding and work requirements have also been identified with approval of funding pending. Once approval of funding is approved then further development of phases/works can take place.</p>		
Risk owner	ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> Whilst a percentage of works are in train, the risk remains high due to the significant work required and the capacity and funding that is available - further funding as identified in the MTFP is required to allow the ability to develop and deliver further phases of works. The approval of this future year's funding is pending. 		

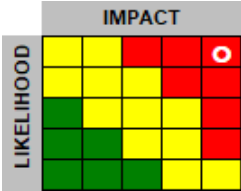
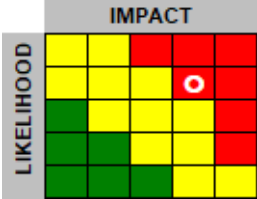
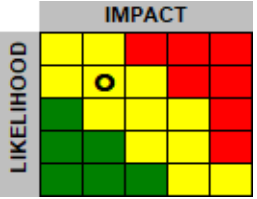
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Impact of Cost-of-Living Crisis on Residents and Demand for Council Services			
Causes	As residents become more vulnerable there is an increased demand for Council services - this increases pressure on teams and available resources.		
Result	<p>Increased demand will create:</p> <ul style="list-style-type: none"> • Increased waiting time for some services • Issues around the capacity of the workforce to meet this demand. • Budget pressure that cannot be contained • The requirement for the Council to administer central government support to residents in a tight timescale. • Community cohesion will be compromised. 		
Current treatment and controls	<ul style="list-style-type: none"> • Continual review of impact of cost-of-living crisis will be made based on demand for services, feedback from ward Councillors and performance information- this will lead to an agreed response with cabinet both in terms of direct support and impact on financial sustainability. • In the event that the council is asked to administer support to residents, the resource requirement will be evaluated and will be supported by new burdens funding and cabinet will be engaged on the most effective and efficient manner of providing that support. • A specific Child Poverty Strategy was approved by Cabinet in Oct 2022, and this was launched in December 2022 with partners and stakeholders. • The Cabinet has considered regular reports on Cost of Living and the Health and Well Being Board has requested the matter be a standing item on the Board agenda going forward. 		
Risk owner	All Assistant Directors		
Proposed actions	The council will continue to lobby central government for support for residents impacted by the cost-of-living crisis and will continue to direct resources and support to those who need it most reflecting the core purpose objective of protecting the most vulnerable.		

Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Inadequate capability to prepare for and respond effectively to a Major Incident affecting the Council or occurring in Sefton as per the Council's responsibilities under the Civil Contingencies Act 2004.</p>			
Causes	A major incident occurs affecting the Council or the Borough		
Result	<ul style="list-style-type: none"> • Loss of human life, illness, or serious injury • Major damage or destruction to infrastructure, property and/or the environment • Disruption or loss of critical services such as transport, communications, utility services • Reputational or financial harm to the authority 		
Current treatment and controls	<ul style="list-style-type: none"> • Emergency Response Manual and Major Incident Guidance in place. • Revised Command and Control structure in place which defines Strategic and Tactical level officers. • Emergency Duty Co-Ordinator's (EDCs) can access Resilience Direct containing incident response plans. • Relevant training provided to Emergency Duty Co-Ordinator's and volunteers on an ongoing basis. • Five EDCs have now completed Multi Agency Gold Incident Commander (MAGIC) accredited training. • Attendance and participation in Merseyside Resilience Forum and joint planning across Merseyside. • Humanitarian volunteers in place and regular meetings and training now offered. • Continuous development and review of supporting plans. • Service Level Business Continuity plans now completed. Business Continuity eLearning package available to all staff • Business Continuity risk register completed and review on quarterly basis. • Business Continuity Policy and strategy have been devised and approved. • BC exercise completed in January 2023 for Senior Leadership Board 		
Risk owner	CEX/ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> • A Business Continuity Management System has been devised and is currently being implemented. This includes the following: • Six monthly review of BC plans and activation exercise undertaken to confirm accuracy of contact details included. • External provider to continually provide support in hosting regular BC exercises for all Exec/Assistant Directors. • Review and update of BC manual ongoing 		

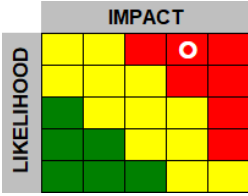
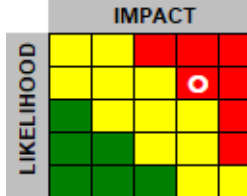
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Market failure of Social Care provision across Adult and Children's			
Causes	<ul style="list-style-type: none"> • Lack of diversity of supply in the market to provide choice and control. • Ongoing legacy of Covid-19 • Capability and capacity of the available workforce within the care home market 		
Result	<ul style="list-style-type: none"> • Lack of alternative providers able to support social care. • Poor quality service provision and high costs • Significant increase in unmet needs of service users due to a fragile market that is not developing. • Inability to meet sufficiency duty. • Increase in placing young people within Borough, by other LAs placing additional pressure on ASC markets linked to transitions 		
Current treatment and controls	<ul style="list-style-type: none"> • Market Position Statement and refresh of Children's Sufficiency strategy 22-25 allows market management. • Strengthen governance via actions and oversight of Executive Commissioning Group/Strategic Commissioning Group • Strategic Commissioning Team more permanent capacity to increase resource. • Implementation of Commissioning priorities improvement plan • Delivery of Health and Wellbeing Strategy 2020-2025 • Implementation of robust and timely Winter Planning/checklist • Ongoing review of supply chain contracts • Demand Management Programme embedded in adults and children. • Recommissioning of Local Dynamic Purchasing system for Domiciliary Care • Internal cost of care programme commenced between Strategic Commissioning and Finance - allows ASC assurance on VFM, and budgetary controls and assists provider achieve sustainable business model. • Mitigation of market failure by block purchasing arrangements to support hospital discharge. • Weekly escalation/ visibility of capacity and costs with AD, DASS and wider system • Maximising learning opportunities across C&M DASS group with key areas of focus • LGA Peer challenge completed in July 2022 Action Plan prepared December 2022 • Senior Commissioning Leadership post - Agency Consultant in place • Provider Failure Policy updated. • Cost of care exercises completed and submitted to DHSC. Outcomes used to inform fee setting 		
Risk Owner	ED ASC&H, ED CSC&E		

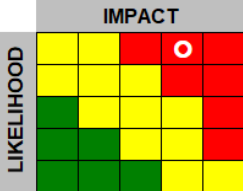
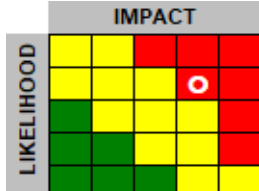
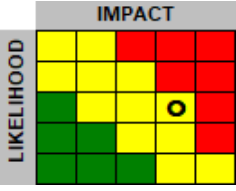
Appendix A Corporate Risk Register September 2023

Proposed actions	<ul style="list-style-type: none">• Strengthened oversight of Quality Assurance (QA) with dedicated Senior Manager support will add the ability to refocus QA resources on identified areas of Market Risk. Gather intelligence to inform risks and ensure resilience and capacity.• Continue to focus on strategic plans to current contracts to ensure Value for Money and objectives are met.• Development of new opportunities through Sefton Place Based Partnership development• Children's High Risk/High-Cost Project, Commissioning priorities and full work plan in progress with extension• Recruitment campaign developed with Market with ongoing input from Sefton at Work - Workforce Strategy now developed. 2022, and subsequent Market Sustainability Plan roll out 2023/24• Links maintained with LCR on key market risks (capacity, workforce, cost of living, ceasing of covid funding, demand)• New Procurement for Domiciliary Care to commence in March 2023 (with new framework in place from Oct 2023) - agreed at June Cabinet• Integrated commission arrangements will develop via new place arrangement. Market Sustainability Plan and Fair Cost of Care Exercise to be sent to Central Government mid Oct. National Government Market Sustainability funding applied to Dom Care and Care Homes 65+. Discharge funding now recurrent through the Better Care Fund. Work continues to mobilise a rapid reablement expansion. Linked to ND review. Work jointly with Health to develop approach to reduction of one to one request.
-------------------------	---

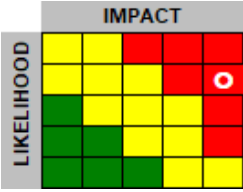
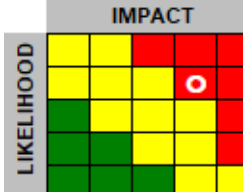
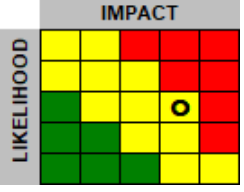
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Market Failure of Social Care Provision across Adults and Children's			TBC
Causes	<ul style="list-style-type: none"> • Lack of national response to the Independent Review of Children's Social Care and report by the Competition and Markets Authority calling for action on the children's social care market • National and regional pressures in Social Work recruitment and available workforce • Sufficiency in children's residential provision • Inflation 		
Result	<ul style="list-style-type: none"> • Lack of alternative providers able to support social care. • Poor quality service provision and high costs • Increase in unmet needs of children and young people due to a fragile market that is not developing. • Inability to meet sufficiency duty. • Growing number of children placed out of borough with more LA's placing young people within Borough, placing additional pressure on ASC markets linked to transitions. • Reliance on high cost out of borough residential provision for children and young people 		
Current treatment and controls	<ul style="list-style-type: none"> • Joint Strategic Needs Assessment and supporting Children's Chapters • Market Position Statement and refresh of Children's Sufficiency strategy 22-25 • Strengthened governance - Executive Commissioning Group/Strategic Commissioning Group • Strategic Commissioning Team - increased interim capacity. • Commissioning priorities reset and improvement plan in place. • Local Dynamic Purchasing system - approved by Cabinet. • Re-procurement framework development has now commenced, and update scheduled for Cabinet. • Strengthened oversight of Quality Assurance with dedicated Senior Manager support will add the ability to refocus quality assurance resources on identified areas of risk in the market and gather intelligence to inform risks and ensure resilience and capacity. 		
Risk owner	Executive Director of Children's Services		
Proposed actions	<ul style="list-style-type: none"> • Development of new opportunities through Sefton Place Based Partnership development. • Children's High Risk/High-Cost Project, Commissioning priorities and full work plan in progress • Recruitment for Senior Commissioning Leadership post in process • Development of contingency plans for provider failure - risk escalation process • Links maintained with LCR on key market risks (capacity, workforce, cost of living, ceasing of covid funding, demand) • Develop business case for inhouse provision of Children's residential care 		

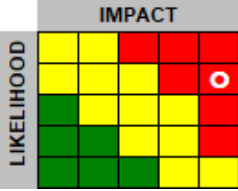
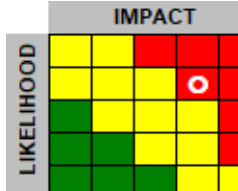
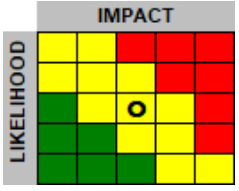
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Inflation and cost of care impact on budget availability			
Causes	<ul style="list-style-type: none"> Increasing provider costs – CPI etc. recruitment and retention challenges Increase to National Living Wage and/or pressure to meet real living wage. Increased market unit price Inflation and cost of living 		
Result	<ul style="list-style-type: none"> Overspent budget Failure to meet statutory obligations and level of need due to Provider failure. Potential increased use of non-contracted Providers to meet demand. Reputational damage 		
Current treatment and controls	<ul style="list-style-type: none"> Cost of Care exercises commissioned externally and completed in line with DHSC requirements. Market management by strategic commissioning re increased efficiencies Establishment of Local Framework Agreements to manage costs in process. Establishment of Strategic Partnerships with providers Utilisation of workforce grants to support the market. Involvement with regional forums e.g., NW ADASS Operational Commissioners Group to ensure collaborative approach, updates on key developments. Collaborative fee setting exercise ongoing- paper to cabinet May and June 2023 LGA Peer review completed July 2022 Strategic review of budget in process as part of Sector Led Improvement offer. Cost of Care Exercises completed in line with DHSC requirements. Benchmarking exercises conducted - outcomes used to inform final 2023/24 fee proposals - continuing work to agree savings targets to absorb. Use of bespoke cost of care tools to calculate costs 		
Risk owner	ED ASC&H		
Proposed actions	<ul style="list-style-type: none"> Implementation of Local Frameworks to control costs and commissioning activity (in process) Enhance pooled budget arrangements with Health in development, in line with Place arrangements. Integrated approach to commissioning further enhanced (Intermediate care, market sustainability) Transformation programme – realignment / redistribution of expenditure across service sectors to reflect actual/desired changes in demand. Care Cap reform work commenced – however nationally on hold. Winter funding utilised to support block bookings. Continued focus on provider relationships and increased brokerage team capacity also supporting this area. 		

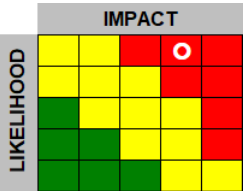
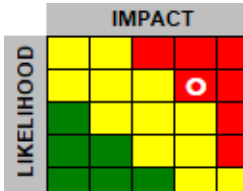
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Climate Emergency - Failure to meet the targets set out in the Council's declared climate emergency.			
Causes	The Council has declared a climate emergency with a view to becoming a net zero contributor by 2030 - the aim of this declaration is to improve the lives of residents, make the Borough a more attractive place to live and work, contribute to addressing the global impact of climate change and contribute to stopping the deterioration of the Sefton environment.		
Result	<ul style="list-style-type: none"> • Further deterioration in air quality • Extensive Coastal Erosion • Further deterioration in overall Sefton Environment • Sefton fails to support the drive to reduce carbon emissions that are having a significant impact on climate change. • Reduced life expectancy. • Reputational damage having declared an emergency and agreed a strategy and implementation plan 		
Current treatment and controls	<ul style="list-style-type: none"> • Council has declared a climate emergency. • Council has agreed the Strategy to meet this Declaration. • Initial activities all completed. • 3 year implementation plan agreed by council for 2020-2023- this first plan has been completed. • Pathway to net zero articulated in latest annual report including residual amount that maybe left and the financial support that will be required from central government for decarbonisation. • Annual Reports track progress and are reported to Cabinet and Council • Initial projects in 3 year period include- move to agile working for staff, street lighting energy scheme, decarbonation work at Bootle and Southport Town Halls and procurement of 100% renewable electricity 		
Risk owner	ED CR&CS and ED People		
Proposed actions	<ul style="list-style-type: none"> • Introduce 100% renewable electricity from April 2023 • Complete LED programme • Deliver next approved 3 year implementation plan for 2023-2026 • Identify and bid for external funding to support change initiatives as without such financial support this will compromise the council's ability to meet its target. • Work with Combined Authority on communication strategy and leverage the CA to identify external funding and align with their programme of works. • Work with the voluntary sector who have also declared a climate emergency - this will support delivery of schemes, external funding generation and community engagement for both organisations. Work on-going with Multi Agency Partnership to galvanise alignment with Partners activity in this area and influence delivery in line with Sefton's Strategy. 		

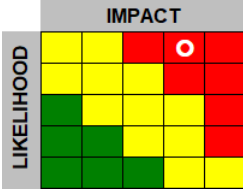
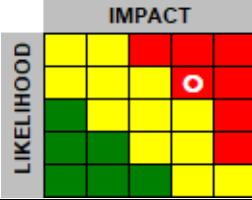
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Demand and Cost of Home to School Transport – Impact on the Financial Sustainability of the Council			
Causes	<p>Increasing expenditure is being driven by:</p> <ul style="list-style-type: none"> • The rising number of children and young people with an Education Health and care plan. • The rising number of children and young people whose needs are not met in local mainstream provision and placed in educational provision outside the local area. • The rising cost of fuel and living. • Driver and escort shortages, competing for scarce resources 		
Result	<ul style="list-style-type: none"> • Supply unable to match demand. • Increased waiting time for users, impact on school attendance • Financial and reputational risks, financial sustainability of council could be compromised, budget pressure cannot be contained. • Capacity of the workforce to meet this demand. • Potential for poor service delivery • Negative socio-economic impact • High level of media and public interest in the council's actions • Loss of reputation 		
Current treatment and controls	<ul style="list-style-type: none"> • Report to Leadership Team and Cabinet • Engagement with SEND on how demand can be contained. • Review of in-house Fleet and Post 16 Charging Policy • Monthly finance reports. • Ongoing review of all position • Personal Travel Budgets. 		
Risk owner	Assistant Director of Education Excellence		
Proposed actions	<ul style="list-style-type: none"> • Expand Personal Travel Budget program. • Explore expansion of in-house fleet • Engagement with SEND on how demand can be contained. • Review of travel solutions, focus on Post 16, out of borough, single occupancy, and personal assistants. 		

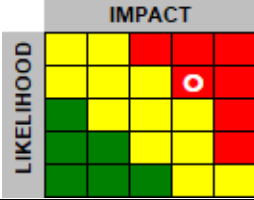
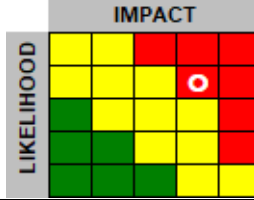
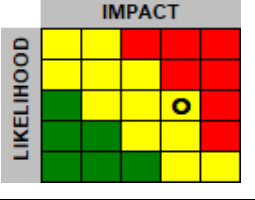
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Failure to Manage Increasing Demand for Services			TBC
Causes	<ul style="list-style-type: none"> • Lack of national response to the Independent Review of Children’s Social Care and report by the Competition and Markets Authority calling for action on the children’s social care market • Increase in the number of children needing a Social Care intervention across the spectrum of need. • Lack of common understanding of spectrum of need. • Budget pressures – inflation (cost of placements continue to increase) Cost of Living Crisis 		
Result	<ul style="list-style-type: none"> • Increased safeguarding risks. • Poor outcomes for children in Sefton • Inability to cope with demand. • Reputational damage 		
Current treatment and controls	<ul style="list-style-type: none"> • Joint Strategic Needs Assessment and supporting Children's Chapters • People Strategy and Action Plan • Sefton Stronger Together Partnership • Level of Need document shared across partnership. • Recruitment campaign for in house foster carers. • Quality Assurance Framework • Practice Standards • Monthly Senior Management Performance Management meetings • Regular audit of cases, scrutiny of data and understanding of cohort to predict future demand (needs analysis). • Greater emphasis on the right response at the right time to enable intervention more swiftly and avoid drift and delay. • Budget monitoring • Increased scrutiny on the decision to bring a child and the exploration of safe alternatives. • Social Work academy • Recruitment of permanent Social Workers from overseas (May 2023) 		
Risk owner	Executive Director of Children’s Services		
Proposed actions	<ul style="list-style-type: none"> • Transfer of Early Help into Children's Services • Embed performance culture. • Review of Safeguarding Partnership • Review of existing kinship care placements with a view to making these into SGO arrangements. • Develop channels to gain family feedback and incorporate into service delivery. 		

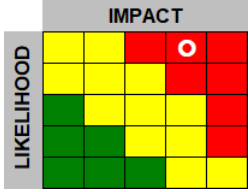
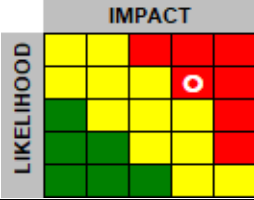
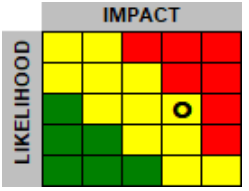
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Impact of Regulatory Framework Outcomes			TBC
Causes	<ul style="list-style-type: none"> • Increase in Monitoring – e.g., OFSTED visits and re-organisation of Children's Services (transfer of Early Help and Youth Justice teams) increases inspection frequency. • Further inspection of services under the ILAC framework 		
Result	<ul style="list-style-type: none"> • Services are found to not adequately safeguard children. • Reputational damage to the Council and Statutory partners • Loss of confidence in partnership arrangements • Workforce pressures 		
Current treatment and controls	<ul style="list-style-type: none"> • Improvement board established under DfE improvement notice. • DfE Advisor supporting Improvement Programme • Phase 1 Improvement Plan now in Phase 2 • Regular reports to Overview & Scrutiny • Self-evaluation has been refreshed and updated. • Performance dashboard development • Quality Assurance Framework • Practice Standards • Triangulation of evidence through audit and peer review, regular auditing, and monitoring of performance. 		
Risk owner	Executive Director of Children's Services		
Proposed actions	<ul style="list-style-type: none"> • Continue with Improvement Board oversight. • Scrutineer to join Improvement Board • Progress recommendations made by Children's Commissioner • Report progress and risk to Overview & Scrutiny • Develop Phase 2 of Improvement Plan • Review Quality Assurance Framework • Continue with Audit regime. 		

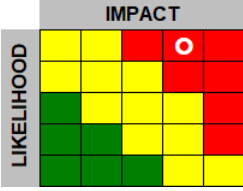
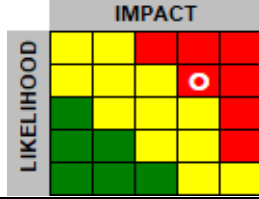
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Lack of SEND placements for Children and Young People			
Causes	Increase in request for specialist provisions. This also has an impact on the transport budget.		
Result	<ul style="list-style-type: none"> • Results in an increase in high needs deficit in funding in and out of borough / independent settings. • Significant impact on transport costs 		
Current treatment and controls	<ul style="list-style-type: none"> • Group funding opportunities in mainstream schools. • Additional RBs for reception aged children to start in September. • Sufficiency works ongoing. • Agreed action to reinstate High Needs Funding • Management scrutinises placement options and are open to creative solutions within maintained settings. • Improved working around the school approach for graduated approach to SEND across EE partnership. 		
Risk owner	Service Manager - SEND		
Proposed actions	<ul style="list-style-type: none"> • Continuation of agreed projects to generate additional resourced places. • Sufficiency report for longer term in-borough placements for next academic year. • Review and improve consultation process and challenge under SEND code of practice under reasonable steps. 		

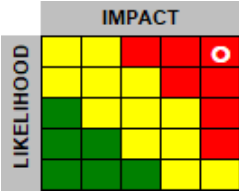
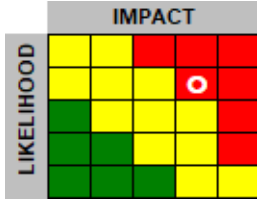
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Requirement to work collaboratively with Sefton New Directions to review delivery model, in order to meet market requirements and promote financial sustainability; identify opportunities and future risk mitigation.</p>			
<p>Causes</p>	<ul style="list-style-type: none"> Sefton New Directions (SND) was set up as a wholly owned company by the Council in 2007 as a private company. Due to the increased complexity and acuity within the social care market there is a need for the company to transform to meet demand. This is within the context of financial and workforce challenges. In 22/23 SND incurred a loss of £1m which impacted on their reserves. Further financial challenges have been identified for 23/24 (including proposed investment and further reduction in reserves) which will impact on financial sustainability hence the need to transform. SND are also impacted by wider social /economic challenges faced by all providers 		
<p>Result</p>	<ul style="list-style-type: none"> Inability to meet demand and provide the volume of support for individuals identified with eligible care and support needs. Recruitment challenges impacting on workforce capacity to deliver services. Requirement for ASC to commission alternative support leading to increased costs and budgetary pressures. Risk to financial viability and sustainability of the company 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> A strategic review of services being undertaken in collaboration with SND - including financial viability, forecasting and transformational requirements. Internal escalation arrangements and oversight of risk by Chief Executive- The council has received assurance that this position has been shared with SND Board who are fully engaged in the review. Conclusion of review is planned for end of September 23. 		
<p>Risk owner</p>	<p>Executive Director Adult Social Care and Health / NHS Place Director</p>		
<p>Proposed actions</p>	<ul style="list-style-type: none"> Update on position and planned work to be provided to Cabinet in July 23 with further detailed report to Cabinet in Autumn outlining findings of strategic review and proposed options for consideration. 		

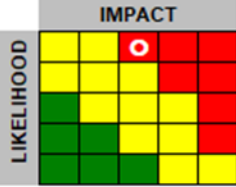
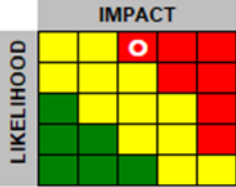
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Education service not being able to meet statutory compliance at an acceptable level.			TBC
Causes	<ul style="list-style-type: none"> Increasingly high levels of EHCP assessment requests leading to high levels of EHCPs. Coupled with the current staffing this is also leading to the impact on the ability to review outcomes and impact of EHCPs. Current staffing levels are insufficient to meet the increasing demand. The interim service manager has left, and it has not been possible to recruit a permanent manager. 		
Result	<ul style="list-style-type: none"> Service is unable to meet statutory duties. High caseloads impacting on staff welfare and risk of absence. Impact on communication process/ QA. Poor outcomes for children/young people and their families. Increased complaints, service reputation and risk of financial compensation. Significant risk of adverse outcome from Ofsted SEND Inspection 		
Current treatment and controls	<ul style="list-style-type: none"> Regular supervision is ongoing to support staff. Service Manager for Inclusion covering SEND while long term management solution found. Agreement to make 3 fixed term positions staff permanent and fill vacancies. Back log of assessments still in place and statutory compliance still under national average. 		
Risk owner	Service Manager for Inclusion		
Proposed actions	<ul style="list-style-type: none"> Review of Children's Services Budgets to find funding required to support additional staffing elements required for service including new management structure with capacity to deliver on strategic and operational priorities. Risk management of cases in overdue category - focus on reduction of cases and increasing compliance with timeliness 		

Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
ASC contracted rates are no longer sufficient to secure placements			TBC
Causes	Care homes are charging increasing top up fees for placements in response to their increasing costs		
Result	<ul style="list-style-type: none"> Additional pressures on ASC budget was £1.5m in 2023/24 		
Current treatment and controls	<ul style="list-style-type: none"> Cabinet Approval granted in May and June 2023 for 2023/24 fee increases that were higher than those originally proposed. 		
Risk owner	Executive Director of Adult Social Care		
Proposed actions	This is a new risk and further actions are yet to be identified.		

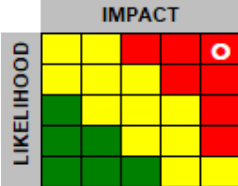
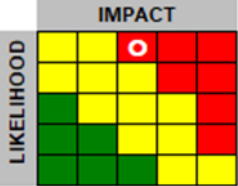
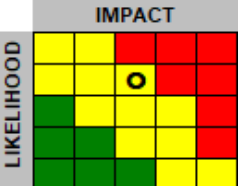
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to Comply with Sections 1 and 10 of the Freedom of Information Act 2000</p>			<p>TBC</p>
<p>Causes</p>	<ul style="list-style-type: none"> • A person requesting information from a public authority has a right, subject to exemptions, to be informed by the public authority in writing whether it holds the information, and to have that communicated to him, if the public authority holds it (section 1 of The Freedom of Information Act 2000). Section 10(1) specifies that public authorities must respond to requests within 20 working days. • A public authority which fails to comply with any of the requirements of Part I of the FOIA, may be served with a notice by the Information Commissioner (referred to as an 'enforcement notice') requiring the authority 'to take within such time as may be specified in the notice, such steps as may be so specified for complying with those requirements' (section 52(1)). • Compliance performance levels differ across the Council, due to the demands on particular service areas. Consistency is required in terms of prioritising responses to FOIA requests so that the Council ensures it responds to requests in a timely way. 		
<p>Result</p>	<ul style="list-style-type: none"> • Failure to comply with legal requirements. • Enforcement action by the Information Commissioner's Office • Damage to the Council's reputation • Loss of public confidence • Diversion of resource and financial consequences 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> • Information management and governance, including compliance with the Freedom of Information Act is overseen by the Information Management and Governance Executive Group (IMGEG), which consists of officers with lead responsibilities for key aspects of information compliance (i.e., Data Protection Officer / IG Lead, Senior Information Risk Owner, and Chief legal and Democratic officer) supported by other officers with key roles relating to IMG. • Each service is responsible for the handling and management of FOIA requests made to their respective service area. • Each service has designated Information Asset Owners and Information Asset Administrators. • Policies, procedures, processes, and issues are communicated to these officers through the Information Management and Governance Operational group. • Support, co-ordination, advice, and guidance is provided corporately. • The council has implemented policies, procedures, and processes to assist the management of FOIA requests made to the council. 		
<p>Risk owner</p>	<p>CEX/ED CR&CS</p>		

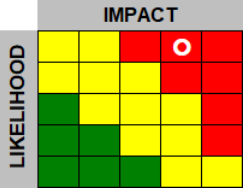
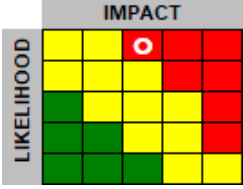
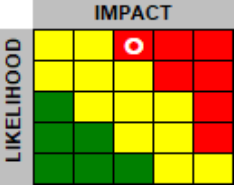
Appendix A Corporate Risk Register September 2023

Proposed actions	<p>SLB to ensure Appropriate resourcing, prioritisation and focus on information management and governance across the Council include the following:</p> <ul style="list-style-type: none">• Monthly reporting to Heads of Service of a list of any outstanding FOIA requests, to ensure appropriate action across their service.• Regular monitoring and review by IMGEG of compliance with statutory timescales associated with requests and numbers outstanding.• Set targets to ensure compliance with ICO recommendations (95% or more of requests are responded to within 20 working days = good, 90 to 95% of requests are responded to within 20 working days = adequate, fewer than 90% = unsatisfactory).• Regular reporting by IMGEG to SLB and Audit and Governance Committee, as necessary, as to the Council's compliance with the FOIA.• Maximise the opportunities from the Council's ICT Transformation to increase and embed effective information management and governance.
-------------------------	---

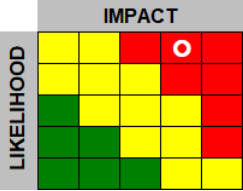
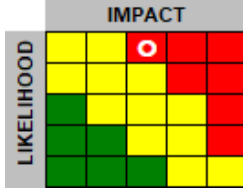
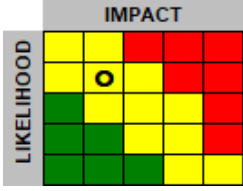
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>School debts transferring back to the Council in the event of them being forced into academy status or closing.</p>			
<p>Causes</p>	<ul style="list-style-type: none"> Schools with Licensed Deficit Budget Agreements with the Council fail an OFSTED Inspection and the Secretary of State for Education issues and Academisation Order to transfer control of the school over to Multi Academy Trust. Governing Bodies of Schools with Licensed Deficit Budget Agreements are not able to provide an action plan and assurance that the school can address its' financial concerns and become viable and so Elected Members formally agree to the closure of the school. 		
<p>Result</p>	<ul style="list-style-type: none"> There are 5 Schools who are operating under a Notice of Concern as they have an agreed licensed deficit agreement with the Council or are projected to be in a deficit balance situation in 2022/23. The overall deficit of the above establishments in 2022/23 is approx. £1.82m 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> All Schools requesting Licensed Deficit Budget agreement must provide 3-year financial plan to the Council by 30th April each year and get approval to operate under a Licensed Deficit Agreement. Along with any Licensed Deficit Budget Agreement Schools are also given a Financial Notice letter which sets out the financial framework under which the Governors and Senior Members of the school must operate while they are in deficit. Quarterly report to Sefton Council's Cabinet Member for Education on overall financial risk to the Council and performance of each school against the agreed Licensed Deficit Plans. Termly meetings with Assistant Director of Education and Finance staff with the Chair of Governors and Headteacher of each school operating under a Licensed Deficit Budget Agreement to discuss financial performance against agreed plan. Discussion of financial performance of schools at termly Schools Causing Concern meetings where educational performance is also discussed and identifies schools that could fail any upcoming OFSTED Inspection. The option for the Council to remove delegation from the school if an academy order is placed on the school and the Council has concerns regarding the overall deficit position of the school. 		
<p>Risk owner</p>	<p>Assistant Director Children's Services (Education)</p>		
<p>Proposed actions</p>	<ul style="list-style-type: none"> Continued operation of Licensed Deficit Agreements and scrutiny of school financial plans and ongoing support to Governing Bodies Meetings between the Council and the Liverpool Archdiocese to develop strategy to support several VA Schools who present a significant financial concern to the Council. Agreement from the DfE to provide the Council with additional financial support through its School Resource Management Advisory Team to review the finances of specific schools and give some external / independent advice on a school's finances. 		

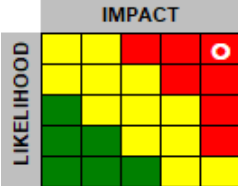
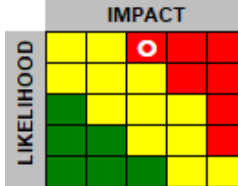
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Ability of the Council to Recruit to its Workforce in order to Deliver its Core Purpose.</p>			
Causes	<p>Due to the contraction of the labour market both nationally and locally the council cannot recruit sufficiently skilled staff to meet business need.</p>		
Result	<ul style="list-style-type: none"> The Council does not have the capacity to deliver the services it needs to at the pace or standard required. Due to the contraction in the market the council cannot recruit to key roles - over the past 12 months this has been evident in Social Care, Regeneration, Procurement, Performance, Property and Finance Such a scenario places increased pressure on the workforce that cannot be maintained over the long term. In addition to the lack of candidates in the market seeking permanent employment and a reduction in availability of temporary or agency staff, the cost of bringing in temporary cover is increasing exponentially this creating budget pressure 		
Current treatment and controls	<ul style="list-style-type: none"> The Council's approach to recruitment and retention has been and will continually be the subject of review. This is a key theme within the recently approved workforce strategy and action plan. The Council is building on the success in some areas will seek to 'grow its own' workforce with the promotion of apprenticeships, the social worker academy, and graduate programmes. The Council will seek to continually enhance its culture in order that staff remain in Sefton. The Council will work with Liverpool City Region Partners to recruit talent nationally and look at training and development programmes across the region that will be attractive to potential candidates. 		
Risk Owner	<p>ED CR&CS</p>		
Proposed Actions	<ul style="list-style-type: none"> The action plan for the workforce strategy details the key activities that will be undertaken to maximise the council's position in the workforce market. Extensive work has been undertaken within Childrens services over the last 18 months to ensure that a skilled and stable workforce can be recruited to and retained. This includes a full review of pay and benefits the development of the social worker academy and the recruitment of overseas social workers. this work will continue to support the service and similar activities and innovation will take place across the council. 		

Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
ASC - Inability to recruit required staff and retention of current workforce.			
Causes	<ul style="list-style-type: none"> • Current vacancy rate within ASC is 8% • Use of agency to fill vacancies remains constant and is at 11% • Regional/nationwide issue shortage of qualified staff • Pay and conditions not always comparable with neighbouring authorities 		
Result	<ul style="list-style-type: none"> • Increased waiting times leading to delays in responsiveness for some individuals and carers. • Risk to delivery of statutory functions • Potential to miss priority and vulnerable service users. • Potential for poor service delivery • Reduced of quality assessment • Challenges to budget should higher paid agency staff be employed. • Increase in complaints. • Poor morale and higher turnover of staff • Increased sickness absence 		
Current treatment and controls	<ul style="list-style-type: none"> • Targeted action to attract and retain key roles e.g., AMHP's, BIA's (enhancement for OOA AMHP now in place) • Wellbeing arrangements in place • Staff induction and training and induction plans reviewed. • Apprenticeship schemes, training schemes, PDRs, training plans and staff bulletin in place • Final draft of Career Progression Framework awaiting final sign off • Actions and metrics from ASC Strategic Workforce meeting • Rolling ASC Recruitment Advert • Corporate Workforce Plan approved by Cabinet. • Improvements in workforce data and use to inform actions 		
Risk Owner	<ul style="list-style-type: none"> • Assistant Director ASC 		
Proposed actions	<ul style="list-style-type: none"> • Review of existing salaries against LCR competition • Corporate Action plan to be embedded. • Paper on OT proposals to be presented to ELT. • Succession Planning to be undertaken with key teams. • LGA workshop findings presented to SMT with proposals. • Programme of staff visits by Cabinet Member and AD • Teams Talks and coproduction workshops 		

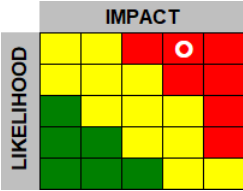
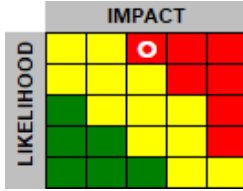
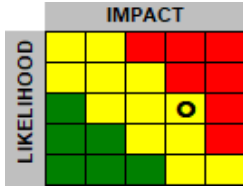
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
The Provision of Children's Social Care is not Financially Sustainable			TBC
Causes	<ul style="list-style-type: none"> • Reduction in government funding • Lack of national response to the Independent Review of Children's Social Care and report by the Competition and Markets Authority calling for action on the children's social care market • Unprecedented demand • Increased placement costs in Children's Social Care not included in Medium Term Financial Plan. • Numbers of children in care remain high. • Insufficient local provision. • Inflation - Cost of placements continue to increase. • On-going Cost of Living crisis • Commissioning capacity not sufficient to undertake effective market development. • Placements are not effectively reviewed 		
Result	<ul style="list-style-type: none"> • Impact on outcomes for children and young people • Lack of availability of suitable placements • Placements do not meet needs of children and young people. • Placements costs increase. • Quality and sufficiency of placements decreases. • Demand increases • Children placed out of borough and unregulated placements. • Budget overspend compromises service delivery in other services that need to make savings or the financial sustainability of the council 		
Current Treatment and Controls	<ul style="list-style-type: none"> • Children's Service MTFP agreed by DCS and S 151 in line with DfE Advisor recommendations. • Joint Strategic Needs Assessment and supporting Children's Chapters. • Finance Training for all budget holders delivered May 23 • 'How the council works' training delivered for senior managers June 23 • Increased leadership capacity in Children's Services. • Regular review of MTFP and budget monitoring. • Joint Commissioning Strategy. • Sufficiency Strategy • Market engagement and development including regional collaboration. • Workforce initiatives around the Social Worker Academy and overseas recruitment reduces reliance on expensive agency provision. • LCR framework to co-ordinate the commissioning of independent residential and foster placements. • Marketing campaign to increase the number of in-house placements for children and young people. 		

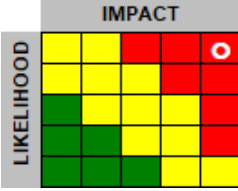
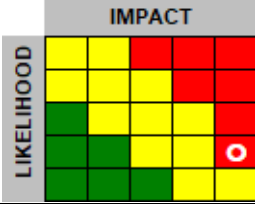
Appendix A Corporate Risk Register September 2023

	<ul style="list-style-type: none"> • Service Manager for Residential provision in post. • Fortnightly Placement Panel to monitor placement costs. • Monthly multi-agency panels to review high-cost placements
Risk Owner	<ul style="list-style-type: none"> • Executive Director Children’s Services
Proposed Actions	<ul style="list-style-type: none"> • Budget to be rightsized for 2023. • Any additional expenditure required or requested will need the formal approval of Cabinet due to the wider Council budget pressures. • Develop a Market Position Statement for approval at December Executive Commissioning Group. • Reopen existing in house provision. • Develop a business case for inhouse provision. • Continue marketing activity to recruit inhouse foster carers. • Continue to collaborate across LCR and develop market including Independent Fostering Agency Forum and Residential Care Forum (January 2023)

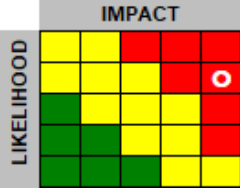
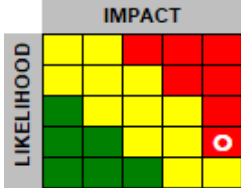
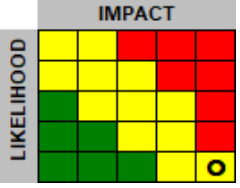
Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Failure to ensure readiness for the planned National Assurance framework for Adult Social Care (due 23/24)			
Causes	Lack of sufficient preparedness for CQC Regulatory Visit and Assessment		
Result	<ul style="list-style-type: none"> • Poor outcome of a CQC regulatory assessment and poor rating • Poor outcomes for individuals / Carers identified. • Service deemed to not be effectively discharging statutory duties for those adults with care and support needs in one or more areas of the assurance framework. • Loss of confidence with local residents • Significant reputational damage to the Council and with statutory partners. • Impact on recruitment and retention of staff 		
Current treatment and controls	<ul style="list-style-type: none"> • The Social Care Executive Assurance Board has been established for oversight of readiness and regular reporting to ELT. • Assurance Leads and Champions identified supporting each Assurance Theme in our Weekly Assurance Steering Group reviewing evidence based action plans linked to Peer Review Action Plan. • Codesign partners, workforce and colleagues' workshops taken place over May/June and July, including Strength Based Workshops for staff. Staff briefings have commenced and are ongoing, supported by a CQC Assessment Q&A approach. • ASC is member of NWADASS SLI Board and NW Performance Leads Group to receive updates regarding readiness for CQC assessment. • Performance framework and dashboard has been developed linked to national CQC Outcomes framework. • LGA Peer Review completed July 2022 and reported to Cabinet / O&S, assurance plan and monitoring put in place. • Participated in local Oldham CQC Assessment peer challenge sessions & CQC test and learn workshop – Manchester Council. • Quality Assurance Framework established - Professional Practice Forum in place for staff. • SMT and Assurance Governance review has been completed. • Resource impact reporting taking place, to identify gaps in assurance resources. 		
Risk owner	Executive Director of Adult Social Care		
Proposed actions	<ul style="list-style-type: none"> • Communication and coproduction to continue with staff, partners, and people with lived experience as per schedule. • Schedule of reporting on progress to be agreed for OS committee. • Completion of the CQC self-assessment assurance Part 1 LGA Checklist • Completion of Quality Assurance Statements for each Theme as part of Phase 2 preparations • Corporate colleagues to provide details of enabling support and risks in delivery. • Targeted action plans in place for all areas identified as requiring action 		

Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Inability to deliver the Requirements and Commitments for the Growth Program and its Associated Projects</p>			<p>TBC</p>
<p>Causes</p>	<ul style="list-style-type: none"> • Required Capital and Revenue funding not available to deliver the projects for Economic Recovery and Growth. This can be due to unavailability or timing of funds available. • External pressures affecting the construction sector, leading to challenges to project deliverability, affordability, or timescales. This includes inflationary cost pressures; insufficient market capacity, contractor availability and contractor capacity; insufficient availability of materials and/or labour; delayed lead-in times for materials or services; rising prices for services, materials, and equipment. • Insufficient internal staffing resource, hindering effective and timely delivery. 		
<p>Result</p>	<ul style="list-style-type: none"> • Increased business failure • Reputational Damage especially on projects declared already in the public domain. • Increased unemployment • Financial and reputational risks to the Council • Impact on communities. • Loss of reputation • Impact of wider economic change on residents, particularly the most vulnerable 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> • Growth Program and associated Governance and project controls. • Bid process and expertise applied to all existing and new funding opportunities. • Members approval and prioritization of existing and new projects. • Constant and consistent evaluation and use of Growth Budget. • Opportunities in respect to Capital receipts from asset disposal. 		
<p>Risk owner</p>	<p>ED Place and Assistant Director of Place (Economic Growth and Housing)</p>		
<p>Proposed actions</p>	<ul style="list-style-type: none"> • Immediate review of the Government White Paper on Levelling Up to ensure timely advantage taken of any funding opportunity. • Actively pursue all additional funding available in timely and at the earliest opportunity. • Create and make available Bid Team focused on and challenged with successful bids. • Establish Project Review forums and reporting mechanisms for early visibility of reporting of project progress and any emerging issues - on a project-specific and programme-wide basis. • Proactive external engagement with construction sector and key partners (e.g., LCR CA) to ensure visibility and understanding of risks to the sector and potential mitigants. • Develop and implement procurement strategy to ensure sustained competition, robustness of process and suitable partners for project delivery – currently being actioned. • Further refine and strengthen capital project planning, delivery, and governance measures 		

Appendix A Corporate Risk Register September 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to adequately maximise the benefits of digital growth to the local community and businesses.</p>			
Causes	Budget reductions, inadequate funding levels and capacity to meet needs of strategy.		
Result	<ul style="list-style-type: none"> Digital and technology is a key enabler within multiple workstreams of the authority and its transformation programs as well as being recognised as an enabler of economic growth. Non-delivery across digital workstreams would impact on key workstreams and economic growth. 		
Current treatment and controls	<ul style="list-style-type: none"> New and emerging challenges around digital infrastructure, inequalities and exclusion, and skills and training are addressed but a whole council approach is required to meet future challenges. 		
Risk owner	ED People		
Proposed actions	<ul style="list-style-type: none"> Key workstreams have been developed around infrastructure (linked to LCR Connect ((the LCRCA Backhaul Network), Digital Training and Skills Board and Digital Inclusion (both business and community focused). All report into the Council's Transformation Program. Overarching purpose is to develop the vision across all themes and to actively seek out collaborative opportunities to meet that vision through partners, VCF sector, LCRCA, private sector provides and central government funding streams. 		

This page is intentionally left blank

Agenda Item 8

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 6 September 2023
Subject:	Annual Report and Opinion of the Chief Internal Auditor		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report summarises the work of internal audit during 2022/23 and provides the Chief Internal Auditor's opinion on the overall control environment operating within the Council during the year.

This report is a key requirement of the Public Sector Internal Audit Standards. The report outlines that the opinion for the 2022/23 financial year is adequate with adequate prospects for improvement.

Recommendation(s):

(1) Review and note the work of internal audit during 2022/23 and the overall opinion on the control environment of the Council during that period.

Reasons for the Recommendation(s):

To provide the Committee with an overall view of the internal control environment in operation, so as to inform the Annual Governance Statement 2022/23

Alternative Options Considered and Rejected: (including any Risk Implications)

None.

What will it cost and how will it be financed?

(A) **Revenue Costs** - There are no direct revenue costs associated with the report

(B) **Capital Costs** - There are no direct capital costs associated with the report

Agenda Item 8

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no direct resource implications associated with the report.	
Legal Implications: There are no legal implications associated with the report.	
Equality Implications: There are no equality implications.	
Impact on Children and Young People: None directly. Where there are Children's related risks within the Corporate Risk Register the Internal Audit Plan will include audits relating to this area and subsequently provide assurance on some or all of the controls used to mitigate the risk.	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	Y
Have a neutral impact	N
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y
There are no direct Climate Emergency implication arising from the report. The Corporate Risk Register includes a Climate Change Emergency risk with actions to mitigate its impact and likelihood. As a result, the Internal Audit Plan for 2022/23 included a review of the Climate Emergency. Any climate emergency implications arising from matters referred to in this report would have been contained in reports when they were presented to Members during the previous year; or will be contained in future reports during the forthcoming year as the focus of the report is providing a summary of actions that have been undertaken during 2022/23 on governance, risk and control.	

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Positive.
Facilitate confident and resilient communities: Positive.
Commission, broker and provide core services: Positive.
Place – leadership and influencer: Positive.
Drivers of change and reform: Positive
Facilitate sustainable economic prosperity: Positive.
Greater income for social investment: Positive.

Cleaner Greener: Positive.

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7357/23) and the Chief Legal and Democratic Officer (LD 5557/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee meeting.

Contact Officer:	David Eden
Telephone Number:	0151 934 4053
Email Address:	david.eden@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

- Annual Report and Opinion of the Chief Internal Auditor

Background Papers:

The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website:

- Internal Audit Plan 2022/2023 (as approved by this Committee on 15 March 2022)

1. Introduction

1.1 During 2022/23, the Internal Audit Service delivered the Internal Audit Plan as approved by this Committee on 15 March 2022.

1.2 One of the key responsibilities of the Chief Internal Auditor is to provide an annual report that summarises the work undertaken during the preceding financial year, and to report an overall opinion on the robustness of the Council's control environment which has been derived from this work. This is necessary not only to meet the Public Sector Internal Audit Standards, but also to feed into the Annual Governance Statement, and to provide members and officers of the Council with a clear view of the value added by this work and how this can shape the control environment of the Council in the future.

Agenda Item 8

2. Annual Opinion 2022/23

- 2.1 Based upon the work undertaken by Internal Audit in respect of 2022/23, the opinion of the Chief Internal Auditor on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control is:

Overall Opinion 2022/23	ADEQUATE
Potential for Improvement	ADEQUATE

- 2.2 There is a separate opinion for School's in accordance with guidance issued by Chartered Institute of Public Finance and Accountancy (CIPFA) which is:

Overall School Opinion 2022/23	ADEQUATE
Potential for Improvement	ADEQUATE

- 2.3 The attached report, Appendix A - Annual Report and Opinion of the Chief Internal Auditor details the work that has been undertaken to develop the opinion.

Annual Report and Opinion of the Chief Internal Auditor 2022/23

Page 49

Audit and Governance Committee
6 September 2023

David Eden
Chief Internal Auditor
Risk and Audit Service
Corporate Resources
Magdalen House
30 Trinity Road
Bootle
L20 3NJ

Agenda Item 8

Contents

Page 50

1.	Executive Summary	Page 3- 4
2.	Introduction	Page 5 - 6
3.	Summary of Work Completed	Pages 7 - 28
4.	Performance	Page 29 - 30
5.	Public Sector Internal Audit Standards	Pages 31
6.	Overall Opinion	Pages 32 - 33
7.	Looking Ahead	Page 34

1. Executive Summary

- 1.1 The Chief Internal Auditor is obliged, under the Public Sector Internal Audit Standards (PSIAS), to provide an annual report summarising the work undertaken by internal audit during the financial year just closed, and to provide an overall opinion of the overall adequacy and effectiveness of the organisation's framework of governance, derived from this work.
- 1.2 The COVID-19 pandemic has had a minimal direct impact through the financial year although we have experienced residual issues with recruiting suitable staff.
- 1.3 Revised guidance from CIPFA had been provided to Heads of Internal Audit in November 2020 which recognised that public service bodies were struggling with considerable challenges and having to make difficult decisions on how best to use their staff and financial resources to meet critical needs; whilst also meeting the professional and regulatory expectations including the need for internal audit arrangements conform with PSIAS. The guidance for Heads of Internal Audit and those charged with governance on the factors they would need to consider in issuing an annual audit opinion.
- 1.4 Reflecting the guidance additional action has been taken to provide an opinion which include:
- Assurance mapping exercise
 - Awareness of corporate developments and actions being taken to manage risk and maintain good governance through internal (line two) assurance sources such as finance, HR&OD, estates, health and safety and ICT.
 - Awareness and direct involvement in Covid19 response and recovery activities.
 - Review of the key assurances from Executive, Scrutiny Committee, Strategic Management Team and Directorate Leadership Team reports including business plans, risk register updates, performance reports and financial reports.
- 1.5 Further Guidance has been issued by CIPFA – Internal Audit Untapped Potential in May 2022 on providing a separate opinion for Schools which has been provided in the report.
- 1.6 We have built on the approach we used last year to build the Opinion and developed our Assurance Mapping further. We have plans to enhance the opinion by plans to consider adopting the three lines of defence model as well as use Assurance Mapping on the Corporate Risk Register to build a greater understanding and transparency on risk, control and mitigation.
- 1.7 In respect of 2022/23, 106 engagements were completed comprising 91 on behalf of the Council and 15 in relation to schools. The overall audit opinions given in these reports can be summarised as: table below.

Organisational Risk Opinion	Number of Council audits	School audits	Council and school audits
MAJOR	5	2	7
MODERATE	15	13	28
MINOR	4	0	4
NEGLIGIBLE	0	0	0
ASSURANCE PROVIDED	67	0	67
TOTAL	91	15	106

Page 52

1.8 Based upon the work undertaken by Internal Audit in respect of 2022/23, the opinion of the Chief Internal Auditor on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control are:

Overall Opinion 2022/23	ADEQUATE
Potential for Improvement	ADEQUATE

1.9 There is a separate opinion for Schools in accordance with CIPFA’s guidance on “Internal Audit Untapped Potential” which is:

Overall School Opinion 2022/23	ADEQUATE
Potential for Improvement	ADEQUATE

1.10 We continue to see dynamic changes in the external operating environment which we will need to consider and take into account through our work during the year.

2. Introduction

- 2.1 In accordance with the Accounts and Audit Regulations 2015, the Council must ensure that it provides adequate and effective internal audit arrangements in respect of its accounting records and systems of internal control, and that it conducts an annual review of the effectiveness of these. In addition, these arrangements must be delivered in accordance with the Public Sector Internal Audit Standards (PSIAS) and Local Government Application Note (LGAN), which came into effect on 1 April 2013 (and were revised 1 April 2016 and 1 April 2017).
- 2.2 The PSIAS represent mandatory best practice for all public sector internal audit service providers in the UK and cover:
- Definition of Internal Auditing
 - Code of Ethics
 - International Standards for the Professional Practice of Internal Auditing.
- 2.3 It is a requirement of the PSIAS that the Head of Internal Audit provides an annual report to those charged with governance, which should include an opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This report informs the Council's Annual Governance Statement.
- 2.4 Further to the 2016 revision to the PSIAS, Internal Audit has adopted the following mission statement:
"To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight."
- 2.5 During Covid-19 internal auditors, raised the question, of whether they we would be able to undertake sufficient internal audit work to produce a reliable independent assurance assessment due to the impact of Covid-19. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Chief Audit Executive (Head of Internal Audit) to issue an annual opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control. This opinion is also one of the many sources of assurance that informs the Annual Governance Statement.
- 2.6 The Chartered Institute of Public Finance and Accountancy (CIPFA) recognised in November 2020 that public service bodies were struggling with considerable challenges and having to make difficult decisions on how best to use their staff and financial resources to meet critical needs; whilst also meeting the professional and regulatory expectations including the need for internal audit arrangements conform with PSIAS. In response to this challenge CIPFA issued guidance for Chief Audit Executives and those charged with governance on the factors they would need to consider in issuing an annual audit opinion. Possible options that were suggested included:
- not providing an opinion for 2020/21.
 - providing an opinion but confirming that the scope was limited to the outcome of audit work completed or particular aspects of governance risk management or internal control.

- providing an opinion explaining in more detail the other sources of assurance taken into account in reaching the opinion; or
- providing a standard annual opinion.

2.7 This guidance has been discussed in professional network groups for example the CIPFA Northwest Heads of Audit Group and the Merseyside Head of Internal Audit Group. The feedback from the meetings has been that it was still possible to provide an opinion explaining in more detail the other sources of assurance taken into account in reaching the opinion. It was also acknowledged that this was not a robust basis for future audit practice and that a resumption of planned audit work was essential to raise and maintain organisation standards of good governance, risk management and internal control.

2.8 In arriving at this opinion, this report sets out:

- A summary of the Internal Audit work undertaken during 2022/23
- A summary of the performance of Internal Audit during the year
- A review of Internal Audit's compliance with the Public Sector Internal Audit Standards (PSIAS)
- A summary of the Quality Assurance and Improvement Programme (QAIP) established during the year.
- The overall Chief Internal Auditor's opinion on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control in 2022/23 for the Council and Schools.
- A look ahead to the Internal Audit Plan 2023/24.

2.9 Although the impact from Covid-19 has been inconsequential during the year, we will continue to use the assurance mapping we have undertaken as this provides a deeper and broader understanding on sources of external assurance that have occurred during the financial year. We developed during the year the Sefton Assurance Framework and there are further plans to enhance risk management and provide alternative assurance through the completion of the Sefton Assurance Framework, the potential adoption of the three lines of defence model and the assurance mapping of the Corporate Risk Register.

2.10 The following additional sources of assurance have been considered to develop the Annual Audit Opinion.

- Sefton Assurance Map has been developed to identify key external sources of assurance on the Council's activities. This will be further developed in future years to determine a weighting as well as shape the audit plan.
- Awareness of corporate developments and actions being taken to manage risk and maintain good governance through internal (line two) assurance sources such as finance, HR&OD, estates, health and safety and ICT.
- Review of the key assurances from Executive, Scrutiny Committee, Strategic Management Team and Directorate Leadership Team reports including business plans, risk register updates, performance reports and financial reports.

2.11 It is confirmed that there was no impairment to internal audit objectivity during 2022/23.

3. Summary of Work Completed

Background

- 3.1 The Internal Audit Plan 2022/23 was approved by the Audit and Governance Committee on 16 March 2022. A report providing an update on the delivery of the plan, performance indicators and detailing key recommendations, was presented to each meeting of the Committee during the year.
- 3.2 Where Internal Audit undertakes work which primarily contributes to the assurance opinion on the Council’s framework of governance, risk management and internal control, the audit report includes an “organisational risk opinion” which highlights the level of risk to the organisation presented by the risks identified in the audit:

Audit Opinion	Explanation
MAJOR	There is a major risk presented to the Council by the risks identified in the review.
MODERATE	There is a moderate risk presented to the Council by the risks identified in the review.
MINOR	There is a minor risk presented to the Council by the risks identified in the review.
NEGLIGIBLE	There were no risks identified during the review.

- 3.3 Recommendations made within audit reports are graded as “high”, “medium” or “low”. All recommendations of high priority are detailed in full in the quarterly report to the Audit and Governance Committee.
- 3.4 In addition, Internal Audit provides consultancy / advisory support in response to specific requests from management, which contributes to improving the Council’s governance, risk management and internal control arrangements. Such work can include advice and guidance around the implementation of new systems and procedures and auditing grant claims and returns. Such pieces of work are not usually given an audit opinion but do inform the overall annual opinion. These are listed below in the “assurance provided” category.

Delivery

- 3.5 During 2022/23, 106 pieces of internal audit work were completed, 91 for the Council and 15 for schools.

3.6 The audit opinions given during the year were (those shown in italics are at draft stage – completed Action Plans are awaited from clients):

Table 1 List of Audits undertaken and the Audit Opinions

Organisational Risk Opinion	Audit Title	Schools
MAJOR	<ul style="list-style-type: none"> • Education Finance – Schools Regulatory Framework • Highways Maintenance Contract 2021/22 • SEND 2021/22 • SeftonArc Security Services – 2021/22 • Direct Payments 	<ul style="list-style-type: none"> • Sacred Heart Catholic College (Draft) • Holy Spirit School Audit
MODERATE	<ul style="list-style-type: none"> • Sandway Homes 21/22 • Corporate Governance Review 21/22 • Procurement • Aiming High • Beach Parking Income • Golf Income (Draft) • Schools Budget Monitoring • Climate Emergency • Business rates • Energy Payments • Fleet Management (Draft) • Cleansing Vehicles – Key Management D • Risk Management (Draft) • ASC Debt Management (Draft) • Corporate Debt Management 	<ul style="list-style-type: none"> • Farnborough Road Infants School Audit • Hudson Primary School • St John's Waterloo Primary (21/22) • Linaker Primary School • Bedford Road School • St Elizabeth's Catholic Primary School • Cambridge Nursery School • Our Lady of Lourdes School • Aintree Davenhill School • Springwell Primary School (Draft) • Green Park primary School (Draft) • All Saints School (Draft) • Marshside School (Draft)
MINOR	<ul style="list-style-type: none"> • Council Tax 21/22 • Operator's Licence • Performance Management • Covid 19 Omicron Variant Grant 	
NEGLIGIBLE	<ul style="list-style-type: none"> • N/A 	

Organisational Risk Opinion	Audit Title	Schools
ASSURANCE PROVIDED	<ul style="list-style-type: none"> • Factfinding exercise cutting across Communities, Children's Social Care and Education • Fostering memo • Tree Management Report • ASC Budget Management Consultancy • Assurance Mapping <p>Assurance of Combined Authority and Central Government Grants to facilitate certification.</p> <ul style="list-style-type: none"> • Public Health Grant 20-21 • Cambridge Road Skills Hub 2021/22 Q4 • Cambridge Road Skills Hub 2021/22 Q3 • Southport Events Centre and Theatre - Pre-Dev works 21/22 Q3 • Southport Events Centre and Theatre - Pre-Dev works 21/22 Q2 • Southport Pleasure Land 21/22 Q2 • Southport Pleasure Land 21/22 Q3 • Southport Pleasure Land 21/22 Q4 • Sefton Town Centres - 2021/22 Q4 • Southport Eastern Access Pre-Development 21/22 Q4 • Southport Eastern Access Pre-Development 21/22 Q3 • Maritime Corridor Pre-development 21/22 Q3 • Bootle Area Action Plan 21/22 Q4 • Bootle Area Action Plan 21/22 Q3 • Acquisition of Land & Property (Bootle Town Centre) 21/22 Q4 • Buckley Hill 21/22 Q4 • Buckley Hill 21/22 Q3 • Acquisition of Land & Property (Bootle Town Centre) 21/22 Q3 • Maritime Corridor Pre-Development 	

Organisational Risk Opinion	Audit Title	Schools
	<p>21/22 Q4</p> <ul style="list-style-type: none"> • Crosby Lakeside 21/22 Q4 • Crosby Lakeside 21/22 Q3 • Crosby Lakeside 21/22 Q2 • Crowland Housing Development 21/22 Q4 • Crowland Housing Development 21/22 Q3 • Crowland Housing Development 21/21 Q1 • A59 2021/22 Q2 – report match funding • A59 2021/22 Q3 – report match funding • A59 Port Capacity 2021/22 Q4 • Troubled Families Grants (Q2) • Urban Traffic Control Yr Q1 Apr - Jun • Key Route Network A59 -Port Capacity 2021/22 Q4. • A59 2021/22 Q4 • Contain Outbreak Management Fund • Troubled Families Grants Q3 • Test and trace • Marine Lake Event Centre Q1/Q2 22/23 • Sefton Town Centres Claim 2022/23 Q1 • Sefton Town Centres Claim 2022/23 Q2 • Green Homes Local Authority Delivery Phase 2 • CLAC 22/23 Q1 • CLAC 22/23 Q2 • TT Cables 22/23 Q2 • Bootle Area Action Plan Q2 22/23 • Lord Street Vacant Upper Floor • Acquisition of land and property Bootle Bootle Town Centre 22/23 Q2 • Southport Eastern Access Corridor Q2 22/23 • Maritime Corridor Q2 22/23 	

Organisational Risk Opinion	Audit Title	Schools
	<ul style="list-style-type: none"> • Acquisition of land and property Bootle Town Centre 22/23 Q1 • Bootle Area Action Plan Q2 22/23 • Bootle Area Action Plan Q3 22/23 • TT Cables Q3 2022/23 • Supporting Families Q3 2022/23 • Lord Street Q3 2022/23 • Troubled Families Grants • South-Eastern Corridor Q3 • Maritime Corridor Q3 22/23 • Marine Lake Event Centre Q3 • Cambridge Road Skills Hub Q1 22/23 • Cambridge Road Skills Hub Q4 21/22 • Cambridge Road Skills Hub Q4 21/22 • Crosby Lakeside Year 2 Q3 • City Region Sustainable Transport Settlement Claim 2022/23 Q1 to Q3 	

3.7 The delivery of the audit plan has been affected by resourcing issues which have arisen during the year partly as a result of issues beyond the Team’s control and the Council’s moratorium on recruitment.

- Finance agreed before the start of the financial year, to address long standing resourcing issues, to provide on a six monthly rotation one member of staff a Finance CIPFA trainee starting from June 2022. The staff member started at the end of August 2022. An integral part of the role has been for the individual to carry on studying for one day per week which was not initially identified during the discussions with Finance. In addition, the staff transferred over to Internal Audit with virtually all of their annual leave outstanding rather than the expected pro-rata amount. Finance agreed to provide a two secondment to Internal Audit for a member of staff who had recently qualified from October 2022. Finance after the approval of the Internal Audit Plan later confirmed that they were unable to provide the resource.
- In addition, one member of the Audit Team was absent on un-planned leave between 1 September 2022 to 5 January 2023.
- The Trainee ICT Auditor returned in February 2022 from maternity leave and transferred from full time to part time hours in October 2022. Due to the Council’s moratorium on recruitment, we were unable to recruit to the vacancy.

3.8 As indicated above, sickness absence has had a significant impact during the year with 148 days lost due to sickness which compares to 71 days lost in 2021/22, 107.5 days lost in 2020/21, six days in 2019/20 and 26 days lost in 2018/19. The majority

of the sick time relates to one long term absence highlighted above. Any lost time has an impact on the ability to deliver the Internal Audit Plan, and sickness absence continues to be monitored and managed robustly in accordance with the Council's Absence Management Procedures.

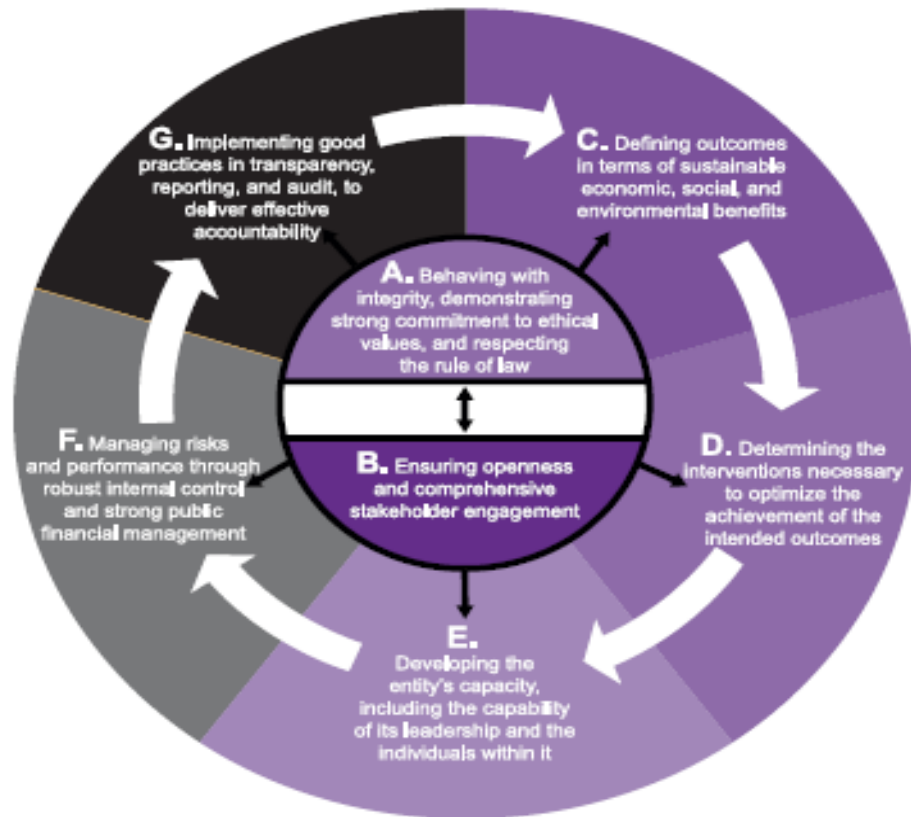
- 3.9 Covid-19 has had no impact during the year although the Council has been impacted by the financial budgetary issues where there has been an understandable focus by Officers due to the scale of the issues that have arisen following the pandemic as inflation has risen rapidly in the UK and wider during the financial year affected by the Ukraine invasion exacerbating post pandemic supply chain issues and a tight labour market. There has been an ongoing focus on Children's Services following the Ofsted report and follow up monitoring reports.
- 3.10 During the year, we were mindful of challenges and risks faced by services within the Council and again took a pragmatic approach to audit assignments in the approved Audit Plan.
- 3.11 We had planned for the 2023/24 financial year to include additional resources from 1 July 2023 and to replace the fixed term contract who had planned to leave the organisation on 30 June 2023. We started recruiting for the replacement for the fixed term contract member of staff in January 2023 however at the time of writing the report we have not been able to find suitable candidates. We are continuing to recruit for the role. Finance have confirmed that the funding for the additional resources will not be available. We are providing a revised Internal Audit Plan to the September 2023 meeting.

Page 60

Corporate Governance

- 3.12 During the year, internal audit conducted a full review of the Council's corporate governance arrangements. This has followed the mandatory CIPFA/SOLACE guidance "Delivering Good Governance in Local Government" (2016), to inform the Council's Annual Governance Statement (AGS) 2021/22 and ensure that the content of the AGS is fully evidenced.
- 3.13 The work covers the prescribed areas of governance as defined in the guidance and has sought to engage with all senior officers in gaining assurance that there is a comprehensive and effective system of governance in place. This has comprised:
 - Review of all governance areas detailed under the relevant Core Principles in the guidance:

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



- Review of progress in respect of the Significant Governance Issues identified in the 2021/22 AGS, and identification of emerging Significant Governance Issues
- Review of all Governance Assurance Statements (GAS) completed by the Strategic Leadership Board (SLB) comprising the Chief Executive, Executive Directors, Heads of Service and the Council's Monitoring Officer. The GASs are based on the seven principles of Corporate Governance laid out in the CIPFA/SOLACE framework.
- Engagement with Heads of Service.

3.14 The overall audit opinion for the work was that it presents an organisational risk of "Moderate". There are a number of key findings emanating from the work, and four of these will feature in the Annual Governance Statement as "Significant Governance Issues" (SGIs). These issues have been highlighted by the Council during the financial year and there has been a corresponding focus by management to ensure that the areas are considered and consistently managed. These relate to:

Significant Governance Issue 1

A full OFSTED inspection of Sefton's Children's Services was completed in February 2022 and the judgement was graded as 'inadequate' across all areas.

Following the inspection, the Department for Education (DfE) appointed a Children Commissioner to review the Council capacity and capability and oversee improvement within the Council. An Improvement Plan was devised and submitted to OFSTED, containing 22 recommendations which focuses on the following four main themes:

- Improving quality.
- Implementation of learning.
- Improving tools.
- Improving strategic partnerships.

OFSTED completed a monitoring visit to Children's Services in February 2023. The headline findings in the monitoring report stated "there has been insufficient progress in improving the response to children in need of help and protection. The pace of improvement is too slow, and most practice weaknesses identified at the inspection in February 2022 remain today".

Significant Governance Issue 2

Sefton Council's High Needs budget continues to face severe cost pressures from increasing numbers of children being diagnosed with complex and life-long SEND related issues.

The High Needs cumulative budget deficit was £12.4m at the end of 2021/22 and is forecast to be over £18.5m by the end of 2022/23. The budget report presented to Cabinet in April 2023 forecasts a further deficit of at least £6.5m for 2023/24 resulting in an overall High Needs budget deficit of between £24m and £30m by the end of 2023/24.

Central government has announced that the ringfencing of this deficit will continue until the end of 2025/26, however the position after this point is uncertain. At this stage there is no evidence to suggest this deficit will be met from central government.

If the deficit is not reduced annually between 2023/24 and 2025/26, it will ultimately need to be met from either the Dedicated Schools Grant (DSG), which would impact on funding available for the education sector or the Council. A deficit of over £20m cannot be met from the Council based on the resources that are available or the reserves that are held. As such, this would be a major risk to the Council's financial sustainability.

Significant Governance Issue 3

The Children's Services budget between 2020/21 and 2022/23 has been overspent each year, with a significant overspend occurring for 2022/23, resulting in a risk to the financial sustainability of the Council.

The Council is currently working on a range of options to address the overspend, including the development of a five-year Medium Term Financial Plan (MTFP) aligned to the Commissioners Improvement Plan for Children's Services.

The financial management arrangements within Children's Services will need to be robust, given the volatility and budget pressures that are likely to continue during 2023/24.

Significant Governance Issue 4

In the 2020/21 and 2021/22 Corporate Governance Internal Audit Review, it was recommended that partnership agreements are reviewed by Assistant Directors to provide assurances in line with the Council's Financial Procedural Rules (FPRs) for access for Internal Audit.

A revised version of the FPRs was approved by Council on 19 January 2023. This included a review of how the Council will deal with its partnership arrangements and the inclusion of new provisions and high-level responsibilities of Executive Directors and Assistant Directors.

Guidance has since been drafted to support Executive Directors and Assistant Directors fulfil their new responsibilities, including the development of a checklist of all necessary requirements before entering into a partnership, during it and following its cessation. However, the guidance has yet to be issued and the new partnership arrangements are yet to be fully embedded in operation.

- 3.15 The review of corporate governance arrangements also generated a number of other findings, not significant enough in nature to warrant inclusion in the AGS at this stage, but which will require action by senior managers to ensure that the relevant risks are addressed. Agreement of senior managers has been obtained that they will implement the recommendations highlighted within the next year.
- 3.16 The Audit and Governance Committee, and Strategic Leadership Board, have received a regular update in the Risk and Audit Performance Paper on the progress on implementing the SGIs as well as the lower risk recommendations from the corporate governance reports.
- 3.17 There are regular quarterly meetings between the Chief Monitoring Officer, S151 Officer (Executive Director of Corporate Resources) and Customer Services and the Chief Internal Auditor to consider governance issues and identify any areas for improvement. These reviews have identified improvements for example in drafting an annual work plan for the Audit and Governance Committee, training plan for Committee members and the recruitment of independent members in line with good practice.

Risk Management

- 3.18 So that the Council is best placed to deliver its 2030 Vision and Framework for Change, it is vital that it has robust and effective arrangements for managing risk alongside the rationale that is essential part of good governance as detailed in the CIPFA CIPFA/SOLACE guidance “Delivering Good Governance in Local Government. This is particularly pertinent as the Council undergoes an ambitious programme of change, and the Council’s appetite for risk is likely to increase, that a coherent framework is in place so as to ensure that such risks are taken in a conscious and managed way.
- 3.19 During the year there has been a sustained activity to attempt to improve the embedding of risk management within the Council. The Risk and Resilience Team have facilitated the completion of outstanding Service and Operational Risk Registers across the Council working closely with management teams. The improvements have included:
- The Council’s Risk Appetite has been drafted and approved by the Audit and Governance Committee.
 - An Assurance Framework has been developed and approved by the Audit and Governance Committee framework which will with other work planned on implementing the three lines of defence model will help to embed risk management across the Council.
 - All Service areas have a Service Risk register in place.
 - Improvement Plan agreed by Strategic Leadership Board to help embed risk management.
 - A presentation since December 2020 at the Audit and Governance Committee on one of the risks from the Corporate Risk Register
 - The Corporate Risk Register has included more strategic risks.
 - Publication of the Corporate Risk Register after each Audit and Governance Committee meeting on the Council’s intranet page
 - Work has started on the development of an e-learning training programme.
 - Work has started on developing Assurance Mapping against the Council’s Corporate Risk Register.
 - An integral part of each internal audit is evaluating the auditee’s team’s use of risk management in the area under review.
- 3.20 The March 2021 Corporate Risk Management paper to Audit and Governance Committee noted an improvement in embedding risk management however following the start of the 2021/22 financial year there was a noticeable deterioration in engagement on completing the Corporate Risk Register as well as providing updated Service Risk Registers. Key action has been agreed with Strategic Leadership Board to address this and there is on-going quarterly monitoring for both the SLB and the Audit and Governance Committee. Again during 2022/23 performance has been varied during the year with some quarters there is a good response to having updated Strategic Risk Registers (SRRs) being provided and other quarters where this does not consistently happen across each of the Service Areas. Area of development remains the process by which the SRRs takes into account the updating of the Operational Risk Registers in place. Current engagement on embedding risk management remains an area to be developed further to ensure that this takes place consistently across the Council including ensuring that there is a standard risk item on the agenda of the Departmental Management Teams and that the SRRs are shared.
- 3.21 The Corporate Risk Register is updated by Assistant Directors and Executive Directors every quarter, not all risks, scores and mitigating actions are updated quarterly, and shared with Senior Leadership Board and the Audit and Governance Committee. Improvement this year again is the inclusion of more strategic risks, and the risk register does now accurately reflect the

operating environment however further work is required to rationalise the numbers of risk in a timely manner, ensure that the risks are consistently updated on a regular basis including the further actions. There should be a focus on ensuring further actions are SMART .

3.22 The Council’s Internal Audit Team, using the safeguards outlined in the Audit Charter where reviews are undertaken into areas where the Chief Internal Auditor is operationally responsible, completed a review of the Council’s risk management arrangements. The Chief Internal Auditor maintains independence during the audit review through the Internal Audit Manager having operational responsibility for the review and issuing the report and liaising with the CIA’s line manager for agreeing the brief and feeding back on the audit findings. The audit identified that:

3.23 The risk management system aided by risk registers across operational, service area, and corporate tiers, establishes a robust framework for effective risk management. Detailed protocols are provided in the risk management handbook including stakeholder roles, responsibilities, and reporting arrangements. The Council’s Constitution further supports this structure.

Risk management effectiveness hinges on thorough implementation across the council. Approximately 80 risk registers are maintained requiring active officer involvement. Risk management support is provided to the officers across the Council by the Risk and Resilience team.

The Internal Audit Opinion is ‘Moderate’ risk to the control environment. The report makes three medium and two low priority recommendations for improvements to systems and processes, summarised as:

1. Clearly define the role of the Risk and Resilience Team and update the Risk Management Handbook.
2. Develop a checklist to assess each risk register against.
3. Ensure that the Risk Appetite Framework is included in the Risk Management Handbook.
4. Progress the risk management training with the Corporate Learning and Development Team and review how risk management information is shared across the Council.
5. Review whether managers received adequate notice of deadlines to return updated risk registers.

3.24 It is important that during 2023/24, corporate risk management continues to develop and embed across the Council and in particular the use of the Council’s risk appetite is embedded across decision making including Committee papers. The continued engagement of Senior Management as highlighted above will be vital so as to ensure success. Proposed work during 2023/24 includes the potential adoption of the three lines of defence model and assurance mapping for the risks within the Corporate Risk Register which will help to further integrate and embed risk management.

3.25 The Risk and Audit Service has provided significant support to the Council in establishing consistent and coherent systems of risk management, by directly providing, or facilitating (through the Council’s insurers) accredited training in risk management, and by facilitating risk sessions with Departmental Management Teams. Operational safeguards have been put in place to ensure that there is no impairment to the independence of the Chief Internal Auditor, who also has operational management

responsibility for the Sefton Risk Management framework on behalf of the Executive Director of Corporate Resources and Customer Services.

Internal Control

- 3.26 Of the 106 (2021/22- 68) pieces of audit work completed during the year, 39 (2021/22-21) generated an audit opinion. Of these, no audits, were given opinions of “Negligible” organisational risk. There are a number of key points to highlight:

There were seven audits during the year with a “Major” Organisational Risk Opinion

Sefton Arc Security Services

- 3.27 High priority recommendations are made to management regarding the development of a Business Strategy for the service, improving compliance with Contract Procedure Rules, approving fees and charges, use of own tools, implementing Security Industry Authority findings, ensuring staff security licences are kept up to date and stock controls.

Education Finance – Schools Regulatory Framework (Draft)

- 3.28 A number of high priority recommendations require that Management review regulations in relation to schools’ procurement including Schools’ Contract Procedure Rules.

SEND (Draft)

- 3.29 A number of recommendations are made reinforcing the aspects of the recent Ofsted inspection and the implementation of the SEND improvement plan.

Sacred Heart Catholic College (Draft)

- 3.30 Recommendations are made in relation to the college adopting Council policies and approving its own policies, budget monitoring, pay enhancement approvals, the school fund and insurance arrangements.

Holy Spirit Primary School

- 3.31 The school should review and update its Finance Manual ahead of approval by the Governing Body, keep its inventory up to date and ensure the school fund is audited and reported to the Governing Body.

Direct Payments

- 3.32 The review highlighted that the governance controls are weak, and a Service Level Agreement (SLA) has never been formally agreed. Management have commented that this was due to historic arrangements in place. There is a now proposed report on an interim contract being considered by the Executive Commissioning Group with a report on this to be provided to Cabinet.

Highways Maintenance Contract Management

- 3.33 A number of recommendations regarding periodic financial checks on contractors, Key Performance Indicators / performance monitoring in contracts and during the length of the contract, implementation of a risk based inspection regime and use of IT.
- 3.34 Follow up audits completed show, on the whole, a positive picture in terms of the implementation of recommendations. Analysis of data provided to Audit and Governance Committee in December 2022 shows that from a total of 351 agreed actions for 2018 – 2022 financial year, 245 (70%) of agreed actions have been implemented with 106 (30%) of agreed actions still outstanding. An industry benchmark is 65% of agreed actions should be implemented by the original date therefore the Council's performance is above the benchmark. A review of the outstanding actions from all audits between 2018/2019 to 2021/2022 financial years indicates that there continues to be some delays in progressing a proportion of the agreed actions across the Council. Of particular concern is the 2019/2020 performance where it could be expected that there would be a greater proportion of the agreed actions would be implemented at this point and a focus on the eight High priority agreed actions where the progress is considered to be outstanding. There is no doubt that the during the pandemic resource was focused on essential activities required to mitigate the pandemic's effects on the Borough and less on the control improvements needed. A further update was provided to the Audit and Governance Committee in March 2023 on the outstanding recommendations.

Counter-Fraud

- 3.35 The Council's "Anti-Fraud, Bribery and Corruption Policy" outlines the Council's commitment to creating an anti-fraud culture and maintaining high ethical standards in its administration of public funds. A revised Anti-Fraud, Bribery and Corruption Policy will be presented to Cabinet for approval.
- 3.36 Internal Audit has a number of responsibilities in the prevention and detection of fraud, bribery and corruption:
- Co-ordination of the Council's work on the National Fraud Initiative (NFI)
 - Compilation of the Council's return to the CIPFA Counter Fraud Tracker, which compares fraud detection levels with peers.
 - Investigation of referrals of suspected fraud and irregularity

3.37 The Policy states that the Chief Internal Auditor must be notified of any suspected fraud or irregularity. There were two suspected frauds or irregularities notified during 2022/23 and in addition the CIA monitored progress for a previous suspected fraud.

Assurance Mapping

3.38 As the COVID-19 pandemic unfolded and there have been significant impacts on all service areas of the Council including Audit and Risk we have altered the plan on a dynamic basis to reflect address new and emerging risks as well as for planned internal audits to be deferred due to services needing to prioritise their resources towards the Pandemic response.

3.39 For internal auditors it has raised the question of whether they we would be able to undertake sufficient internal audit work to produce a reliable independent assurance assessment due to the impact of Covid-19. This is a key consideration to fulfil the requirement of the Public Sector Internal Audit Standards (PSIAS) for the Chief Audit Executive (Head of Internal Audit) to issue an annual opinion on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. This opinion is also one of the many sources of assurance that informs the Annual Governance Statement.

3.40 The External Validation of the Internal Audit Service undertaken by CIPFA in 2018 suggested that the Internal Audit Team “consider undertaking an assurance mapping exercise to identify the sources of assurance that the Council can place reliance on.”

3.41 The approach undertaken has been to identify further sources of assurance, through assurance mapping, that can inform the Chief Internal Auditor’s Annual Opinion and in future to inform the Annual Internal Audit Plan. The exercise was undertaken in Q4 2021/22, building on a previous review undertaken in 2020/21, and involved identifying for each service area sources of external assurance. Further work has been undertaken in 2022/23 to build up the assurance opinion. We have taken a pragmatic view that in some Service Areas we have used a review up to three years old, with a starting point of 1 April 2020 as this reflects the reality that external assurance can often occur over a range of different timescales and the outcomes are still valid to the next review.

3.42 CIPFA’s guidance Internal Audit Untapped potential includes a recommendation “*For local government with education responsibilities, consider an annual internal audit report that splits out schools’ audit work from the main opinion. This would make clearer the nature and quantum of assurance on which the opinion relating to the organisation’s central risk management, governance and control environment is based.*”

3.43 We have devised a Schools’ only assurance map, based on the audit opinions from internal audit, see table in 3.2 above, and external inspections. The subsequent opinion is based on the outcomes included in the assurance map.

Schools (Internal Audits & Ofsted inspections)

Major	
Internal	Ofsted
<ul style="list-style-type: none"> • Holy Spirit School • Sacred Heart Catholic College 	<p>None</p>
Moderate	
Internal	Ofsted
<ul style="list-style-type: none"> • Aintree Davenhill School • All Saints School • Bedford Road School • Cambridge Nursery School • Farnborough Road Infants School • Green Park primary School • Hudson Primary School • Linaker Primary School • Marshside School • Our Lady of Lourdes School • Springwell Primary School • St Elizabeth's Catholic Primary School • St John's Waterloo Primary 	<ul style="list-style-type: none"> • Our Lady of Walsingham Primary School • St Michael's Church of England High School
Minor	
Internal	Ofsted
<p>None</p>	<ul style="list-style-type: none"> • Birkdale High School

	<ul style="list-style-type: none"> • Formby High School • Great Crosby Catholic Primary School • Greenbank High School • Hatton Hill Primary School • Holy Trinity Church of England Primary School • Kew Woods Primary School • Litherland Moss Primary School • Maricourt Catholic High School • Melling Primary School • Norwood Primary School • Lady Queen of Peace Catholic Primary School • Range High School • Redgate Community Primary School • St Andrews Church of England Primary School • St Elizabeth's Catholic Primary School • St George's Catholic Primary School • St John Bosco Catholic Primary School • St John's Church of England Primary School (Crossens) • St John's Church of England Primary School (Waterloo) • St Mary's Catholic Primary School • St Oswald's Church of England Primary School • St Philip's Church of England Controlled Primary School • St Philip's Church of England Primary School • Thomas Gray Primary School • Trinity St Peter's CofE Primary School • Waterloo Primary School • Woodlands Primary School
Other	
National Association of Virtual School Heads - Peer review <i>(November 2022)</i>	Moderate

In March 2022, Ofsted conducted an inspection of Sefton Local Authority Children's Services, which was given an overall rating of Inadequate. The Ofsted report included the following actions in relation to Education Services: -

- Children in care and care leavers are not well supported to make good educational progress.
- Too many care leavers are not accessing employment, education, or training. There are too few apprenticeships for care leavers.

3.44 Based upon the work undertaken by Internal Audit in respect of 2022/23, taking into account both internal audit work and external assurance available, the opinion of the Chief Internal Auditor on the overall adequacy and effectiveness of the schools' framework of governance, risk management and control are:

Overall School Opinion 2022/23	ADEQUATE
Potential for Improvement	ADEQUATE

3.45 We have undertaken a similar assurance map for the Council's wholly owned companies which have helped to shape the Organisation's overall opinion.

Council Owned Companies

Sandway Homes	Audit Opinion
Anthony Collins (Solicitors) - Governance Arrangements (December 2021)	Moderate
SMBC Internal Audit - Governance and Risk Management (January 2023)	Moderate
SMBC Internal Audit - Financial Sustainability (June 2023)	Moderate
Considerate Constructors (April 2021)	Minor
Beever and Struthers - Financial Statements for the Year Ended (March 2023)	Minor

Sefton Hospitality Operations Ltd (SHOL)	Audit Opinion
SMBC Internal Audit - SHOL Governance and Risk Management (June 2023)	Limited Assurance
Unaudited Financial Statements (December 2022)	Minor
Sefton New Directions	Audit Opinion
SMBC Internal Audit - Governance and Risk Management (June 2023)	Limited Assurance
Beever and Struthers - Payroll Audit (October 2022)	Moderate
Croner - Health and Safety (May 2023)	Moderate
Croner - Fire Risk Assessments (November 2022)	Moderate
Care Quality Commission - James Dixon Court (October 2020) *	Moderate
Care Improvement Associates - CQC Mock inspections (March 2023)	Minor
Hazlewoods LLP - Financial Statements (December 2022)	Minor
HRMC (June 2023)	Minor
Care Quality Commission - Chase Heys Resource Centre (February 2022) *	Minor
* CQC reviewed the information and data available to them about the service on 4 May 2023 and found no evidence to reassess the rating at this stage. They will Continue to monitor information about this service	

3.46 We have split the assurance Sefton Council Service Areas, internal and external into two separate tables detailed below.

Sefton Council Service Areas External Assessments

Major

Corporate Resource

- General Registrar's Office (Self-Assessment) – HM Passport Office (April 2023)

Children Services

- Inspection of Sefton Local Authority Children's Services - Ofsted (March 2023)

Operational In-House Services

- TEC Services (Assistive Technology) - Transportation Security Administration (January 2023)
- King's Gardens, Southport - Green Flag Award – (October 2022)

Moderate

Corporate Resource

- ICT - Local Government Association, Cyber 360 (October 2022)
- ICT - Microsoft CSAT assessment (July 2022)
- Property and Building Services - Government Internal Audit Agency (February 2023)

Strategic Support

- Complaints - Local Government and Social Care Ombudsman (July 2022)
- FOI/Subject access request - Information Commission Office (March 2023)

Children Services

- Section11 Audit of Organisational Safeguarding Arrangements (Self-Assessment) - Safeguarding Children Partnership (November 2022)

Economic Growth and Housing

- Employment & Learning: Quality Assurance Improvement Visit - Greater

Merseyside Learning Providers Federation (February 2023)

Adult Social Care

- Adult Social Care Outcomes Framework – NHS (October 2022)
- Preparation for Assurance Peer Challenge - Local Government Association (July 2022)

Minor

Corporate Resource

- ICT - Public Services Network (PSN) Accreditation - Cabinet Office (January 23)
- Finance - Ernst & Young LLP (December 2021)
- Corporate Personnel L&D - Open Awards – (April 2023)
- Customer Centric Services - Customer Service Excellence (January 2023)

Children Services

- Springbrook Children’s Home - Ofsted (February 2023)

Economic Growth and Housing

- Building Control – Local Authority Building Control (March 2023)
- Employment & Learning - Matrix Standard Department for Education’s – (February 2023)
- Employment & Learning - Annual Quality Review – Ascentis (January 2023)
- Employment & Learning - Functional Skills Assessment audit – NCFE Quality Zone (October 2022)

Communities

- Supporting Families - Department for Levelling Up, Housing and Communities (January 2023)
- The Atkinson Arts Centre - Visit England (December 2022)
- Crosby Lakeside - Adventurous Activities Licence Authority (March 2023)
- Bootle Leisure Centre - Royal Lifesaving Society (April 2023)

Highways and Public Protection

- Pollution Control - DEFRA (July 2022)
- Enforcement Food Hygiene & food standards - Food Standard Agency (February 2023)
- Parking Services – DVLA (May 2022)

Operational In-House Services

- Burials and Cremations – Institute of Cemetery and Crematorium Management (September 2022)
- Southport Crematorium Chimney Emissions – Davies & Co. (Environmental) Limited (November 2022)
- Vehicle Maintenance and Fleet Management – DVSA (April 2023)
- EPR (Extended Producer Responsibility) Compliance Assessment – Environment Agency (November 2022)
- Sefton Arc Security & Fire Safety - National Security Inspectorate (January 2023)
- Sefton Arc Guarding Gold Surveillance - National Security Inspectorate Gold Guarding (January 2023)

3.47

Sefton Council Service Areas – Internal Audit Reports

Major

Corporate Resource

- Education Finance – Schools Regulatory Framework - (August 2022)

Operational In-House Services

- SeftonArc Security Services – (March 2023)

Highways and Public Protection

- Highways Maintenance – (June 2022)

Education

- SEND (Special Educational Needs and Disabilities) Review – Internal Audit - (October 2022)

Cross Cutting

- Direct Payments – (February 2023)
- Corporate Governance – (September 2022)

Moderate

Corporate Resource

- Business Rates – *(December 2022)*
- Debt Management – Accounts Receivable (Sundry Debtors) – *(March 2023)*
- Energy Price Cap Payments – *(February 2023)*
- Waiver Process (Procurement) – *(April 2023)*
- Risk Management Review – *(April 2023)*
- Schools Budget Monitoring – *(November 2022)*
- Climate Emergency – *(January 2023)*

Operational In-House Services

- Cleansing Vehicles - Key Management – *(April 2023)*
- Fleet Maintenance – *(March 2023)*
- Golf Club Income – *(November 2022)*

Adult Social Care

- Adult Social Care (ASC) - Debt Management – *(April 2023)*

Communities

- Aiming High – *(October 2022)*

Minor

Corporate Resource

- Council Tax – *(June 2022)*
- Business rates - *(December 2022)*

Economic Growth and Housing

- Covid 19 Omicron Variant Grant – *(January 2023)*

Highways and Public Protection

- Performance Management – *(October 2022)*

Operational In-House Services

- Beach Parking Income – *(November 2022)*
- Goods Vehicle Operator Licence – *(October 2022)*

3.48 The assurance mapping exercise was used in the development of the Annual Audit Plan for 2022/23 as well as the 2023/24 Annual Audit Plan. We have used this data for the assurance mapping exercise to the Corporate Risk Register in the summer 2023. We are currently considering how to improve the Assurance Mapping during 2023/24 to look at weighting of the assurance to reflect the relative independence of the review as well as further refinements.

4. Performance

4.1 During the year, the service measured and reported on a comprehensive suite of performance indicators, which give a view not only of the effectiveness of the internal audit function itself, and the quality of service, but also the impact the service is having in terms of recommendations agreed. The results for each of the performance indicators have been reported to each of the Audit and Governance Committees. The year-end position in respect of these performance indicators (and the comparative position with 2021/22 and 2020/ 21 actuals) is:

Description and Purpose	Target	Actual 2020/21	Actual 2021/22	Actual 2022/23	Variance and Explanation
<p>Percentage of the Internal Audit Plan completed This measures the extent to which the Internal Audit Plan agreed by this Committee is being delivered. The delivery of the Plan is vital in ensuring that an appropriate level of assurance is being provided across the Council's systems.</p>	100%	63%	62%	82%	<ul style="list-style-type: none"> • Resourcing issues as discussed in 3.7 • Sickness and absences as discussed in 3.8
<p>Percentage of Client Survey responses indicating a "very good" or "good" opinion This measures the feedback received on the service provided and seeks to provide assurance that Internal Auditors conduct their duties in a professional manner.</p>	100%	100%	100%	100%	<ul style="list-style-type: none"> • Not applicable
<p>Percentage of recommendations made in the period which have been agreed to by management This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.</p>	100%	100%	100%	100%	<ul style="list-style-type: none"> • Not applicable

- 4.2 The performance outlined above is mixed with the quality aspects of the performance remaining very good with clients valuing our work and opinion which is comparable to the long-term trend. The delivery of the audit plan is lower than planned due to reasons summarised in the table above and detailed in paragraphs 3.7 to 3.8 of this report.

5. Public Sector Internal Audit Standards (PSIAS)

External Peer Assessment

- 5.1 During the 2017/18 financial year, the service was the subject of an external peer assessment, conducted by CIPFA, of the extent to which the service complies with the mandatory framework for Internal Audit in the UK Public Sector: Public Sector Internal Audit Standards (PSIAS). The PSIAS determine that this must take place every five years.
- 5.2 Whilst the report was overwhelmingly positive and reflects the work undertaken to ensure compliance, it does recognise that the service needs to develop its skill set so as to provide a modern and effective audit service that fits with the strategic and commercial direction of the Council. This will require staff to become more flexible, strategic and innovative in their approach, so as to demonstrate the value they are adding.
- 5.3 An action plan has been developed from the review which the Internal Audit Team are currently implementing.
- 5.4 Due to the scale of staff absences during 2022/23 it was not possible to complete the planning for the external validation although it is planned to take place in Quarter 4 2023/24. It should be noted that as a result the Internal Audit no longer complies with the PSIAS.

Quality Assurance and Improvement Programme (QAIP)

- 5.5 During 2022/23, the following actions were taken to develop and improve the service:
 - Staff attendance at relevant professional seminars
 - Development of an Internal Audit Training Plan, participation in webinars on topical issues such as CIPFAs New skills for the modern auditor and Making sense of governance.
 - Assessment of skills within the team and identification of relevant development opportunities.
 - Further reviews of the Internal Audit Manual which reflected comments within the external review of the PSIAS.
 - On-going completion of relevant Continuing Professional Development requirements for professionally qualified staff.
- 5.6 So as to ensure that the Service not only continues to comply with the PSIAS, but to ensure that the service continues to improve, the Service has created a Development Action Plan. This encapsulates a number of key actions such as:
 - Development of the skills of the internal audit team so it is fit to meet the challenges of a modern Council.
 - Continuous review of the internal audit report.
 - Continuous review and update of working practices and reflection of associated changes in the Internal Audit Manual.
 - Management of sickness so as to minimise days lost and their impact on the delivery of the Internal Audit Plan.
 - Improved mechanisms for the management review of internal audit work.
 - Development of a more robust Counter-Fraud approach.

6. Overall Opinion

- 6.1 Based upon the work undertaken by Internal Audit in respect of 2022/23, the opinion of the Chief Internal Auditor on the overall adequacy and effectiveness of the organisation's framework of governance, risk management and control in 2022/23 is:

Overall Opinion 2022/23	ADEQUATE
Potential for Improvement	ADEQUATE

- 6.2 There is a separate opinion for Schools in accordance with CIPFA's guidance on Internal Audit which is:

Overall School Opinion 2022/23	ADEQUATE
Potential for Improvement	ADEQUATE

- 6.3 This opinion is based on the following:

- An assessment of the range of individual opinions arising from audits delivered by Internal Audit during 2022/23. This assessment takes into account the relative materiality of these areas and management's progress in addressing control weaknesses that have been identified.
- The design and operation of the Council's governance and risk management frameworks.
- The extent to which Internal Audit complies with the PSIAS, and the quality and performance of the service, determined through compliance with its Quality Assurance and Improvement Programme (QAIP).
- Subject to the External Auditor's unqualified audit opinion and assessment of no material control weakness in the internal control environment in respect of the 2022/23 financial year (EY Audit Results Report, to be presented to Audit and Governance Committee in November 2023)
- Reports produced / issues arising as a result of consultancy or investigative work undertaken by the Internal Audit team.
- Management's positive response to findings and recommendations.
- The Assurance Mapping that was undertaken during the financial year.

- The continued independent status of Internal Audit, as evidenced by auditors' annual declarations in respect of the Code of Ethics.
- 6.4 It is vital that the Council builds on the progress made during 2022/23 in embedding a consistent and effective risk and performance management system, so as to support the Council during its delivery of its Framework for Change and achievement of the Sefton Vision 2030.
- 6.5 It should be noted the opinion does not imply that Internal Audit has reviewed all risks and assurances relating to the Council and is not an absolute assurance of the effectiveness of internal control arrangements and the management of risk. The purpose of this opinion is to contribute to the assurances available to the Council which underpin the assessment of the effectiveness of its governance framework, including the system of internal control, which are encapsulated in the Annual Governance Statement.

7. Looking Ahead

- 7.1 The Internal Audit Plan 2023/24 will deliver a comprehensive assurance on the following key areas: governance, risk management and internal control. The completion of this work will continue to assist the Council not only to develop in respect of identified areas for improvement, but also to gain assurance that the transformation programme being embarked on by the Council has adequate regard for internal control. The ongoing implementation and embedding of systems of risk and performance management will develop the Council's capacity to manage this journey, and Internal Audit will be key in reviewing these systems to support their development.
- 7.2 It is not expected at this point looking forward that there will be any further meaningful impact from Covid-19 however there is some issues that stem from time taken to recruit which reflect the post Covid-19 job market which will impact on the recruitment of internal audit staff. The external operating environment, particularly continues to be challenging, with the existing risks of inflation, supply chain and cost of living pressures still having a significant impact as we view the horizon for the next 12 months. The team will remain focused to deliver a broad range of assurance during the year, which we managed to increase during the past 12 months despite severe resource issues and the pandemic whilst being pragmatic and flexible in our actions to support operational colleagues across the organisation as they respond to the changing operating environment.
- 7.3 In addition, during the year, all recommendations will continue to be subject to follow up audit work, which will provide assurance of the level to which these have been implemented. This will provide a steer for the organisation in terms of areas for further attention so as to mitigate identified risks.
- 7.4 The Audit and Governance Committee will continue to play a key role not only in scrutinising the performance of the internal audit function, but also in challenging the organisation in respect of its response to Internal Audit work. This role is key in the Council's overall system of internal control.
- 7.5 The Internal Audit team will continue to develop and modernise so as to meet the needs of a changing organisation and maximise its contribution to the Council's system of internal control.

This page is intentionally left blank

Agenda Item 9

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 6 September 2023
Subject:	Risk and Audit Service Performance		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report details the performance and key activities of the Risk and Audit Service for the period 1 July 2023 to 31 August 2023.

The report also discusses the resourcing position across the Team as well as in particular the Internal Audit Team, the response and the actions planned for the rest of the financial year including a revised internal audit plan for 2023/24.

Recommendation(s):

Members are requested to:

- (1) Note the progress on the 2023/24 Internal Audit Plan to 31 Aug 2023.
- (2) Approve the revised Internal Audit Plan for 2023/24
- (2) Note the contributions made by the Health and Safety, Insurance, Assurance and Risk and Resilience teams in facilitating the management of the Council's key risks

Reasons for the Recommendation(s):

Approval of the recommendations will facilitate the continued provision of a comprehensive and effective Risk and Audit Service.

Alternative Options Considered and Rejected: (including any Risk Implications)
None

What will it cost and how will it be financed?

(A) Revenue Costs - There are no direct financial implications, outside of the approved budget for the function, arising from this report. However, the Council benefits

Agenda Item 9

from the work of the section in reducing the impact and likelihood (and so the cost) of risk.

(B) Capital Costs - There are no capital costs arising from this report.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): The report outlines the current recruitment activity across the Risk and Audit Team to appoint to existing positions. In addition, the report outlines that a revised Internal Audit plan has been drafted for Members, to approve, to reflect that proposed planned internal resources for the internal audit team from Financial Management will not now take place in 2023/24.</p>									
<p>Legal Implications: There are no specific legal implications from the report.</p>									
<p>Equality Implications: There are no equality implications.</p>									
<p>Impact on Children and Young People: There are no direct implications in the report for Children and Young People.</p>									
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1"> <tr> <td>Have a positive impact</td> <td>Yes</td> </tr> <tr> <td>Have a neutral impact</td> <td>No</td> </tr> <tr> <td>Have a negative impact</td> <td>No</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td>Yes</td> </tr> </table> <p>The Risk and Audit Team has been working mainly from home with exception of the Health and Safety Team who undertake periodic inspections of Council buildings to provide guidance and support.</p> <p>The working from home has reduced the teams commuting and therefore carbon footprint. The revised working practices will continue with the Council's agile working policy although the footprint will slightly increase at this point as staff move back to the office at an agreed frequency.</p> <p>We are currently exploring with the Council's insurers and broker their actions to reduce Climate Change which we will respond on in future reports following renewal when the information is available. One of the audits within the 2022/23 approved audit plan as well as 2023/24 is Climate Change which will provide assurance on the Council's response to the Climate Emergency as the issue is a corporate strategic risk</p>		Have a positive impact	Yes	Have a neutral impact	No	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	Yes
Have a positive impact	Yes								
Have a neutral impact	No								
Have a negative impact	No								
The Author has undertaken the Climate Emergency training for report authors	Yes								

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Providing an effective assurance service and assisting with
--

the embedding of risk management within the service areas delivering the Council's core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.

Facilitate confident and resilient communities: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council's core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.

Commission, broker and provide core services: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council's core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.

Place – leadership and influencer: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council's core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.

Drivers of change and reform: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council's core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.

Facilitate sustainable economic prosperity: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council's core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.

Greater income for social investment: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council's core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.

Cleaner Greener: Providing an effective assurance service and assisting with the embedding of risk management within the service areas delivering the Council's core purpose will help to ensure that the appropriate risks and controls are identified and in the case of controls are operating as designed. This approach will help to ensure that the Core Purpose is delivered.

What consultations have taken place on the proposals and when?

Agenda Item 9

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD..7355/23....) and the Chief Legal and Democratic Officer (LD5555/23 .) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

Contact Officer:	David Eden
Telephone Number:	0151 934 4053
Email Address:	david.eden@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

- Risk and Audit Service Performance Report

Background Papers:

The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website:

- Internal Audit Plan 2022/23 (as approved by this Committee on 16 March 2022).
- Revised Internal Audit Plan 2022/23 (as approved by this Committee on 14 December 2022)
- Internal Audit Plan 2023/24 (as approved by this Committee on 15 March 2023)

1. Introduction

1.1 The Risk and Audit Service is managed by the Chief Internal Auditor, who reports to the Executive Director of Corporate Resources and Customer Services through the Finance Service Manager.

1.2 The mission of the service is “to deliver a first-class risk and audit service that is highly respected and valued by Sefton and is the envy of our peers”.

1.3 The Service has the following objectives:

- To lead the Council in embedding a system of internal control and risk management that facilitates the achievement of the organisation’s objectives.
- To be a valued corporate influence in promoting the due consideration of risk in Council decisions, strategies, and plans.
- To align the service with the Council’s changing needs.

1.4 In delivering this mission and objectives, the Service encapsulates the following teams:

Agenda Item 9

- Internal Audit
- Health and Safety
- Insurance
- Risk and Resilience
- Assurance

1.5 This report summarises the main aspects of the performance of the Service during the period 1 July 2023 to 31 August 2023, and gives members a detailed overview of the following areas:

- Internal Audit:
 - o work undertaken in the period, including a summary of work and an outline of the high priority recommendations made
 - o performance against Key Performance Indicators
 - o developments relating to this part of the Service
- Health and Safety, Insurance, Assurance and Risk and Resilience:
 - o work undertaken in the period, with key data provided
 - o developments relating to these parts of the Service

1.6 The report concludes by looking ahead to the forthcoming activities being undertaken by the service.

This page is intentionally left blank

Risk and Audit Service: Performance

Page 91

Audit and Governance Committee
06 September 2023

David Eden
Chief Internal Auditor
Risk and Audit Service
Corporate Resources
Magdalen House
30 Trinity Road
Bootle
L20 3NJ

Agenda Item 9

Contents

1.	Executive Summary	Page 3
2.	Introduction	Pages 4 - 5
3.	Internal Audit Performance Update	Pages 6 - 18
4.	Health and Safety Performance Update	Pages 19 - 25
5.	Insurance Performance Update	Pages 26 - 34
6.	Risk and Resilience Performance Update	Pages 35 - 37
7.	Assurance and Counter Fraud	Pages 38
8.	Looking Ahead	Page 39
9.	Conclusions	Page 40

Page 92

1. Executive Summary

1.1 This report summarises the performance and activity of the Risk and Audit Service for the period 1 July 2023 to 31 August 2023.

1.2 The report covers each of the areas of the service:

- Internal Audit
- Health and Safety
- Insurance
- Risk and Resilience.
- Counter Fraud

1.3 The report highlights the following key points:

- This has continued to be a busy period for the Service, with the completion of a number of key pieces of work. The performance indicators and key data in this report reflect this positive progress.
- The service continues to seek to support the effective management of risk, which is especially pertinent as the Council transforms.
- The development of the service continues, with a number of improvements having been completed in the period.

2. Introduction

- 2.1 The Risk and Audit Service is managed by the Chief Internal Auditor.
- 2.2 The mission of the Service is *“to deliver a first-class risk and audit service that is highly respected and valued by Sefton and is the envy of our peers”* and the Service has the following objectives:
- To lead the Council in embedding a system of internal control and risk management that facilitates the achievement of the organisation’s objectives.
 - To be a valued corporate influence in promoting the due consideration of risk in Council decisions, strategies, and plans
 - To align the service with the Council’s changing needs.
- 2.3 In delivering this mission and objectives, the Service encapsulates the following teams:
- **Internal Audit** – this statutory service provides the internal audit function for all areas of the Council, including maintained schools. Internal Audit can be defined as: “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. Internal Audit 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.” (Public Sector Internal Audit Standards)
 - **Health and Safety** – supports Council officers and members in providing an effective health and safety management system that meets the Council’s statutory health and safety duties; thereby controlling the risks of injury and ill health to staff and others affected by the Council’s activities.
 - **Insurance** – fulfils the duty to provide an appropriate insurance service for the Council, including claims management, advice on insurance issues and the management of insurable risk.
 - **Risk and Resilience** – develops risk management and mitigation strategies for the Council on emergency planning (ensuring that the Council meets its statutory responsibilities as a Category 1 responder under the Civil Contingencies Act 2004), public safety and business continuity issues.

- **Assurance Team** – will develop a Counter Fraud strategy and co-ordinate the development of counter fraud services across the Council.

1.4 This report summarises the main aspects of the performance of the Service for the period 1 March 2023 to 30 June 2023, covering the following areas:

- Internal Audit:
- work undertaken in the period, including a summary of work completed and an outline of the high priority recommendations made.
- performance against Key Performance Indicators
- anti-fraud update
- developments relating to this part of the Service.
- Health and Safety, Insurance, Risk and Resilience and Assurance and Counter Fraud:
- work undertaken in the period, with key data provided where applicable.
- developments relating to these parts of the Service.

2.5 The report concludes by looking ahead to the challenges which will be addressed in the forthcoming period.

3. Internal Audit: Performance Update

3.1 Completion of Audit Plan

Since the last update to the Committee, the team have progressed a wide range of engagements. The table below outlines the audits in the Audit Plan that have progressed during the year. For engagements where a draft or final report is issued, the Audit Opinion and number of recommendations are identified.

Audit Engagement	Audit Opinion	Recommendations			Current Audit Engagements		
		High	Medium	Low	Draft	Final	Progress since last update
Highways Maintenance Procurement 22/23	Minor	0	1	0	27-07-23	09-08-23	Draft and final reports issued
Data Protection – Data Breaches 22/23	Moderate	0	2	4	25-05-23	09-08-23	Final report issued
Annual Governance Statement 22/23	n/a	4 Significant Governance Issues			29-06-23		Draft AGS prepared and shared with SLT.
Corporate Governance Review 22/23	Moderate	3	3	3	29-06-23		Draft report issued (includes 4 SGIs reported in the AGS)
Data Protection breaches	Moderate	0	3	0	03-07-23		Draft report issued
Sandway Homes – Financial Sustainability 22/23 – Company	Moderate	0	4	1	28-06-23		Draft Report issued to company and initial responses received which are to be clarified with the client.
Sandway Homes – Financial Sustainability 22/23 - Council	Major	3	0	0	28-06-23		Draft report issued to Council including recommendations specifically relating to Council operations and management. These have been discussed and amendments are to be made to the report

							including amendments to the recommendations. A revised draft containing revised recommendations is to be re-issued.
Holy Rosary School	Moderate	0	4	1	12-07-23		Draft report issued
Newfield School 2022/23	Moderate	0	5	1	25-08-23		Q1 A&G states issued 12 June 2023.
St Robert Bellarmine School 2022/23	Moderate	0	4	0	25-08-23		Q1 A&G states issued 12 June 2023.
Adult Social Care Budget Management 2022/23	n/a					23-08-23	Consultancy review
Springwell Primary School 2022/23	Moderate	0	4	2	26-01-23	31-08-23	Final Report issued.
Marshside School 2022/23	Moderate	0	5	1	15-03-23	31-08-23	Final Report issued.
Woodlands Primary School 22/23	Moderate	0	5	0	23/08/23		Draft Report issued.
Tree Management (External Review)							Following up with Management to ensure that recommendations from the review will be addressed. Historically there has been a fragmented approach to tree management which the review has identified and tried to address. As a result, there is a need to draw up a Council wide approach. The Risk and Audit Team have produced a joint report with Green Sefton a corporate tree management report that can be presented to SLB/ELT for approval. This is currently with the Assistant Director of Operational In House Services for approval.
Investment in Highways 22/23							Draft report is to be reviewed by Audit Management.

Children's Services Demand Management					Initial planning work was undertaken. The Ofsted Inspection covered aspects of demand management. Audit plan to review progress against the Improvement Plan later in the year.
PSIAS					Self-assessment undertaken and progress made in improving procedures.
SHOL					Fieldwork completed and draft report prepared. Finalisation delayed due to changes in management.
Sefton New Directions 22/23					Fieldwork completed, and exit meeting held with SND management. Additional information received to be reviewed ahead of finalised draft report.
St John's, Crossens Primary School					Fieldwork is to be reviewed and gaps in information followed up with the school.
Leisure Centres					Initial meeting held with Head of Service to agree scope and timing of audit. Currently on hold at request of management.
Damp and Mould					Initial Audit Brief is prepared and fieldwork due to commence in Autumn.
Emergency Planning					Fieldwork has been completed by Gallagher Bassett
Social Value					Background planning work completed. As a new area, management suggested that beneficial to wait until more examples available to test.
Grants Management					The fieldwork is complete, and the draft report is being prepared.
Petty Cash					Audit brief has been issued and work programme developed.
Emergency Planning					External document review completed by Gallagher Bassett.
Pupil Place Planning					Fieldwork complete and draft report being prepared.
Consultancy / Management Support - Cleansing					Supported management at the early stages and have provided some suggested fresher training for customer facing staff who may receive complaints or allegations.

Consultancy / Management Support – Children’s Services					Supporting management in fact finding exercise regarding agency workers; code of conduct and training.
--	--	--	--	--	--

Grants Certified	Value Certified
Bootle Area Action Plan 2023/24 Q1	£1k certified
Southport Eastern Access Corridor 2023/24 - Q1 Claim	£39k certified
Maritime Corridor 2023/24 - Q1	£19k certified
Crosby Lakeside Adventure Centre 2023/24 – Q1	£151k certified
Southport Events Centre and Theatre 2022/23 – Q2 Claim	£8.6k certified
Southport Events Centre and Theatre 2021/22 – Q3 Claim	Nil certified
Southport Events Centre and Theatre 2021/22 – Q2 Claim	£34k certified
CRSTS Highways and Non-Highways Maintenance Work 2023/24 - Q1 Claim	£60.8k certified

3.2 High Priority Recommendations

A summary of the high priority recommendations made on reports issued since the last Committee meeting is provided below.

Corporate Governance Review 2022/23

- 1) The Council’s Code of Conduct should be reviewed, updated and approved annually by the Audit and Governance Committee.

- 2) Capacity issues within services are reflected in Service Plans and remedial action considered as part of budget setting process.
- 3) Improved engagement is required from senior managers as part of the annual governance review.

3.3 2023/24 Resources and Performance

The following table outlines the Audit Team’s performance against the Key Performance Indicators outlined in the Audit Plan agreed by the Committee in March 2023.

Description and Purpose	Target	Actual	Variance and Explanation
<p>Percentage of the Internal Audit Plan completed.</p> <p>This measures the extent to which the Internal Audit Plan agreed by this Committee is being delivered. The delivery of the Plan is vital in ensuring that an appropriate level of assurance is being provided across the Council’s systems.</p>	<p>42%</p> <p>See graph below</p>	<p>30%</p> <p>See graph below and narrative</p>	<p>12%</p> <p>There has been an 7% shortfall in planned staff resources available and the completion of 2022/23 audit work has been significantly more involved and time consuming than anticipated when the Plan was formulated in February.</p>
<p>Percentage of Client Survey responses indicating a “very good” or “good” opinion</p> <p>This measures the feedback received on the service provided and seeks to provide assurance that Internal Auditors conduct their duties in a professional manner.</p>	<p>100%</p>	<p>100%</p>	<p>No variance</p>
<p>Percentage of recommendations made in the period which have been agreed to by management.</p>	<p>100%</p>	<p>100%</p>	<p>No variance</p>

Description and Purpose	Target	Actual	Variance and Explanation
This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.			

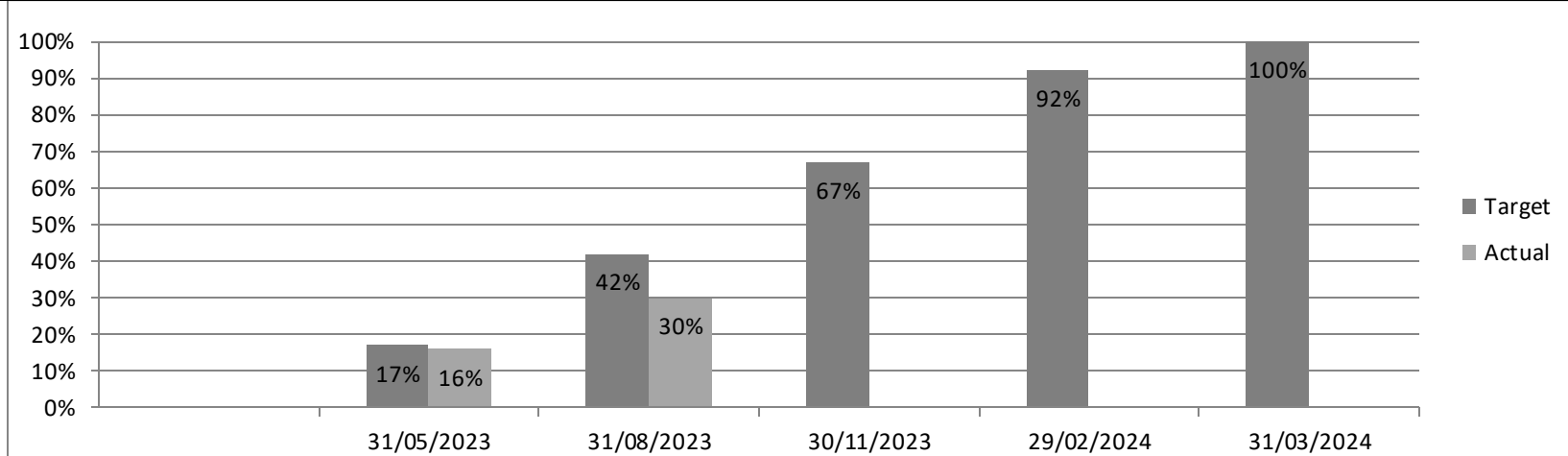


Figure 1: Percentage of the Internal Audit Plan 2023/24 completed.

Figure 1 above shows the percentage of the audit plan completed during the year with 30% of the plan completed after five months.

Presently, the team comprises Audit Manager, two Principal Auditors, a CIPFA trainee and a part-time trainee ICT-Auditor.

- A Principal Auditor employed on a fixed term contract left the Authority on 30 June 2023 leaving a gap in resources. In anticipation of this resourcing gap, we have been attempting to secure a permanent Principal Auditor replacement since March 2023, but without success.
- The CIPFA trainee joined the team from Financial Management at the end of January 2023 and is expected to return to a role in Financial Management after nine-months at which time a new CIPFA trainee will join the Audit team.
- Financial Management in February 2023 as part of the audit planning process agreed that a newly qualified CIPFA apprentice would join the Internal Audit team from July 2023 for two years. The 2023/24 Audit Plan was present to and

approved by this Committee based on this assumption. Finance have confirmed that they are not in a position to be able to release this resource.

Current resourcing risks to the delivery of 2023/24 Audit Plan.

- Inability to recruit a replacement Principal Auditor from July 2023. We are optimistic that we will recruit to the vacant post by January 2024. This leaves a shortfall of six-months (or 0.5 Full Time Equivalent) in the annual resource.
- Financial Management are not in a position to be able to release a CIPFA graduate to the team. This leaves a shortfall of nine-months (0.75 Full Time Equivalent) in the annual resource as it's expected that this will continue to be the case for the remainder of 2023/24.
- Laptop failures during the first part of the year have resulted in several non-productive days for the team. The impact is currently less than 1% of the plan, and this will be continued to be monitored.

The impact of the lack of resources has impacted from 1 July 2023 onwards, as essentially the team are two Full Time Equivalents staff (36%) smaller than the original planned resource complement included in the March 2023 Internal Audit Plan, which has impacted on the delivery of the approved audit plan. We have traditionally operated a very low contingency so that work is allocated into planned audits which makes where there is a significant change in the resource difficult to accommodate without altering the plan and bringing back to the Committee to approve. In addition, some audits completed in 2022/23 have had to be extended to reflect additional work that was required following risks being identified. As reported to the Committee in July 2023, a revised Annual Audit Plan will be required for the rest of the financial year, to reflect the reduced resources which is detailed below.

3.4 Revised Audit Plan 2023/24

The reduction in available resources, described above, decreases the available audit days available from 1,055 to 798, a reduction of 257 days. The revised 2023/24 audit plan is detailed below.

Although the numbers of days are sufficient to potentially provide an annual opinion at the end of the financial year without providing a qualified opinion the resources are at the edge of being acceptable to undertake this. In the event of a special investigation or other unplanned work that needs to take place the opinion could end up being qualified as further resources are moved to accommodate the work.

The Council's insurance programme includes a number of free risk management days which can be utilised to provide additional risk management support and training. We are able to utilise some of these days to undertake a review of Emergency Planning which is currently underway using risk days from 2022/23 insurance year and risk management from the 2023/24 insurance year.

Service	Audit Engagement	Days	Comments
Adults Social Care	ASC Debt Management Follow-up	10	
Adults Social Care	Consultancy - ASC transition from net to gross payments	0	Removed from revised plan
Adults Social Care	Inspection and assessment preparation	20	
Adults Social Care	Integrated Care Board - joint working and funding	0	Removed from revised plan
Adults Social Care	Review of controls to mitigate risk of market failure of ASC provision	20	
Children's Social Care	Placements and Packages	0	Removed from revised plan
Children's Social Care	Review of controls to mitigate risk of market failure of CSC provision	20	
Children's Social Care and Education	Troubled Families Grants	8	
Cross Cutting CSC	CSC - Agency Staff	20	
Education	Schools	96	
Education	Pupil Place Planning	20	

Service	Audit Engagement	Days	Comments
Education	High Needs Schools	0	Removed from revised plan
Financial Management	Grants Management	15	
Financial Management	LCR Grants	60	
Financial Management	LCR Grant - UK Shared Prosperity Fund	0	Grant certification work no longer needed, removed from revised plan.
Financial Management	Government Funds and Grants	20	
Financial Management	Corporate Debt Follow-up	0	Removed from revised plan
Financial Management	Petty Cash	15	
Financial Management	School Debts - Academies	5	
ICT	Cyber Security	0	Removed from revised plan
Internal Audit	PSIAS - preparation and improvements	20	
Personnel	Core HR system controls	0	Removed from revised plan
Property and Building Services	Administration of Recycling Grants	20	
Revenues and Benefits	Reconciliation assurance for new Revenues and Benefits document management systems	2	
Risk and Audit	Risk Management (New)	5 *	External review by Gallagher

Service	Audit Engagement	Days	Comments
			Bassetts
Risk and Audit	Emergency Planning	4 *	External review by Gallagher Bassetts
Strategic Support	Historic Record Management	0	Removed from revised plan
Strategic Support	Freedom of Information	10	
Strategic Support	Data Warehouse	0	Removed from revised plan
External	Sandway Homes - Loan Agreement Compliance	20	
External	SHOL	15	
External	Sefton New Directions	20	
External	Mayor's Charity	5	
Communities	Inventories	0	Removed from revised plan
Communities	Leisure Centres	50	
Operational In-House	Waste Management - appointments, pay and overtime, procurement	25	
Public Health	Commissioning - 'Living Well Sefton'	15	
Public Health	Re-establishment of Sefton Health Protection Forum	0	Removed from revised plan
Economic Growth and	Social Value Outcomes	15	

Service	Audit Engagement	Days	Comments
Housing			
Economic Growth and Housing	Damp and Mould	15	
Economic Growth and Housing	Major Construction Projects	20	
Highways and Public Protection	Severe Adverse Weather Policy Compliance	15	
Highways and Public Protection	Highways inspection - public sector equality duty	15	
Cross Cutting	AGS 2022/23	25	
Cross Cutting	AGS 2023/24	15	
Cross Cutting	Climate Emergency	15	
Cross Cutting	Follow Up of Implementation of Internal Audit Recommendations	30	
Cross Cutting	Assurance Mapping	25	
Cross Cutting	Support to trainees	10	
Cross Cutting	Governance Assurance Statements	10	New area
Cross Cutting	Completion of 2022/23 outstanding audit work	24	Increased due to increased complexity of 2022/23 wholly

Service	Audit Engagement	Days	Comments
			owned company reviews.
Cross Cutting	Contingency for Other Audit Work	33	Increased, due to involvement in fact finding exercises.
	Total Audit Days	798	

Audit Assignments removed from the revised plan will be considered for inclusion in future Audit Plans.

* Audit days completed by Gallagher Bassett, Council's Claim Management provider, are not included in the total number of days.

3.5 Public Sector Internal Audit Standards

In March 2018 the Internal Audit Service was externally assessed as "generally complies" with the Public Sector Internal Audit Standards. This was reported to the Committee at the time. Each year the Internal Audit develops and implements an Improvement Plan to enhance systems and processes to improve the service. The Internal Audit Service was due to be externally assessed during 2022/23. With the absence of the Internal Audit Manager for four months the planning for the assessment was unable to take place. The annual self-assessment is being undertaken which informs the improvement plan and forms an element of planning for the external assessment. As the service has not been externally validated within the five year period the internal audit service no longer complies with the Public Sector Internal Audit Standards. We are planning to undertake the external validation in Q4 2023/24.

3.6 Developments

Since the last Audit and Governance Report Internal Audit has:

- Continued to monitor staff wellbeing during the prolonged period of home working maintaining frequent regular contact with all team members and planning for our agile/hybrid return to Magdalen house.
- Strengthened the school audit programme to better reflect changes in Sefton's Scheme for Financing Schools. The programme will increase focus on bank pay-ins by schools.
- Engaged with external recruitment agencies to find a suitable permanent Principal Auditor to join the team.
- Implementing dedicated team office days to further strengthen our already strong team dynamics.

- Reviewed and prioritised the 2023/24 Audit Plan and presented a revised plan for consideration and approval by this committee.
- Developed and issued a questionnaire to other Internal Audit teams with the expectation that responses will facilitate bench marking.
- Currently assisting a whistleblowing complaint
- Engaged on providing support regarding an investigation linked to compliance with Code of Conduct.
- Recruitment on the Principal Auditor vacancy. We have appointed an agency and are at the time of writing the report shortlisting candidates.

In the next quarter, the planned development for the service includes:

- The continued implementation of processes to reduce the backlog of audit recommendations that require following up and identify an effective way to report recommendations implemented and outstanding to this Committee.
- Roll out a proposal to management to develop the three lines of defence model recommended by the Institute of Internal Auditors
- Continue with preparations for upcoming Public Sector Internal Audit External Assessment due in coming year.
- Continue our search for a suitable Principal Auditors to join the team.

4. Health and Safety: Performance Update

4.1 Progress

- 4.1.1 Following the departure of a permanent member of the Health and Safety team (the Team) at the 30 June 2023 there has been recruitment activity to fill the vacancy. We are currently exploring with agencies on providing suitable candidates for interview and will update Members at the September 2023 of our resulting progress. We are currently advertising for another role and are experiencing similar issues in attracting suitably qualified and experienced interviewees for the role and will likely to move to the next stage of approaching agencies for candidates. There are currently two members of the Team, with additional support being provided from the Assurance Team, to provide a service to the Council. A benchmarking process is being undertaken to compare Sefton's current health and safety team resources to that of other Councils within Merseyside.
- 4.1.2 Resources continue to be stretched to meet the various demands of the Council. As a result, the Team are focusing on key priorities and managing expectations. The Corporate Health and Safety team supports nearly 8,000 staff (including maintained school staff, and schools with a Service Level Agreement), plus agency staff, contractors, and volunteers working on behalf of the Council. The end of the school summer term has allowed some respite and time for procedural review, alongside a drop in internal demand due to staff holidays.
- 4.1.3 The Team continues to deliver a range of services across all departments and schools, which can generally be divided into three main areas:
- Policy and communication
 - Operational reactive and proactive response
 - Active monitoring.
- 4.1.4 Health and safety objectives and key performance indicators have been aligned to the Councils 'Vision 2030' and 'One Council' initiatives and core values. These are continually reviewed and drive the programme of work, not only for the team but for services areas through the health and safety sub-committees.
- 4.1.5 Consultation arrangements continue to work well, with the Corporate Health and Safety Committee playing a key role in conjunction with the Departmental Health and Safety Sub-Committees. The next scheduled corporate meeting will take place in September. Most committee meetings continue to be held virtually, using TEAMS, and are held ahead of the main

meeting itself. This provides a good avenue for the dissemination of information relating to that particular department and the wider dissemination via the full Committee. Terms of reference may require re-visiting to ensure that where members cannot make the main meeting, a competent deputy attends in their place.

- 4.1.6 The Team is attending corporate sites to advise and ensure statutory compliance, as well as restarting school visits, to review safety management systems. Such visits have been severely restricted in recent years due to the pandemic. Examples of recent corporate visits have included Magdalen House and Hawthorn Road Depot in Bootle. Non-corporate venues have included the scenes of forthcoming public events, either alone or in conjunction with other authorities such as the police, as well as schools, both for audit and to advise upon more complicated issues, such as the effective evacuation across two sites.
- 4.1.7 Under reporting of accidents, incidents and near misses remains an issue. Whilst Sefton is not alone in experiencing this, there is room for much improvement. The Team continues to encourage managers to ensure all accidents, incidents and near misses are reported to ensure safety management is improved and to ensure the Council is protected as best as it can in the event of future claims, as well as comply with its legal duty to report accidents under the Social Security (Claims and Payments) Regulations. In addition to reminders through the Corporate and sub-Committee structure for managers to encourage reporting we have also during the quarter made the reporting system more accessible and simpler, with access now being available directly from the intranet's front page as well as available through the health and safety intranet page.
- 4.1.8 Reporting rights are no longer just restricted to managers but also available to first line supervisors to relieve administrative burdens and increase information flows. All Service Areas have been approached to provide details of their first line supervisors and we have refreshed the user lists on the software issuing new log ins. Departments are being approached and advised directly where there is strong evidence of under-reporting. The Team is working with the Comms Teams to produce a package of communication to staff members from regular emails, updates on the intranet and a video from senior management.
The Incident Reporting procedure is currently under review to ensure all current issues, including reporting mechanisms for third party contractors working on behalf of the Council's undertaking, are covered.
- 4.1.9 The Team continues to review the quality of incident reporting and advises the inputter where there is scope for improvement. There has been some visible improvement in quality noticed over the quarter, however, there remains a long way to go. A small number of incidents continue to be reported under RIDDOR when they should not be. It is believed that the number of RIDDOR reports submitted each year can be reduced, thereby only allowing genuine ones to be forwarded to

the HSE. The team continues to discuss accident and incident reporting to further publicise the need for quality information being received. This will then allow true analysis and targeting where necessary.

4.1.10 The summer months have brought about a full schedule of events held across Sefton's parklands and other associated sites. Those events have included everything from music to comedy, to food, drink, flowers, fireworks and air displays. All of these have boosted tourism and rejuvenated some of our more disadvantaged neighbourhoods. Whilst most events are relatively low risk in nature, some of the activities incorporated within may be deemed higher risk and requiring further consideration. Fair rides, inflatables and daredevil stunts are examples of activities that can raise the risk levels of an event and thereby attract the attention of the team via the Sefton Event Safety Advisory Group (SESAG). The team are active members of SESAG advising other stakeholders on the Group, as well as event organisers in relation to their responsibilities and best practice. The volume of documentation that can be submitted for such events can be significant which does impact on the team's activities.

4.1.11 The Team has recently reviewed the Council's procedures when dealing with event applications, ensuring a more coordinated approach across Service Areas and enhancing systems that are currently in place. They are currently working with other teams and departments to ensure the recommendations are implemented as soon as reasonably possible.

4.1.12 The Service Level Agreement with a significant number of Sefton's schools has been renewed for the 2023/24 period. Visits to those schools are being planned to allow the review of their safety management systems. As expected, most of those visits are to occur following the summer break and will take up a significant proportion of the Team's time.

4.1.13 Risk assessment remains the mainstay of health and safety and the team receive such documents for review from a range of sources, including corporate departments, schools' external events organisers (via the Evolve database) and from public event organisers (via the Events Safety Advisory Group). There is a wide range of differing standards when it comes to risk assessment submissions and advice is given upon receipt to strengthen the quality of those submitted. Risk assessments and safe systems of work should be reviewed following accidents or incidents and this message is regularly disseminated by the team to wider management to secure a more robust due diligence system.

4.1.14 The Team continues to work alongside other Service Areas to review existing practice and establish best practice.

Examples of such cross - departmental work include:

- Property Services in relation to fire marshal and first aid provision, PAT testing, security and aggression in public facing council buildings.

- Building Services in relation to Asbestos Management
- Workforce Learning and Development in relation to the establishment of a new health and safety training programme.
- Various parties on the re-establishment of the Workforce Wellbeing Group.
- Adult Social Care in relation to better accident / incident reporting measures.
- Operational In-House Services in relation workers working in excessive heat, hand – arm vibration and working in or near water.
- Operational In-House Services and Communities on managing open water spaces and beach environments.

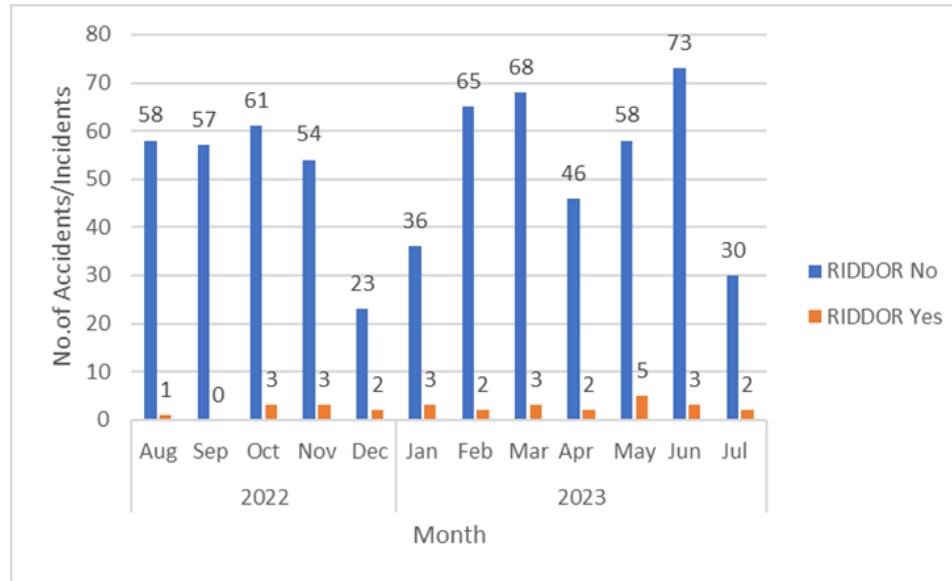
4.1.15 Along with some of the broader projects, the team remains busy with more specific / individual enquiries from both the schools and corporate side. These cover such areas as:

- Personal Emergency Evacuation Plans (PEEPS) for disabled members of staff
- DSE and Ergonomic issues including the purchase of relevant chairs.
- Fire evacuations in a school
- Potential health issues from vegetation growing in a school.
- School's struggling to access the CLEAPSS and Evolve systems.

4.2 Key Incident Data

4.2.1 The Health and Safety Team continue to manage the Council's incident reporting system which records work-related accidents and incidents involving employees, agency workers, contractors, volunteers, and members of the public.

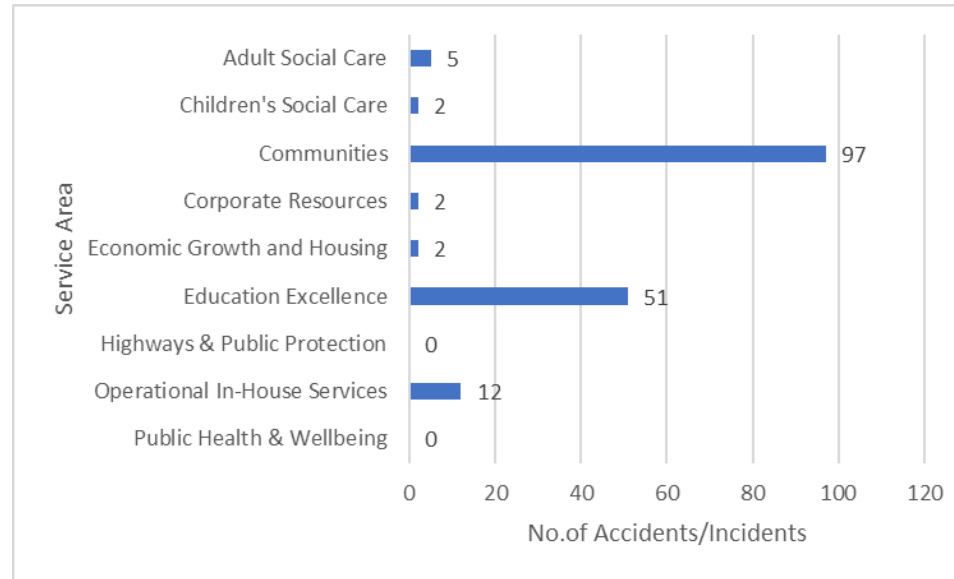
Graph 1 below provides reportable Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) and non - reportable accident and incident data for the Council from 1 August 2022 to 31 July 2023 over the past 12 months.



Graph 1: Accident and Incident data between 1st August 2022 to 31st July 2023

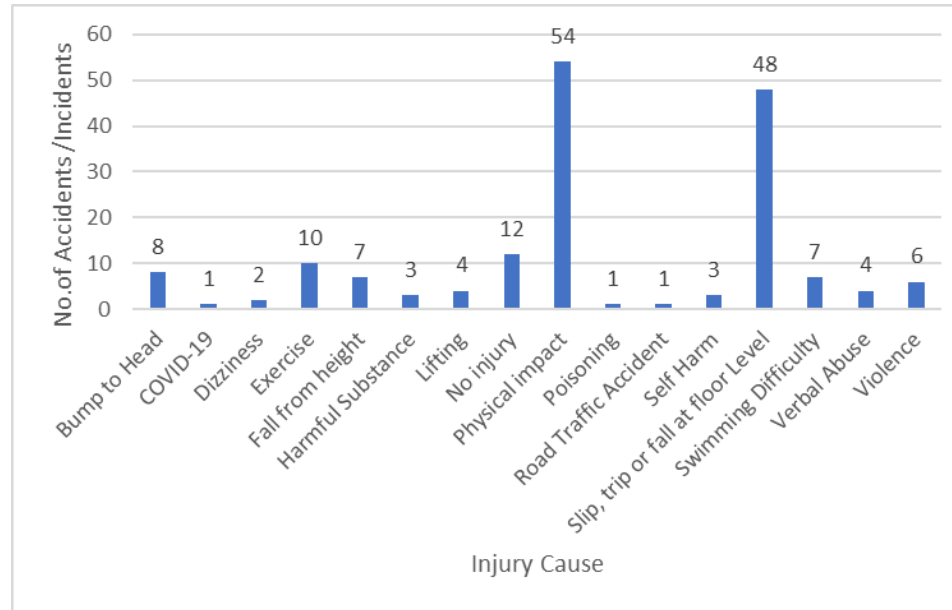
4.2.2 The graph shows relatively steady reporting figures, save for a drop in December, January, April and July. Drops in reporting can usually equate to an increase in staff leave, so the run up and aftermath of Christmas and Easter may have an impact upon this. In other areas, such as Communities, increased footfall over holiday periods can increase and can reflect in their figures. The Team has experienced some cases of ‘reporting on mass’, when some supervisors clear their books and catch up on long overdue accident and incident reports. This can skew the figures for certain months and is a practice that we are working to address.

Graph 2 provides accident and incident data comparisons for Service Areas between 1 May 2023 and 31 July 2023.



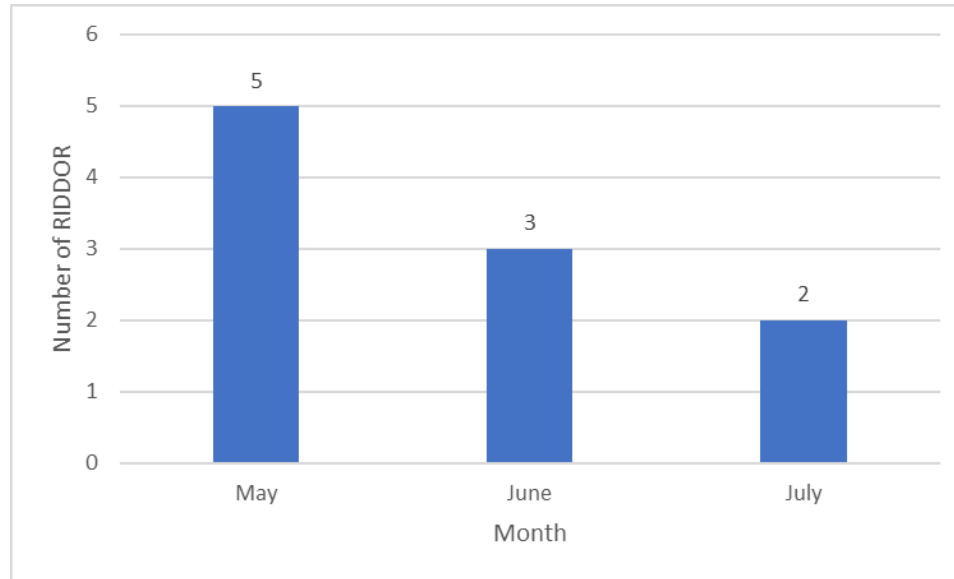
4.2.3 The recorded incident numbers particular the higher numbers can be interpreted in several different ways. It may be a reflection of the size of the department, as a higher employee count will likely lead to a higher incident rate. Similarly, it can reflect higher risk activities, or possibly, just that one department is better at reporting near misses etc. than others. In the quarter under review, Communities topped the reporting of accidents and incidents. The graph also highlights some potential under reporting by Service Areas and this matter continues to be raised accordingly as highlighted above.

Graph 3 shows the reported causes of accidents and incidents reported across Sefton Council from 1 May 2023 to 31 July 2023.



4.2.4 The highest reported categories are physical impact which has overtaken slips, trips and falls for this quarter; however, this must be read in context as many of these will result from playground activities, contact sports and games. Instances of physical impact away from where it is expected will be fully investigated.

Graph 4 shows the number of notifications made to enforcement authorities and insurers under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), between 1 May 2023 to 31 July 2023.



4.2.5 As highlighted previously, RIDDOR reporting is currently under review to ensure that only those reports that meet the criteria are put through. Generally, they must relate to an accident and be work related (as opposed merely occurring whilst in work). These elements are crucial. The determination of an accident is defined by the HSE as an identifiable external event that causes the injury, e.g., a falling object striking someone. Feeling a sharp twinge in the back would not be classed as an accident. Work related is defined as 'out of or in connection with work' – i.e., it must be part of the work process. With ten RIDDOR reports for this quarter, it is an increase in the previous quarter's submission of seven.

4.3 Developments

4.3.1 There will be a continued focus during the next quarter of delivering the Health and Safety Improvement Plan with planned and reactive priorities. The Team will be working with the health and safety sub-committees to develop their own service area improvement plans, considering lessons learnt and areas of good practice.

4.3.2 The Corporate Health and Safety Team will:

- Continue to support managers and head teachers with the review and updating of risk assessments.
- Continue to review, update, and monitor the Health and Safety Standards and Policies, with focus on fire risk assessments, personal and corporate security, dangerous substances, and Explosive Atmosphere Regulations, first aid provision and local emergency response.
- Continue to develop the Council-wide training needs assessment which will build into the health and safety training plan and provision, in collaboration with the Workforce Development Team.
- Work with senior managers to identify staff who require risk assessment or refresher training. Continue to support the delivery of risk assessment training for managers.
- Focus on improving the accuracy of incident reporting, investigation and implementation of controls and monitoring to prevent reoccurrence. Work with managers to ensure incidents of threatening and abusive behaviours towards staff are reported and investigated.
- Supporting the review of event management by Green Sefton and Tourism as well as Open Water safety by Green Sefton and Leisure.
- Continue to deliver a health and safety monitoring regime across the Council, to schools where the Council retains responsibility for the health and safety as the employer and those schools with a Service Level Agreement with the Councils Corporate Health and Safety Team. This will provide assurance that health and safety management systems are suitable and effective.
- Monitor outdoor education activities, offering advice and reviewing risk assessments for off-site visits and adventurous activities involving young people in schools. This is managed by the EVOLVE system which schools can purchase as part of the Service Level Agreement offering.
- The Team continues to support and monitor schools in the safe storage and where necessary, destruction of their radioactive sources.

5. Insurance: Performance Update

5.1 Work Completed

5.1.1 During the period, the following key pieces of work/projects have been undertaken:

5.1.2 The tender for the Council's Insurance Programme has recently been completed in order for the main policies of material damage, combined liability, motor and engineering to be in place for another long-term agreement of three years, with optional extensions of two one-year periods. Following receipt of extensive clarification questions by interested bidders, a total of four major Insurers submitted bids for all or some of the Lots available in the opportunity.

5.1.3 In line with the Council's Procurement Rules, the Insurance Team (Team) completed an evaluation exercise on all bids which was then moderated before liaising with the Council's Insurance Brokers who evaluated the Tender separately. The Brokers produced an overall Evaluation Report recommending the highest ranked providers for each Lot.

5.1.4 Following approval by Cabinet Member in March 2023, delegated authority was granted to the Executive Director of Corporate Resources & Customer Services in consultation with the Cabinet Member, Regulatory, Compliance, and Corporate Resources to award the contracts which has been formally obtained following the completion of the tender. The new contracts are due to commence on 29 September 2023 and we will be meeting the insurers to ensure that there is effective on boarding of insurers for the new contracts. The adoption of the recommended Insurers means a change of insurer for the Motor policy and appropriate arrangements will be put in place to ensure a smooth transfer.

5.1.5 Unfortunately, due to the hardening insurance market, the exercise has seen annual premiums rise significantly since renewal last year for all but the Motor policy which has seen a welcome reduction in premium. During the Covid-19 pandemic there was a focus by the insurance market on cost and profit from the previous prevailing focus on market share. Post pandemic there have been supply chain issues, inflation, Ukraine, shortage of labour and rising energy prices which have impacted on the cost of claims which have ultimately fed through to the cost of insurance.

5.1.6 On the advice of the Council's Brokers, Marsh, the more specialist Council policies (Terrorism, Director's & Officers, Personal Accident & Travel, Fine Art, Marine, Drone, Premises Pollution and Sefton Arc PI and PL), were omitted from this Tender exercise. This was because the market for these covers would be extremely limited using a tender aimed at Public Sector insurers with potentially no quotes being received or if only one bid was received, then there would be no option but to

accept the premium quoted. It was therefore recommended that Marsh utilise their in-house placement team to approach multiple markets. This would provide competition, resulting in being able to place policies at the most competitive option and ensure that value for money is gained. The results of this exercise are as yet unknown, however will be reported on in a future update and agreed by a Waiver.

- 5.1.7 The Council continues to defend cases robustly to protect the public purse and, where necessary, will enlist the assistance of Weightmans, the Council's liability insurance solicitor, to provide litigation support for appropriate claims. With Weightmans assistance, two insurance claims were recently discontinued by the claimants prior to trial. The claims had a reserve of £75k of £50k.
- 5.1.8 The valuation of Council properties reported in previous updates has now been completed and the report provided by the external valuers will provide the Council with assurance that the appropriate level of material damage cover is in place for each Council building. With the exception of 40 buildings subject to external valuations in 2021/22, all remaining Council buildings, and as agreed by Insurers, were valued for insurance purposes via a hybrid exercise (both on site and desktop appraisals). Although the report has still to be studied closely there is currently a mix of under and over valuations within the portfolio. Overall, there is a requirement to increase the total sum insured of the buildings by 9% approximately and insurers have been notified accordingly. It should be noted that this will lead to an additional premium on the Material Damage policy.
- 5.1.9 A recruitment exercise has recently been undertaken due to the retirement of a long standing member of the Team in June 2023. This proved successful and a new experienced Insurance Claims Technician joined the Team at the beginning of August 2023 which will ensure that the Team continues to provide a high level of service to both internal and external partners.
- 5.1.10 The Team, where necessary, will continue to work with service areas to improve the management of insurable risk especially in areas where there are high numbers of claims or areas of concern. The Council generally has high defensibility rates, and such risk management activity will assist in maintaining and potentially improving the position further.

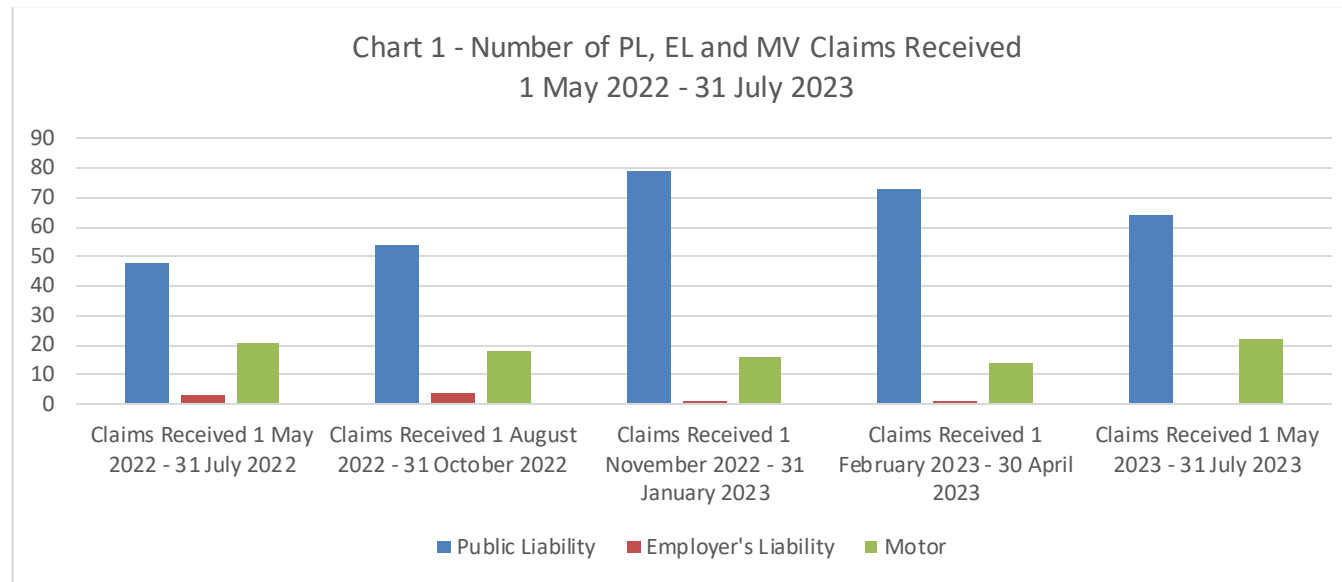
5.2 Key Claims Data

5.2.1 The following charts outline the insurance performance and include:

- Numbers of claims for Public Liability (PL), Employers Liability (EL) and Motor (MV) received by Sefton Council for the period 1 May 2022 to 31 July 2023.

- Value of the reserves for PL, EL and MV claims received by Sefton Council for the period 1 May 2022 to 31 July 2023.
- The average reserve value for PL, EL and MV claims received by Sefton Council for the period 1 May 2022 to 31 July 2023.

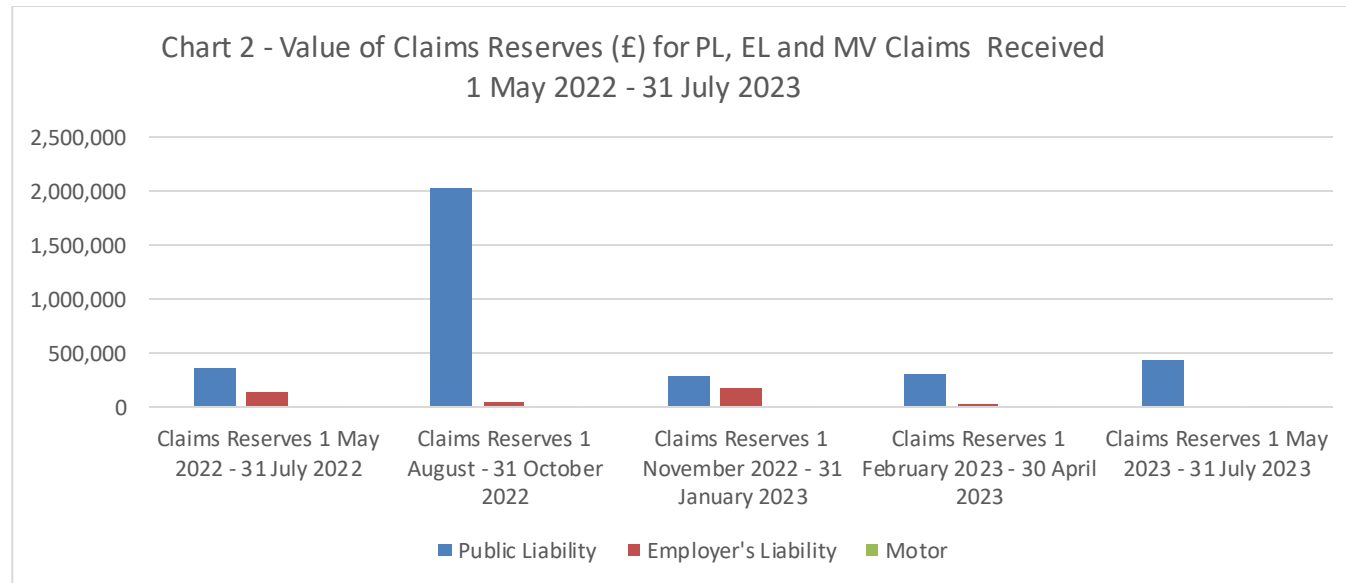
Chart 1 below outlines the number of claims for PL, EL and MV received for the period 1 May 2022 to 31 July 2023.



5.2.2 Numbers of PL claims have decreased by 12% from the previous quarter, and 19% since the peak in the third quarter of the overall reporting period. However, they end at an increase of 33% from the same period last year. Personal injury claims represent 53% of the claims received with the remainder being third party property damage. The majority (61%) of claims relate to the Highways service area which account for 56% of the personal injury claims and 44% of the property damage claims. Property damage caused by tree roots account for a further 11% of claims received with the remainder being shared equally amongst a number of other service areas.

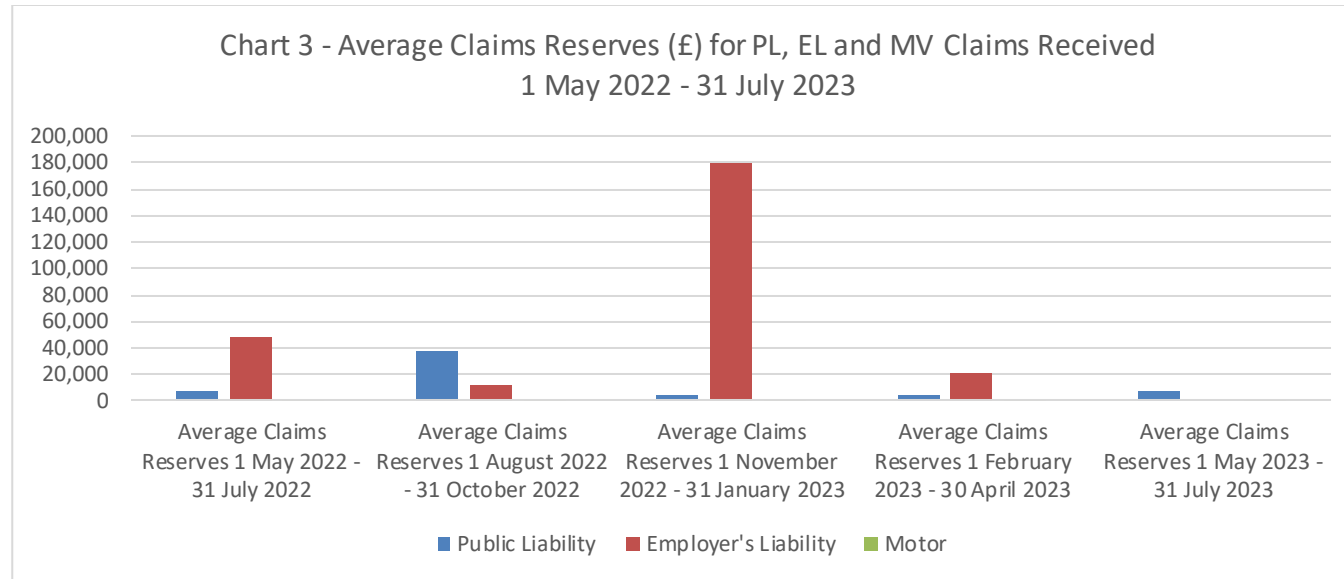
- 5.2.3 For the first time in the overall reporting period, not EL claims were received in the last quarter, which is pleasing to note.
- 5.2.4 The number of MV claims received is the highest of the overall reporting period at an increase of 57% since the last quarter, although in line with the same period last year. Own damage claims count for 41% of the claims received with the remaining 59% involving third party damage. The Waste and Cleansing service area account for 64% of the claims received with the remainder being shared equally amongst a number of other service areas. As per the last update, there have been no claims received for personal injury.
- 5.2.5 The current profile in all three areas presents no cause for concern however claim numbers will be monitored for any changes in trend.

Chart 2 below outlines the value of the reserves for PL, EL and MV claims received for the period 1 May 2022 to 31 July 2023.



- 5.2.6 Claim reserves are allocated by the insurers and/or claims handlers independent of the Council and are determined by the type of injury sustained by the third parties and/or damage occasioned to their property.
- 5.2.7 Although there has been a decrease in numbers of PL claims received, due to the nature of alleged property damage and/or personal injury occasioned to third parties, there has been an increase of 38% in the value of claims reserves, which is the second highest of the overall reporting period. A number of data breach claims are in those reported this quarter, and as they are relatively new, and not yet fully investigated by the Team/external partners, their value will remain high as a precaution.
- 5.2.8 Claim reserves for EL claims are not reported on, given none were received in the last quarter.
- 5.2.9 Despite an increase of 57% in MV claim numbers, claim reserves have decreased by 46% in the last quarter. All are repair related.

Chart 3 below outlines the average value of the reserves for PL, EL and MV claims for the period 1 May 2022 to 31 July 2023.



5.2.10 The average reserve for PL claims shows an increase of 57% since the last quarter, although a decrease of 8% since the same period last year.

5.2.11 Average claim reserve for EL claims are not reported on, given none were received in the last quarter.

5.2.12 The average MV claims reserve, which is the third highest of the overall reporting period, has decreased by 66% in the last quarter.

5.2.12 Trends in claims performance will continue to be monitored.

5.3 Developments

- As a result of the Insurance Tender exercise, the Team will meet with all Insurers in the coming weeks to ensure smooth transition of the policies from one policy period to another. Contracts will be monitored to ensure compliance is in line with expectations of all parties, especially where policies have transferred to new Insurers. Service Areas will also be

reminded of their obligation under the Insurance Act 2015 to disclose any change in risks/service delivery or new areas of work/responsibility to ensure that full coverage is provided under the appropriate policy.

- The Team, in conjunction with Health & Safety and Tourism colleagues, have recently met to review event management and provide an approach going forward. Health & Safety colleagues are currently finalising a report on the matter.
- As previously reported, a class action claim has been received by the Council involving historical claims of abuse. This type of claim by its very nature can progress very slowly, although the Team continue to liaise with both insurers and solicitor's acting for the Council when necessary. Since the last Committee, a further 18 individual claims have been received bringing the total to 56 – each attracting a conservative reserve of £50k. Weightmans, acting for the Council in the proceedings, have now imposed a cut-off date for further claims being presented and will attend, along with the Council's Chief Legal and Democratic Officer, meetings with Counsel to discuss and consider settlement of the claims.
- As the Council continues to change and commercialism develops, discussions will continue with the Insurance Broker to ensure that all new risks/liabilities to the Council are identified, and, if required, relevant insurance cover is sourced and procured to provide appropriate protection.
- The Team continues to make use of the remaining allocation of free of charge risk management days made available as part of the current liability insurance contract. These are utilised to provide service areas with training or advice for their specific roles. Whilst plans did not come to fruition in respect of the Occupational Stress Review detailed in the last update a desktop review of the Council's Emergency Planning policies, plans and strategies to identify any gaps or areas for strengthening has been undertaken. Once the start of the new Insurance year on 29 September 2023 commences, in line with the new contracts for the previously mentioned Insurance Tender, further days will become available and utilised to consider strengthening other areas of the Council where relevant.
- To build on the already strong relationships forged, and to ensure the smooth running of all relevant contracts to provide value for money, regular meetings will continue with external suppliers to the Team – Brokers, Insurers, Claims Handlers, and Solicitors. Attendance at webinars will also be accepted where content is relevant and of interest to the Team and the organisation as whole.

6. Risk and Resilience: Performance Update

6.1 Work Completed

The Risk and Resilience Team (Team) continue to ensure progressive development across the key areas of Business Continuity, Emergency Planning and Risk Management and an improvement plan has been produced.

The Emergency Planning function of the Team is delivered at both organisational and multi-agency levels and the Team remain fully engaged with the planning, preparedness, response, and recovery activities of both the Council and partner agencies of the Merseyside Resilience Forum (MRF). The MRF has resumed pre-pandemic working groups to deliver on

the business plan for the coming year and the team maintain strong working relationships and participation in various risk specific task and finish subgroups to plan and deliver multi-agency programmes of work.

The Team regularly promotes and shares invitations to MRF training opportunities to relevant Council colleagues and Emergency Duty Co-ordinators (EDCs) to enhance their knowledge and experience. A two day course was held in July 2023, which the Team attended, to enhance knowledge around preparing for recovery management. The Council would be responsible for leading recovery following any Civil Emergency and so knowledge in this area is essential. The Merseyside Recovery Plan is currently being reviewed by a working group; this training will help facilitate that review. A second session of the same course will be held in November 2023, several Sefton colleagues will attend this date.

The Team have attended other Multi agency workgroup sessions for Resilience Direct Mapping module training, a validation exercise for the Site Clearance Response and Recovery Plan, a summer preparedness event (adverse weather and health plan) and a review of the Mass Rescue Plan (Maritime Response Plan).

The team are members of Sefton Events Safety Advisory Group (SESAG) and have been reviewing event plans throughout the summer months and attended several sites for visits to review venue setup. These include Bootle Music Festival, Waterloo Festival, Salt and Tar music event and tabletop exercise. There was also a recent tabletop exercise held to consider the impacts of various scenarios that could affect Southport Airshow.

An audit of the Emergency Planning documentation has been undertaken by Gallagher Bassett, the Council's claim management provider, as part of the free risk management days available to the Council. The Team gathered and collated the required documentation to provide to Gallagher Bassett who are conducting the audit.

A review of each Service area's Business Continuity plan continues to be facilitated by the Team in consultation with the plan owners.

A Business Continuity exercise was held in January 2023 for Assistant Directors and the Executive Leadership Team. Following a debrief, one action identified was to finish the Corporate Business Continuity Plan. The Team have drafted a version of this plan along with supporting annexe documents. One of the key annexes is a complete list of current Priority Activities from all service areas within the Council. For this to be produced, all areas were asked to update their Service Business Continuity Plans. The plan will be presented to the Executive Director of Corporate Resources and Customer Services (ED CR&CS) for consideration by Strategic Leadership Board.

Following the Internal Audit review of the Risk Management function the Team have introduced a checklist to ensure compliance of the various risk registers in accordance with the Corporate Risk Management Handbook and good risk management practice. A checklist has been completed for the June Corporate Risk Register and feedback has been provided to the ED CR&CS for consideration. The Team will continue, throughout the quarter, to apply the checklist to all completed Risk Registers at Corporate, Service and Operational levels. The results of the checklists will be fed back to relevant risk owners.

The focus on risk management this quarter has been on finalising the training presentation for the introduction of Risk Appetite and the Council's agreed Risk Appetite Framework (RAF). The RAF was presented and approved by Strategic Leadership Board and Audit and Governance Committee last quarter. The team began the rollout of presentations to the Executive Director of Corporate Resources and Customer Services and his Departmental Management Team (DMT). Throughout the summer the team have presented the RAF to each of the other Service Areas DMTs. We are still currently working with the Chief Legal Officer to ensure that the Committee meeting header sheet includes risk appetite.

A further recommendation was to provide clearer definition around roles and responsibilities applicable to both the Risk and Resilience team and all staff with respect to Risk Management. The Corporate Risk Management Handbook has been revised to reflect this additional detail.

The Corporate Risk Register has been reviewed and is due to be presented to the September Audit and Governance Committee. An alternative, enhanced method of updating the register has been introduced to ensure improved visibility and engagement in the process is achieved. Meetings with risk owners continue to be held to ensure ongoing improvement to risk management arrangements across the Council.

Work on producing a Risk Management Awareness e-learning package is nearing completion and the package is due to be tested on colleagues within the wider team before becoming Me-Learning platform for all staff and members to complete.

6.2 Developments

- Major incident plans and processes will continue to be reviewed and updated as necessary or following learning from any incidents.

- Reintroduce quarterly Emergency Duty Coordinator (EDC) briefings to increase knowledge and awareness of EP arrangements.
- Deliver the remaining Risk Appetite training presentations to service area DMTs.
- Review and formalise an internal Incident debrief process.
- Continued engagement and preparation for introduction of Marty's Law and associated workstreams.
- The Team will continue to support further planning and training for the MRF Shoreline Pollution workstream following a successful event to validate the MRF multi-agency plan for multi-agency partners.
- Ongoing review of the business continuity plans with particular focus on recommendations from the recent exercise.
- Planning an exercise for Business Continuity – Adult Social Care Suppliers.
- Further development of Risk Registers from all teams / services, including a qualitative exercise to ensure escalation of risks from Service Risk Registers to the Corporate Risk Register where appropriate.

7. Assurance and Counter Fraud: Performance Update

7.1 Work Completed

As highlighted in previous reports two members of the Team were on secondment with the Revenues and Benefits Team until March 2023 and the one remaining staff member has been focused on providing support to the Health and Safety Team and the Risk and Resilience Team to assist in co-ordinating business continuity and risk management. The support is required in particular to the Health and Safety Team due to the staffing issues following the School Advisor leaving in August 2022, the Senior Health and Safety Officer leaving in December 2023 and the Health and Safety Officer leaving in June 2023 and the difficulties subsequently in obtaining suitably qualified and experienced staff. Ensuring that there is sufficient capacity within Health and Safety Team to address business as usual, with gaps in the team and challenges in the recruitment of staff using the prescribed routes to recruit staff, has been key to ensure that key processes have operated as

well as some progress being achieved in health and safety. The two staff members seconded to the Revenues and Benefits Team transferred permanently on the 1 April 2023 to Revenues and Benefits Team.

As a result, there has been limited counter fraud activity this quarter although we have help to co-ordinate the completion of the submission of information for the Nation Fraud Initiative and undertaken a review of the Counter Fraud Policy which will go to Cabinet for approval in October 2023.

7.2 Developments

The Assurance Manager who had been responsible for the Council's counter fraud co-ordination and reporting retired from the Council on the 31 March 2022. There were plans to use this opportunity to restructure the Risk and Audit Team to provide a dedicated qualified counter fraud professional as well as address some other anomalies in the structure. The proposed re-structure has been difficult to undertake due to both the uncertainty from the official recruitment freeze as well as the Council's funding position and previous unplanned absences in the Audit Team. As there remains a recruitment freeze for 23/24 there will be limited progress on counter fraud until the resourcing issues are addressed both in this function, the Audit Team and there is clarity on the Council's budget position for 2024/25.

8. Looking Ahead

- 8.1 The Service continues to develop, with a number of key projects being undertaken to embed the role and influence of the team over the next quarter:
- The embedding of regular risk management review across the Council to ensure that Operational and Service Risk Registers are updated on a regular basis.
 - Assisting the implementing of a RAF across the Council should help in the delivery of the Council's strategic objectives by ensuring that governance arrangements receive an assessment of the risks associated with a proposed action and whether it sits within or outside of the prevailing risk appetite.

- Continued delivery of the Internal Audit Plans for 2023/24, focusing attention on reviewing the key risks to the organisation, which will evolve as the Council changes.
- Implement the actions from the business continuity exercise in January 2023 including the completion of the Corporate BC plan.
- Recruitment of Principal Auditor, and two Health and Safety staff members.
- Completion of the review of the Health and Safety Policy, work on developing wider occupational health, safety and wellbeing of staff and the finalising of the Annual Health and Safety Report.
- Delivering on the service improvement plans for the Risk and Audit Team.

9. Conclusions

- 9.1 Internal Audit has made reasonable progress in the completion of the original approved Internal Audit Plan 2023/24 despite the underlying difficulties in recruiting suitable internal audit staff and unplanned absences. Performance in respect of the agreement of recommendations and the feedback from clients has been particularly positive and reflects the value added by the Service. Progress on the 2022/24 approved Internal Audit plan will be hampered by the unplanned reduction in resources requiring a revised Internal Audit Plan.
- 9.2 The Council's accident record continues to be positive and there are plans to improve the risk management further by working with colleagues across the organisation with improved training offer.

- 9.3 The Health and Safety team is continuing to focus on incident reporting, review of risk assessments and the review of event management/Open Water.
- 9.4 The Council's insurance claims performance remains good.
- 9.5 Further work is planned to improve risk management within the Council by looking at assurance mapping the key risks and embedding the Council's risk appetite through the Departmental Management Teams and the Committee reports. We will continue to ensure that there are risk registers are in place in line with the Corporate Risk Management Handbook.
- 9.6 Progress has been made in embedding business continuity with a focus this year of reviewing the existing BC plans clear road map for the completion of the outstanding business continuity plans shortly and a focus over the remainder of the financial year at testing and exercising the BC plans.
- 9.7 We are developing improvement places across each of the service areas to deliver improvements which will result in improved risk services as well as an integrated risk and audit approach.

This page is intentionally left blank