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MEETING: AUDIT AND GOVERNANCE COMMITTEE
DATE: Wednesday 22nd June, 2022
TIME: 3.00 pm
VENUE: Assembly Hall - Bootle Town Hall, Trinity Road, Bootle, L20 7AE

Member

Councillor Robinson (Chair)
Councillor Roche (Vice-Chair)
Councillor Burns
Councillor Cluskey
Councillor Dowd
Councillor John Joseph Kelly
Councillor McGinnity
Councillor Shaw
Councillor Sir Ron Watson

Substitute

Councillor Bradshaw
Councillor Murphy
Councillor Lunn-Bates
Councillor Howard
Councillor Spencer
Councillor Hansen
Councillor Halsall
Councillor Pugh
Councillor Prendergast

COMMITTEE OFFICER: Ruth Appleby
Democratic Services Officer
Telephone: 0151 934 2181
E-mail: ruth.appleby@sefton.gov.uk

See overleaf for COVID Guidance and the requirements in relation to Public Attendance.

If you have any special needs that may require arrangements to facilitate your attendance at this meeting, please contact the Committee Officer named above, who will endeavour to assist.

We endeavour to provide a reasonable number of full agendas, including reports at the meeting. If you wish to ensure that you have a copy to refer to at the meeting, please can you print off your own copy of the agenda pack prior to the meeting.

COVID GUIDANCE IN RELATION TO PUBLIC ATTENDANCE

In light of ongoing Covid-19 social distancing restrictions, there is limited capacity for members of the press and public to be present in the meeting room indicated on the front page of the agenda at any one time. We would ask parties remain in the meeting room solely for the duration of consideration of the Committee report(s) to which their interests relate.

We therefore request that if you wish to attend the Committee to please register in advance of the meeting via email to ruth.appleby@sefton.gov.uk by no later than **12:00 (noon) on the day of the meeting.**

Please include in your email –

- Your name;
- Your email address;
- Your Contact telephone number; and
- The details of the report in which you are interested.

AGENDA

1. Apologies for absence

2. Declarations of Interest

Members are requested at a meeting where a disclosable pecuniary interest or personal interest arises, which is not already included in their Register of Members' Interests, to declare any interests that relate to an item on the agenda.

Where a Member discloses a Disclosable Pecuniary Interest, he/she must withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest, except where he/she is permitted to remain as a result of a grant of a dispensation.

Where a Member discloses a personal interest he/she must seek advice from the Monitoring Officer or staff member representing the Monitoring Officer to determine whether the Member should withdraw from the meeting room, including from the public gallery, during the whole consideration of any item of business in which he/she has an interest or whether the Member can remain in the meeting or remain in the meeting and vote on the relevant decision.

3. Minutes (Pages 5 - 6)

Minutes of the meeting held on 25 May 2022

4. Constitutional Amendment – Cabinet Agendas (Pages 7 - 18)

Report of the Executive Director of Corporate Resources and Customer Services

5. Constitution Amendments (Pages 19 - 48)

Report of the Executive Director of Corporate Resources and Customer Services

6. Annual Report and Opinion of the Chief Internal Auditor (Pages 49 - 80)

Report of the Executive Director of Corporate Resources and Customer Services

7. Treasury Management Position to May 2022 (Pages 81 - 90)

Report of the Executive Director of Corporate Resources and Customer Services

8. Assurance Framework	(Pages 91 - 98)
Report of the Executive Director of Corporate Resources and Customer Services	
9. Corporate Risk Management	(Pages 99 - 140)
1. Report of the Executive Director of Corporate Resources and Customer Services	
2. Presentation by the Executive Director of Corporate Resources and Customer Services on 'Inflation Risk Facing the Council'.	
10. Financial Management Code	(Pages 141 - 164)
Report of the Executive Director of Corporate Resources and Customer Services	
11. Risk and Audit Service Performance	(Pages 165 - 210)
Report of the Executive Director of Corporate Resources and Customer Services	

THIS SET OF MINUTES IS NOT SUBJECT TO "CALL-IN"

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE TOWN HALL, BOOTLE
ON 25 MAY 2022**

PRESENT: Councillor Robinson (in the Chair)
Councillor Roche (Vice-Chair)

Councillors McGinnity, Lunn-Bates and Hansen

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors Danny Burns, Cluskey, Dowd, John Joseph Kelly, Shaw, Sir Ron Watson, Howard, Spencer, Pugh and Prendergast.

2. DECLARATIONS OF INTEREST

No declarations of any disclosable pecuniary interests or personal interests were received.

3. MINUTES

RESOLVED:

That the Minutes of the meeting held on 16 March 2022 be confirmed as a correct record.

4. SOUTHPORT THEATRE & CONVENTION CENTRE – DISPOSAL OF FIXTURES AND FITTINGS

The Committee considered the report of the Executive Director Place, which sought approval to dispose of fixtures and fittings in the Southport Theatre and Convention Centre that were no longer needed due to the plans to demolish the existing venue and build the new Marine Lake Events Centre.

The Head of Economic Growth and Housing presented the report and explained that it was good practice to dispose of the fixtures and fittings within the building, such as catering equipment, redundant lights etc., in a sustainable manner and achieve the maximum value for money sale of assets, prior to demolition of the existing facility.

Due to the number and specialist nature of fixtures and fittings it was proposed that a specialist auction house would oversee the process from start to finish on behalf of the Council.

The Head of Economic Growth and Housing reassured Members that no historical elements of significance would be disposed of and it was

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AUDIT AND GOVERNANCE COMMITTEE- WEDNESDAY 25TH MAY, 2022

anticipated that where possible, items such as Art Deco lighting, sprung dance floor and historic projectors would be incorporated into the new events centre (reused either as features or upcycled) .

Members requested that details of total proceeds of the auction be provided to Audit and Governance Committee in due course.

RESOLVED:

That approval be granted for the disposal, in accordance with Council procedures, of all redundant fixtures and fittings in the Southport Theatre and Convention Centre (STCC) as part of the Marine Lake Events Centre project.

Agenda Item 4

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 22 June 2022
	Council	Date of Meeting:	Thursday 14 July 2022
Subject:	Constitutional Amendment – Cabinet Agendas		
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:

To consider a request from Councillor Sir Ron Watson for the Constitution to be amended to remove the power for the Leader of the Council to veto formal requests by elected members for items to be included on the Cabinet agenda and to remove the discretion of the Leader to limit the number of such items to be considered per Cabinet meeting, as set out in Chapter 5 paragraph 82 of the Constitution.

Also, to consider the recommendation that a criteria for submission be established which would enable elected members to have items placed on the Cabinet agenda provided they fulfil the requirements set out in the criteria.

Recommendations:

Audit and Governance Committee is requested to:

- (1) Recommend to Full Council that Chapter 5, paragraph 82 of the Constitution be amended to remove the power of the Leader to refuse a request from any elected member for an item to be placed on the agenda for the next available meeting of the Cabinet and to remove the discretion of the Leader to limit the number of such items to be considered per Cabinet meeting.
- (2) A criteria for submission be established to enable elected members to have items placed on the Cabinet agenda provided they fulfil the requirements set out in the criteria.
- (3) Subject to approval of (2) above, the Executive Director of Corporate Resources and Customer Services be requested to submit a further report setting out the proposed required criteria for approval of elected member submission of items on Cabinet agendas.

Agenda Item 4

Reasons for the Recommendations:

Removal of the power of veto of the Leader and the establishment of a criteria for submission of items for inclusion on Cabinet agendas would enable elected members to feel confident that providing they meet the criteria, they are able to raise matters of strategic concern.

Establishment of a criteria would enable non-executive Members to raise issues of interest or concern with Cabinet.

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

The Constitution be not amended and the Leader retain the power of veto on submission of items by elected members for inclusion on Cabinet agendas and continue to exercise discretion to limit the number of such items to be considered at each Cabinet meeting.

The risk implications associated with removing the Leader's veto could lead to the Cabinet being over-burdened with items submitted by elected members.

What will it cost and how will it be financed?

(A) Revenue Costs

None directly

(B) Capital Costs

None directly

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): No additional direct resource implications	
Legal Implications: None directly	
Equality Implications: None directly	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y

Contribution to the Council's Core Purpose:

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6720/22) and the Chief Legal and Democratic Officer (LD.4920/22...) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision:

Immediately following the full Council meeting.

Contact Officer:	Ruth Appleby
Telephone Number:	Tel: 0151 934 2181
Email Address:	ruth.appleby@sefton.gov.uk

Appendices: The following appendices are attached to this report:

Appendix 1: Email from Councillor Sir Ron Watson to Councillor Maher (Leader of the Council), dated 2 July 2020, requesting his inclusion of an item to be considered by Cabinet under Rule 82 in Chapter 5 of the Constitution.

Appendix 2: - Report submitted by Councillor Sir Ron Watson requesting that an item be considered by Cabinet on 3 September 2020

Background Papers:

There are no background papers available for inspection.

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Introduction / Background

1.

1.1 This report arises from a request by Councillor Sir Ron Watson that the Audit and Governance Committee considers and recommends that Council approval is given for an amendment to the Constitution relating to submission of items for inclusion on Cabinet agendas by elected members.

1.2 Chapter 5 paragraph 82 states that:

‘Any Member of the Council may ask the Leader to put an item on the agenda of a Cabinet meeting for consideration, and if the Leader agrees the item will be considered at the next available meeting of the Cabinet. The notice of the meeting will give the name of the Councillor who asked for the item to be considered. [This Councillor will be invited to attend the meeting, whether or not it is a public meeting]. However, the Leader has discretion to limit the number of such items to be considered per Cabinet meeting’.

1.3 In recent years there have been two occasions when formal requests have been submitted for inclusion of items on the Cabinet agenda in accordance with Chapter 5 paragraph 82. These requests were both made by Councillor Sir Ron Watson as indicated in Appendices 1 and 2 of this report; and in both cases, the Leader of the Council exercised his right of veto.

1.4 Councillor Sir Ron Watson also put forward the following motion to full Council on 16 September 2021:

“56. MOTION SUBMITTED BY COUNCILLOR SIR RON WATSON - SEFTON CONSTITUTION AMENDMENT

Sefton Constitution Amendment

It was moved by Councillor Watson, seconded by Councillor Brough that: The current Sefton Constitution under Rule 82 enables Elected Members who are not Members of the Cabinet to submit an item to be placed on the Cabinet Agenda.

There are strict rules concerning the time frame, the relevance of the subject matter and the Councillor themselves have to submit a full written report detailing the issue.

The Councillor concerned is able to attend the Cabinet and speak and answer questions from other Members but is not allowed to vote. Under the current conditions of the Constitution the Leader of the Council is consulted when the request is received and he/she has the delegated authority to veto the item so that it does not appear on the Agenda notwithstanding the fact that all the criteria have been met.

Council now believes that this is an undemocratic and unnecessary power and resolves to remove this section of the Constitution.

This will mean that all Members of the Council can be assured that they

will have the ability to raise issues when appropriate with the main decision-making body of Sefton Council.

Following a debate and on a show of hands the Mayor declared the vote was lost by 40 votes to 16 with 0 abstentions”.

2. Proposal

- 2.1 Councillor Sir Ron Watson wishes for the Audit and Governance Committee to recommend that Council that the Leader’s veto provision for inclusion of an item submitted for consideration by Cabinet and discretion to limit the number of such items to be considered per Cabinet meeting, be removed.
- 2.2 The Council does not currently operate a criteria for approval or rejection of requests for agenda items submitted by Members for inclusion on Cabinet agendas and it is suggested that such criteria should be established and a formal record of requests be retained.
- 2.3 If the requested item fulfils established criteria then the requested item will be included on the Cabinet agenda and the Member be invited to attend the Cabinet meeting.

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Appendix 1

Thu 02/07/2020 11:51

Sir Ron Watson SirRon.Watson@sefton.gov.uk

Cabinet Meeting - 30 July 2020

To: Ian Maher Ian.Maher@sefton.gov.uk

CC: David McCullough David.McCullough@sefton.gov.uk

Dear Ian,

I very much hope that you and your family are well and the same comment applies in respect of your Cabinet colleagues who I know are having to deal with a range of issues in what are difficult circumstances at the best of times.

The purpose of this email is that I wish to submit a request under Rule 82 in Chapter 5 of the Constitution relating to the Cabinet.

I quote this below:-

“82 Any Member of the Council may ask the Leader to put an item on the agenda of a Cabinet meeting for consideration, and if the Leader agrees the item will be considered at the next available meeting of the Cabinet. The notice of the meeting will give the name of the Councillor who asked for the item to be considered. [This Councillor will be invited to attend the meeting, whether or not it is a public meeting]. However, the Leader has discretion to limit the number of such items to be considered per Cabinet meeting”.

The request is for a report to be prepared by the relevant Officers to include the following information:-

1. The final outturn financial position on The Strand for the 2019/2020 financial year.
2. The current number of empty retail units expressed in both numerical terms and as a percentage of the total.
3. The number of units that have been re-opened since we moved to Level 3 of the Covid-19 restrictions.
4. The amount of revenue lost to Sefton Council since the ‘lockdown’ occurred.
5. Any additional financial figures which take into account reduced income from business rates in particular.
6. Whether or not the suggestions that were made that some of the units could be occupied by other Public Sector Bodies which were not named could be released and the extent to which there have been any attempts in the current circumstances to pursue this issue.

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7. The current level of rent arrears and any estimates that have been made in terms of rent now being payable following the partial re-opening of retail outlets.
8. Whether or not there is a current monthly ongoing estimate of the losses which will now be involved and whether any additional proposals are being currently worked up to address what is clearly an ongoing and increasing adverse financial position.

I gather that as the Elected Member who has formally submitted the request in the manner in which is specified and as a consequence I would confirm that I would be attending the meeting and exercising the right to ask questions and participate.

I appreciate that there is a degree of discretion given to you in confirming acceptance of the process that the Council has made provision for in respect of Cabinet procedures but I hope you will share my view that it is in the best interests of Sefton to proceed in the manner that is specifically mentioned in the Council's rules for Cabinet procedures.

I would be very grateful for your confirmation in the near future.

Kind regards,

Ron

Appendix 2

CABINET MEETING 3RD SEPTEMBER 2020

Agenda Item:

Report prepared by: Cllr Sir Ron Watson CBE, Dukes Ward Member

Subject Matter: Bootle New Strand and Surrounding Area

I have previously submitted a formal application to have this matter raised under Section 82 of the Cabinet Constitution.

This request was made on a formal basis on 2 July 2020.

This formal request was rejected by the Chairman of the Cabinet and the Leader of the Council, Councillor Ian Maher.

His justification for refusal was based on the fact that he considered it to be “premature”.

Whilst I clearly did not agree with that decision on the basis that there were issues to be addressed at that time it is now clear following on from a recent press release that there have been a significant range of negotiations and decisions taken without any involvement of Elected Members as a corporate body.

The decisions that have been taken and their justification first came to the attention of Elected Members via a press release dated 14 August 2020.

At the very least Elected Members should have had a minimum of 48 hours advance notice of the information in this press release if only as a matter of courtesy with an addition on a practical level as it would have been clear that a number of them would be invited by the press and media to make comment.

The original decision by the Council to borrow some £32m to purchase The Strand was controversial at the time and subsequent events excluding the impact of Covid-19 have heightened the concerns that many Members have expressed.

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At the outset the fact that no private sector company or organisation was prepared to contemplate taking on The Strand was an indication that people who are expert in this field clearly recognised that it was a loss-making development and was not viable in any normal commercial sense.

There has been further concern with the capital re-evaluation of the complex and the Council is now in a position where the public have an outstanding debt of £32m on a complex that is now considered to be worth £21.4m.

The whole scheme therefore is clearly in what is normally referred to as 'negative equity with annual interest payments being made on the original amount borrowed that are far in excess of what the amount would have been if the current and more realistic valuation had applied at the time of purchase.

The claim has consistently been made that The Strand was generating an income to the Council of £1m per annum.

This figure is grossly misleading and whilst there were some financial benefits they were clearly of a temporary and one-off nature.

In addition many Elected Members from all Parties have expressed their concern that it has not been possible to ascertain what the amount was spent on and whether or not it was factored in as an ongoing sum.

There have been attempts to have any specific Council areas of service that have benefitted identified but these attempts have not been successful and Members have been left with generalised statements that the amount has been used for general commitments.

In addition the budget that has been approved for 2020/21 and approved by the Full Council clearly indicates that there is no financial contribution to be anticipated from The Strand in the current year.

A preliminary look at the situation towards the end of the last financial year clearly showed that The Strand's revenue situation was deteriorating month by month and there were also additional concerns over elements of repairs and maintenance.

Once again it is important to stress that none of these factors bear any relationship at all to any subsequent deterioration that has taken place because of Covid-19.

The press release issued by the Council with a comment by the Leader of the Council was imprecise and raises the following questions:-

1. Who agreed the purchase of the sites surrounding The Strand?
2. What purchase price has been agreed and were they independently assessed?
3. What are the annual repayment costs?
4. What is meant by the word 'meanwhile' uses of the area?

5. What are the proposals and annual revenue costs to be borne by all Sefton Council tax payers?
6. What enquiries have been made of the private sector in respect of retail development?
7. Has there been an independent review of the proposals and is there is a report available?
8. In the event of a review not having taken place how can Elected Members come to an informed judgement about the validity of the proposals?
9. What elements of a 'consultation' process will involve spelling out to all Sefton Council tax payers the financial consequences of any proposals adopted?

Whilst Members will clearly be seeking definitive and none ambiguous answers to these questions in the intervening period I would maintain that it will be undemocratic and irresponsible to proceed any further where there are so many issues that have not been addressed and where there is a clear factual void.

I hope that Cabinet Members led by the Leader of the Council will feel that the time has come for there to be a much more open and transparent assessment of The Strand and that no further financial commitments should be entered into until such time as a detailed response to the issues raised have been addressed to the satisfaction of Elected Members who have a corporate responsibility of justifying any decisions to the council tax payer in Sefton.

There is a further element to this position in the sense that the Council whilst having received over £20m of additional funding from the national tax payer via the Government along with many other Local Authorities they will maintain that in itself the amount has not been sufficient to cover the various losses and costs that refer to Covid-19.

In order to make the best case possible it would be essential for Sefton Council to be able to demonstrate that they have acted in an inclusive manner that has in turn enabled all Elected Members to come to a factually based view on The Strand.

In the event of this criteria being met it would in itself strengthen any application for additional financial help on a national basis.

I express the hope that Cabinet Members will feel that they are in a position to consider carefully on a pragmatic and non-political basis the points made in this report and to take the appropriate action on behalf of all council tax payers in the borough.

Councillor Sir Ron Watson CBE

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Agenda Item 5

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 22 June 2022
Subject:	Constitution Amendments		
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 report provides recommended updates to the Council's Constitution.

Recommendations:

That it be recommended to Council that:

- (1) The Executive / Scrutiny Protocol be included in the Constitution
- (2) The revised Protocol for Relationships Between Members and Officers be approved
- (3) That paragraph 26 of Chapter 5 of the Constitution be deleted.

Reasons for the Recommendation(s):

The Council's Monitoring Officer is responsible for ensuring the Council's Constitution is up to date and fit for purpose and therefore, reviews the contents from time to time and recommends amendments.

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

None – not to review the constitution would lead to it becoming out of date and not fit for purpose.

What will it cost and how will it be financed?

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(A) Revenue Costs

NA.

(B) Capital Costs

NA

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): None								
Legal Implications: Section 5 of the Local Government and Housing Act 1989								
Equality Implications: There are no equality implications.								
Climate Emergency Implications: The recommendations within this report will <table border="1"><tr><td>Have a positive impact</td><td>N</td></tr><tr><td>Have a neutral impact</td><td>Y</td></tr><tr><td>Have a negative impact</td><td>N</td></tr><tr><td>The Author has undertaken the Climate Emergency training for report authors</td><td>Y</td></tr></table>	Have a positive impact	N	Have a neutral impact	Y	Have a negative impact	N	The Author has undertaken the Climate Emergency training for report authors	Y
Have a positive impact	N							
Have a neutral impact	Y							
Have a negative impact	N							
The Author has undertaken the Climate Emergency training for report authors	Y							

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
Facilitate confident and resilient communities:
Commission, broker and provide core services: An up to date and robust Constitution will improve the Council's decision-making process and governance.
Place – leadership and influencer:
Drivers of change and reform:
Facilitate sustainable economic prosperity:
Greater income for social investment:

Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 6836/22) and the Chief Legal and Democratic Officer (LD 5036/22) 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 McCullough
Telephone Number:	Tel: 0151 934 2008
Email Address:	david.mccullough@sefton.gov.uk

Appendices:

- Appendix A - Executive / Scrutiny Protocol
- Appendix B – Revised Protocol for Relationships Between members and Officers

Background Papers:

There are no background papers available for inspection.

1. Introduction

- 1.1 The Monitoring Officer is responsible for monitoring and reviewing the operation of the council's Constitution to ensure that its aims and principles are given full effect and that it is up to date and fit for purpose.

2 Executive / Scrutiny Protocol

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- 2.1 The Cabinet, at its meeting held on 30 July 2020 considered a report of the Chief Legal and Democratic Officer on the Overview and Scrutiny Function – Information from the Centre for Public Scrutiny. The report indicated that the Annual Survey of the Centre for Public Scrutiny found that the presence of an Executive/Scrutiny protocol made a difference to the quality of the scrutiny/executive relationship; and that it was also considered that the protocol could be utilised as a training tool, particularly for new Members.
- 2.2 The Cabinet, upon consideration of the report, resolved that the Overview and Scrutiny Management Board be requested to develop an Executive / Scrutiny protocol for use in Sefton. At its meeting held on 8 September 2020 the Overview and Scrutiny Management Board approved a draft protocol which was later endorsed by Cabinet on 3 December 2020.
- 2.3 In order to carry appropriate importance, the protocol should have been included in the Constitution in Chapter 6 but it was not and it is now recommended that it should.

3 Protocol for the Relationship Between Members and Officers.

- 3.1 At Full Council in May 2021 members approved a revised Employee Code of Conduct and a revised Members Code of Conduct. A recent review of the constitution showed that the Protocol for the Relationship Between Members and Officers had not been reviewed for some time and given the reviews of the employee's code and the members code, a review of the Protocol has been undertaken and it is included as Appendix B for approval.

4 Minor Amendment

- 4.1 A review of the Constitution has highlighted an inconsistency. Paragraph 26 In Chapter 5 – The Cabinet states:

After advice from the Head of Corporate Resources

- (a) to write off stores discrepancies, lost, damaged, surplus or obsolete stocks and equipment where the value exceeds £5,000 per item or group of associated items.
- (b) to dispose of such surplus stocks and equipment on the best available terms.

- 4.2 Whereas the Financial Procedural Rules at para 162 in Chapter 10 states:

- 4.3 ASSET DISPOSAL/WRITE-OFF

162 Executive Directors and Heads of Service may authorise the disposals, of obsolete or surplus equipment / groups of items, materials, vehicles or stores up to a disposal value of £10,000 in consultation with the Section 151 Officer. Where the sum exceeds £10,000 per item or group of items then this should be reported jointly by the Section 151 Officer and the relevant Head of Service to the Audit and Governance Committee for write-off action. Any write off which arises as a result of theft or fraud must be notified to the Chief Internal Auditor immediately.

- 4.4 It is recommended that paragraph 26 in Chapter 5 is deleted.

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EXECUTIVE / SCRUTINY PROTOCOL

**Overview
& Scrutiny**



ONECOUNCIL Working Together

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PROTOCOL ON EXECUTIVE & OVERVIEW AND SCRUTINY RELATIONS IN SEFTON

Contents

1. Introduction
2. Aims of the Protocol
3. Functions of Overview and Scrutiny
4. The Conduct of Meetings
5. The Overview and Scrutiny Work Programme
6. Pre-Scrutiny
7. “Call-In” of Decisions
8. Working Group Reviews
9. Public Participation in the Overview and Scrutiny Process
10. Specific Duty of the Overview and Scrutiny Committee (Adult Social Care and Health) – Joint Health Scrutiny Arrangements

1. Introduction

- 1.2 This Protocol applies to all Members of Overview and Scrutiny (O&S) Committees, co-opted members who sit on O&S Committees, all Members of the Cabinet and senior officers.
- 1.3 The Protocol is not intended to replace *Chapter 6 – Overview and Scrutiny* of the Council's [Constitution](#), nor is intended to replace *Chapter 2 – Members – Code of Conduct*, rather it is intended to enhance and supplement the requirements of the Constitution and set out guidance for good practice.
- 1.4 Scrutiny should be a strategic function of the authority. It should be central to the organisation's corporate governance; a crucial cog in the decision-making machine.

2. Aims of the Protocol:

- 2.1 Clarify Relationships
- 2.2 The aim of the Protocol is to clarify relationships between O&S Members and Cabinet Members, to ensure an efficient O&S function, including holding the Cabinet to account on behalf of the electorate, and to encourage good communication between O&S and the Cabinet.
- 2.3 Positive Interaction
- 2.4 The Protocol refers to the respective powers, roles and responsibilities for both O&S Members and Cabinet Members. Guidance is set out on the way in which both O&S Members and Cabinet Members should interact, in order that Members maximise their roles and for the Authority to have an effective O&S function for the benefit of the Council as a whole. It also offers guidance to senior officers who support this process.
- 2.5 Promote a Culture of Mutual Respect
- 2.6 The Protocol aims to promote a culture of mutual respect, trust and courtesy in the relationships between O&S Members, Cabinet Members and senior officers, and to foster a climate of openness leading to constructive debate and communication, with a view to ensuring service improvements for the benefit of Sefton citizens.
- 2.7 Parity of Esteem
- 2.8 "Parity of esteem" means that the scrutiny function of the Council deserves the same respect, and has the same importance in the governance system, as

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executive decision-making activities. Requests from scrutiny to engage with, and recommended changes to, policies, plans and activities should be treated with the same respect and consideration as if they came from a Cabinet Member.

3. Functions of Overview and Scrutiny

3.1 The general role and specific functions of the O&S Committees can be found within Chapter 6 of the Council's Constitution. The key responsibilities of O&S are to:

- (a) Hold the Cabinet, Cabinet Members and senior officers to account for their decisions, on behalf of the electorate;
- (b) Review Council policy, the way policies are implemented and their impact on local citizens;
- (c) Scrutinise Executive decisions before they are made and before they are implemented; and
- (d) Contribute to the development of policy by investigating issues of local concern and making recommendations to the Cabinet, to the Council and to partner organisations.

4. The Conduct of Meetings

4.1 Cabinet Members are actively encouraged to attend meetings of O&S Committees relevant to their Portfolio, in order to present their Cabinet Member Update Reports and to respond to questions/comments from O&S Members.

4.2 Cabinet Members may be required to attend meetings of O&S Committees in particular circumstances, e.g. the consideration of "called-in" items.

4.3 The principle of the "critical friend" should always be adhered to between Scrutiny Members and Cabinet Members, senior officers and any external partners.

4.4 All Members should promote an atmosphere of openness at the O&S Committee meetings and should strive to ensure that questioning and debate takes place within a climate of mutual respect and trust.

4.5 O&S Committee Members should be prepared to ask searching questions and where necessary, provide constructive challenge to Cabinet Members on issues that fall under their Portfolio.

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- 4.6 Cabinet Members should be willing to respond to any question put. However, it should be noted that that Cabinet Members may not necessarily be in a position to answer every question immediately or in detail. In such circumstances the matter may be referred to a senior officer in attendance or a written answer may be sought.
- 4.7 Cabinet Members should value the contribution of O&S Committee Members who raise issues and respond in an appropriate and manner, in order to make a positive contribution to Scrutiny meetings.
- 4.8 Cabinet Members should, with the permission of the Chair, be permitted by the O&S Committee to speak upon any item on the agenda under discussion and may at any time offer to assist the Committee by the provision of factual information or advice in relation to the matters under discussion.
- 4.9 The Chair, supported by senior officers, shall provide leadership and guidance to the Committee on all scrutiny matters and shall promote the Committee's role in improving services and monitoring the effectiveness of Council policies, through effective scrutiny.
- 4.10 Party politics and the use of the Party Whip shall be avoided during O&S Committees.
- 4.11 Senior officers shall liaise and agree their attendance at meetings of O&S Committees during the Municipal Year.

5. The Overview and Scrutiny Work Programme

- 5.1 The Council's Strategic Leadership Board, comprised of the Chief Executive, Executive Directors and Heads of Service, shall be invited to identify any appropriate items for inclusion in the Work Programme of O&S Committees.
- 5.2 The Work Programme of items submitted to O&S Committees at the beginning of each Municipal Year shall be drafted in liaison with the appropriate Heads of Service, whose roles fall under the remit of the Committee.
- 5.3 A manageable number of items should be identified in order to demonstrate that the scrutiny function "adds value" to the Council.
- 5.4 The O&S Committees will be responsible for setting their own work programme.
- 5.5 O&S Members are reminded at each meeting that they are able to request other items for inclusion within the Work Programme, provided such items fall within the terms of reference of the Committee.

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- 5.6 A Member of an O&S Committee is entitled to give notice to the Chief Legal and Democratic Officer that they wish an item relevant to the functions of the Committee to be included on the agenda for the next available meeting of the Committee.
 - 5.7 The Cabinet and/or the Council may refer a matter to one or more O&S Committees.
 - 5.8 The Chair of the O&S Committee may consider alternative methods of dealing with items in order to avoid over-loading Committee agendas. These may include informal presentations, visits to front-line services, site visits / informal discussions with external partners, etc.
- 6. Pre-Scrutiny**
- 6.1 The Key Decision Forward Plan sets out the list of items to be submitted to the Cabinet for consideration during the following four-month period. The Forward Plan is updated and published each month. The Forward Plan appears on the Council's website and an email alert is sent to all Members of the Council when a new Forward Plan is published.
 - 6.2 A summary of the latest Forward Plan, setting out the Key Decisions that fall under the remit of each O&S Committee, is submitted to each meeting of the O&S Committees and appears under the Work Programme item, a standing item on each O&S agenda.
 - 6.3 O&S Members should peruse Decisions to be taken and may request to pre-scrutinise items from the Key Decision Forward Plan that fall under the remit (terms of reference) of the O&S Committee.
 - 6.4 The pre-scrutiny process assists the Cabinet Members to make effective decisions by examining issues beforehand and making recommendations prior to a determination being made. Pre-scrutiny can be used to resolve potential disagreements.
 - 6.5 Any items agreed for pre-scrutiny will be included within the O&S Committee's work programme.
 - 6.6 Where O&S Committees request to pre-scrutinise a Key Decision, the relevant Cabinet Member should endeavour to attend the meeting concerned, in order to respond to questions, and consider the views put by O&S Members.
 - 6.7 Relevant senior officers shall attend an O&S Committee meeting where a Key Decision is pre-scrutinised by O&S Members, in order to respond to questions, and consider the views put by those Members.

- 6.8 Cabinet Members may wish to seek views from Scrutiny Members on a Key Decision, particularly on policy development and review, before it is taken. The relevant senior officer will be responsible for forwarding the details through to the Scrutiny Manager for inclusion on the agenda.
- 6.9 The O&S Committee may express views or make recommendations in relation to Decisions to be taken.
- 6.10 The Cabinet will consider any recommendations or views expressed by the O&S Committees and to take such action it sees fit.
- 6.11 Utilising the option for pre-scrutiny does not exclude the Decision from being subject to “call-in”. However, it will allow the Cabinet Member(s) the ability to consider different views and perspectives of a Decision, before it is taken and avoid potential conflict and a requirement for “call-in”.
- 6.12 Heads of Service shall be requested to identify any policy/strategy items for pre-scrutiny by the relevant O&S Committee.

7. “Call-In” of Decisions

- 7.1 Decisions taken by the Cabinet appear within the Minutes of Cabinet Meetings. The Minutes indicate the “call-in” period for the Decisions made.
- 7.2 Decisions taken by individual Cabinet Members are subject to “call-in”, are published on the Council’s website, and an email alert is sent to all Members of the Council.
- 7.3 “Call-in” can occur when three non-Executive Members have reasons/evidence to challenge the Decision, based on the guidance set out within Chapter 6 of the Council’s Constitution.
- 7.4 A decision shall only be the subject of one “call-in” by non-Executive Members.
- 7.5 Non-Executive Members shall refer to a specific Decision and in instigating the “call-in”, are required to provide as much information, detail, explanation, evidence and/or facts as possible, within the requisition. This will enable appropriate officers to determine whether the “call-in” is valid or not.
- 7.6 Non-Executive Members shall trigger the “call-in” electronically, using the Council’s Modgov system. This will alert the relevant officers and prevent the Decision from being actioned.

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- 7.7 During 2017/18, the O&S Management Board developed a [Call-In Procedure](#) to be used at O&S Committees when dealing with “called-in” items. This was agreed by the four O&S Committees and shall be adhered to at all meetings held to consider “call-in items”.
- 7.8 The following are required to attend the O&S Committee meeting to consider the “called-in” item, in order to address O&S Members on the item and respond to questions / comments raised by O&S Members:
- (a) the lead “call-in” Member;
 - (b) the Leader of the Council and/or relevant Cabinet Member; and
 - (c) relevant senior officer representative(s).
- 7.9 Only the lead call-in Member shall be permitted to:
- Address the O&S Committee, explaining the reason for “call-in”;
 - Respond to questions put by Committee Members; and
 - Sum up the case for “call-in”.
- 7.10 Subject to the agreement of the O&S Committee, a representative of the public may make representations in relation to the “called-in” item, in accordance with the Call-In Procedure previously agreed by O&S Committees.
- 7.11 The “call-in” procedure should not be abused. It should not be used as a substitute for early involvement in the decision-making process. Its use as a party-political tool should be avoided.

8. Working Group Reviews

- 8.1 Heads of Service will be requested to consider potential topics for review via the Strategic Leadership Board and these will be submitted to O&S Committees for consideration, along with any other suggestions from O&S Members. The Committee shall approve any topics to be reviewed.
- 8.2 The [Criteria Checklist for Selecting Topics for Review](#) shall be considered in approving topics to be reviewed.
- 8.3 At least 3 Members of the Committee shall be required to sit on a Working Group and one Member will be appointed as the Lead Member. Co-opted Members may sit on a Working Group.
- 8.4 Heads of Service have a valuable role to play in the review process in terms of suggesting appropriate topics for review, possibly contributing to the scope for the review, the provision of factual evidence, and identifying suitable witnesses.

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Officers involved in the review shall be open and honest in their discussions with Working Group Members.

- 8.5 The role of the Lead Officer for the review will be to assist in drafting the scope for the review, to provide professional advice and to ensure access to relevant information and personnel for Working Group Members.
- 8.6 Further to a report on Statutory Guidance on Overview and Scrutiny in Local and Combined Authorities being agreed by O&S Committees during October/November 2019, Working Groups shall consider if it is appropriate to seek the views of the general public on the matter under their consideration and, if so, how this should be carried out.
- 8.7 Working Group meetings shall be conducted in the manner outlined within paragraph 4 above. Working Group Members shall adhere to the principle of the “critical friend” during the course of a review. Constructive challenge may be adopted during discussions with Council officers, external partners, key stakeholders, etc. However, a culture of mutual respect shall be maintained at all times.
- 8.8 A final report, including any recommendations from the Working Group, will be drafted by the relevant officer from Democratic Services to reflect the views and wishes of the Working Group concerned, subject to any legal and/or financial implications provided by Legal and Finance officers.
- 8.9 Recommendations may be produced that impact on the Council or external partners.
- 8.10 The final report will be presented to the parent O&S Committee, the Cabinet, and finally to full Council.
- 8.11 The Lead Member of the Working Group concerned will normally present the final report to the Cabinet and to the Council. Where this is not possible, an alternative Member of the Working Group will be asked to present.
- 8.12 The relevant senior officer shall ensure that an update on the implementation of recommendations is presented to the parent Committee approximately six months following approval of the final report by the Council. Actions taken since approval of the recommendations should be outlined within the update, together with progress on any implementation required. Where actions have not been carried out, reasons should be given, together with an anticipated timeline for implementation.

9. Public Participation in the Overview and Scrutiny Process

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- 9.1 O&S Members should represent the voice of the public.
- 9.2 As outlined in paragraph 3.1 above, key responsibilities of O&S are to:
 - (a) Hold the Cabinet, Cabinet Members and senior officers to account for their decisions, on behalf of the electorate; and
 - (b) Review Council policy, the way policies are implemented and their impact on local citizens;
- 9.3 The Constitution indicates that O&S Committees allow citizens to have a greater say in Council matters by holding public inquiries into matters of local concern.
- 9.4 Citizens may contribute to Council considerations by participating in question time at Council meetings, making representations to the Cabinet, a Cabinet Member or a Committee and may be asked to contribute to O&S Working Group reviews.
- 9.5 The Council's petitions scheme, detailed within the Constitution, allows citizens to address O&S Committees.
- 9.6 As outlined in paragraph 7.11 above, subject to the agreement of the O&S Committee, a representative of the public may make representations in relation to the "called-in" item, in accordance with the Call-In Procedure previously agreed by O&S Committees.
- 9.7 As outlined in paragraph 9.5 above, O&S Working Groups shall consider if it is appropriate to seek the views of the general public on the matter under their consideration and, if so, how this should be carried out.
- 9.8 Senior officers may advise O&S Committees of particular matters of public concern, with a view to the possible establishment of a Working Group review to address such matters.
- 10. Specific Duty of the Overview and Scrutiny Committee (Adult Social Care and Health) – Joint Health Scrutiny Arrangements**
- 10.1 Local authorities may review and scrutinise any matter relating to the planning, provision and operation of the health service in its area.
- 10.2 The NHS Act 2006 (as amended by the Health and Social Care Act 2012) places a statutory duty on commissioners and providers of NHS / health services to consult local authority health overview and scrutiny committees on any proposals for significant development or substantial variation/reconfiguration in health services.

- 10.3 Section 30 of The Local Authority (Public Health, Health and Wellbeing Boards and Health Scrutiny) Regulations 2013 provides that where more than one local authority is consulted on proposals for significant development or substantial variation in health services, a joint overview and scrutiny committee may be established to comment on the proposals for change.
- 10.4 The Council has delegated its duties relating to health services to the Overview and Scrutiny Committee (Adult Social Care and Health).
- 10.5 At its meeting on 3 June 2014, the Council approved the [Protocol for the Establishment of Joint Health Scrutiny Arrangements for Cheshire and Merseyside](#).
- 10.6 The Council and the Overview and Scrutiny Committee (Adult Social Care and Health) shall adhere to the Protocol in relation to substantial variations and joint health scrutiny arrangements.

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G PROTOCOL FOR RELATIONSHIPS BETWEEN MEMBERS AND OFFICERS OF SEFTON COUNCIL

INTRODUCTION

1. The Purpose of this Protocol is to serve Members and Officers as a guide to conducting their relationship in a way that promotes good governance. This is not intended as a comprehensive guide, aimed to cover all eventualities but rather as an outline of the core principles. The guidance in this Protocol is underpinned by the duties and obligations contained within the respective individual Codes of Conduct for Members and Officers.

DEFINITIONS

2. Unless the context indicates otherwise, references to the term Council include the Cabinet, Overview and Scrutiny Committees, and other committees and sub-committees.
3. Unless the context indicates otherwise, the terms Member and Members includes elected Councillors and non-elected Members who have been co-opted to serve as part of a formal Committee structure or process
4. Officers and staff mean all persons employed by the Council including agency staff
5. Senior officer shall mean all senior management posts graded Hay 5 or above, this will generally refer to Heads of Service and above.
6. Party Group shall mean any group or part thereof acting in a party-political capacity.

PRINCIPLES

7. Members and officers must at all times observe the principles set out in this protocol.
8. This protocol seeks to reflect the Nolan Principles underlying the respective Codes of Conduct which apply to Members and Officers: -
 - a. Selflessness

- b. Integrity
 - c. Objectivity
 - d. Accountability
 - e. Openness
 - f. Honesty, and
 - g. Leadership
9. The protocol has been approved by Full Council and the Council's Audit and Governance Committee will review the protocol from time to time.
10. Whilst Members and Officers are indispensable to one another, their responsibilities are distinct. Members are accountable to the electorate and serve only for as long as their term of office lasts. Officers are accountable to the Council as a whole for as long as they are employed. Their job is to give advice to Members (individually and collectively) and to carry out the Council's work under the direction of the Council.
11. Good governance flows from a shared ethos or culture, as well as from systems and structures.
12. It is imperative to good governance and the integrity of the Council that the Members and Officers demonstrate a high level of respect and professional conduct in their dealings with one another.
13. To achieve good governance this code builds upon the seven principles for the code of people in public life that were established by the Committee on Standards, known as the Nolan Committee, as revised by the Localism Act 2011. These principles are located in Chapter 2 – Members' Code of Conduct
14. Officers are also bound by the Council's own code of conduct for employees and, in some cases, by the codes of their professional associations.

THE ROLE OF MEMBERS

15. Members have a number of roles and need to be alert to the potential for conflicts of interest which may arise between the roles. Where such conflicts are likely, Members may wish to seek the advice of senior colleagues, the relevant senior officer(s) and/or the Monitoring Officer.
16. Members represent the community, act as community leaders and promote the social, economic and environmental well-being of the community often in partnership with other agencies.
17. Members represent their electoral ward and are advocates for the citizens who live in their area.
18. Members may express the values and aspirations of the party political groups to which they belong, recognising that in their role as Members they have a duty always to act in the public interest.
19. Members may approach officers of the Council to provide them with such information and advice as they may reasonably need in order to assist them in discharging their duty.
20. Members must respect the impartiality of officers and do nothing to compromise it.

THE ROLE OF OFFICERS

21. As employees, Officers work to the instructions of their Senior Officers and not under instruction of individual members. Officers are accountable to the Chief Executive as Head of Paid Service.
22. Officers are responsible for giving advice to Members to enable them to fulfil their role.
23. Under the direction and control of the Council (including, as appropriate, the Cabinet, committees and sub-committees) officers manage and provide the Council's services within the framework of responsibilities delegated to them.
24. Officers have a contractual and legal duty to be impartial. They must not allow their professional judgement and advice to be influenced by their own personal views.
25. Officers have the right not to support Members in any role other than that of Member, and not to engage in actions incompatible with this protocol. In

particular, there is a statutory limitation on officers in politically restricted posts.

THE RELATIONSHIP BETWEEN MEMBERS AND OFFICERS: GENERAL

26. The conduct of Members and officers should be such as to instil mutual confidence and trust.
27. The key elements are recognition of and a respect for each other's roles and responsibilities. These should be reflected in the behaviour and attitude of each to the other both publicly and privately.
28. Officers work to the instructions of their senior officers, not individual Members. It follows that, whilst such officers will always seek to assist a Member, they must not be asked to exceed the bounds of authority they have been given by their managers.
29. Members should direct their requests and concerns to the appropriate officer, in the relevant department. If there is any doubt on the part of the Member as to whom the appropriate officer is, or in light of the nature of the particular request or concern, Members are asked to approach a senior officer with the relevant department.
30. Officers reserve the right to refer a matter to a more senior officer, where they feel that it would not be appropriate to deal with the Member's request.

MEMBERS OF COMMITTEES OR SUB-COMMITTEES AND OFFICERS

31. This section does not apply to the role of Cabinet or Cabinet Members, whilst acting in their capacity as Cabinet Member.
32. The appropriate senior officers will offer to arrange regular informal meetings with chairs or vice-chairs of committees or sub committees.
33. Senior officers (including the Monitoring officer and the designated Finance Officer) have the right to present reports and give advice to committees and sub-committees.

34. Members of a committee or sub-committee shall take decisions within the remit of that committee or sub-committee, and will not otherwise instruct officers to act.
35. At some committee or sub-committee meetings, a resolution may be passed which authorises a named officer to take action between meetings in consultation with the chair. In these circumstances it is the officer, not the chairman, who takes the action and is responsible for it. A chair has no legal power to take decisions on behalf of a committee or sub-committee, neither should he/she apply inappropriate pressure on the officer.

PARTY GROUPS AND OFFICERS

36. Senior officers may properly be asked to contribute when a party group deliberates matters concerning Council business.
37. Officers will review their attendance at a party group meeting, should the party group include individuals who are not Members of the Council.
38. An officer accepting an invitation to the meeting of one party group shall not decline an invitation to advise another group about the same matter. He/she must give substantially the same advice to each.
39. An officer who is not a senior officer shall not be invited to attend a party group meeting, but a senior officer may nominate another officer to attend on his/her behalf.
40. Officer support is limited to providing factual information or professional advice in relation to matters of Council business.
41. Officers will respect the confidentiality of any party group discussion at which they are present and, unless requested to do so by that party group, will not relay the content of such discussions to another party group or to any other Members.
42. This shall not prevent an officer providing feedback to other senior officers on a need-to-know basis. Any such information will also be subject to the confidentiality requirements contained in Employees' Code of Conduct. (Chapter 10)

43. An officer should be given the opportunity of verifying comments and advice attributed to him/her in any written record of a party group meeting.
44. No Member will refer in public or at meetings of the council to advice or information given by officers to a party group meeting.

LOCAL MEMBERS AND OFFICERS

45. Members need to be fully informed about matters affecting their ward. Senior officers must ensure that all relevant staff are aware of the requirements to keep local Members informed thus allowing Members to contribute to the decision-making process and develop their representative role.
46. Issues may affect a single ward. Where they have a wider impact, a number of local Members will need to be kept informed.
47. Whenever a public meeting or event is organised by the Council with respect to a local issue, the relevant Cabinet Members and/or Members representing the wards affected will usually be invited to attend the meeting as a matter of course.
48. If a local Member intends to arrange a public meeting on a matter concerning some aspect of the Council's work, they should inform the relevant officer. Provided the meeting has not been arranged on a party political basis:
 - a. an officer may attend but is not obliged to do so, and
 - b. the meeting may be held in Council-owned premises.
49. No such meetings should be arranged or held in the immediate run-up to Council elections. Any such meetings must comply with the Purdah¹ guidelines, which should be consulted when seeking clarity on such issues.
50. In the Purdah period it may be necessary to convene a public meeting due to an emergency situation or a previously unknown matter for which it would not be in the local public's interest to postpone. In these circumstances it will be

¹ The term Purdah means the pre-election period in the UK; it refers to the time between when an election is announced and the final election results. The Cabinet Office issues guidance prior to each election.

appropriate for Officers and Members to attend the meeting with a view to resolving the local issue.

PUBLIC RELATIONS AND PRESS RELEASES

51. The Council's Communications Team serve the Council as a whole and must operate within the limits of the Local Government Act 1986 and Code of Recommended Practice on Local Authority Publicity.
52. Council press releases are drafted by Officers and will often contain quotes (within the limits of the Local Government Act 1986) from the Leader and / or Deputy Leader of the Council, an Executive Member or Chair of committee and from the Mayor about ceremonial events. Such press releases are issued on behalf of the Council and it is not appropriate when repeating quotations from members to indicate their party-political affiliation.
53. It is acknowledged that some Council staff may receive and handle messages for Members on topics unrelated to the Council. Care should be taken to avoid Council resources being used for private or party-political purposes.
54. In seeking to deal with constituents' queries or concerns, Members should not seek to jump the queue but should respect the Council's procedures.
55. This part of the protocol should be read in conjunction with the Access to Information Rules in the Council's Constitution.
56. Members may request senior officers to provide them with such information, explanation and advice as they may reasonably need to assist them to discharge their roles as Members. Where information is requested on behalf of a third party, it will only be provided if:
 - a. it is in the public domain, and

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Appendix B

- b. it is not barred by the Data Protection Act 1998 (as amended) from being given.
57. Every Member of a committee, and/or any other committee or sub-committee has a right to inspect documents about the business of the particular Committee.
58. A Member who is not a Member of a particular committee, other committee or sub-committee, or the Cabinet may have access to any document of that specific part of the Council provided:
 - a. he/she can demonstrate a reasonable need to see the documents in order to carry out his/her roles as a Member (the "need to know" principle), and
 - b. the documents do not contain "confidential" or "exempt" information as defined by the law.
59. Disputes as to the validity of a Member's request to see a document on a "need to know" basis will be determined by the Monitoring Officer. Officers should seek his/her advice if in any doubt about the reasonableness of a Member's request.
60. Where any person is expected to be present at the meeting of a particular committee, other committee or sub-committee or Cabinet, where documents containing confidential or exempt information (as defined under the Access to Information Procedure Rules (Chapter 12)), are to be discussed or distributed and the person in question is not privy to that information, then the following procedure shall be followed:
 - In advance of the meeting and at earliest possible notice, the relevant Officer of the Council shall be notified that such person may be present, and
 - Upon receipt of such notification, the Officer shall advise of the appropriate course of action at the meeting in order to ensure that the confidential or exempt information remains secure.
61. A Member should obtain advice from the Monitoring Officer in circumstances where he/she wishes to have access to documents or information:

62. where to do so is likely to be in breach of the Data Protection Act 1998 (as amended), or
63. where the subject matter is one in which he/she has a disclosable pecuniary or other interest as defined in the Members' code of conduct.
64. Information given to a Member must only be used for the purpose for which it was requested.
65. It is an accepted convention that a Member of one party group will not have a need to know and therefore a right to inspect a document which forms part of the internal workings of another party group.
66. Members and officers must not disclose information given to them in confidence without the consent of a person authorised to give it, or unless required by law to do so.
67. When requested to do so, officers will keep confidential from other Members advice requested by a Member.
68. Members and officers must not prevent another person from gaining access to information to which that person is entitled by law.

CORRESPONDENCE

69. Correspondence between an individual Member and an officer should not be copied to another Member unless the author expressly intends and states that this is the case or consents. Where correspondence is copied, this should always be made explicit, that is there should be no "blind" copies.
70. Official letters written on behalf of the Council should normally be in the name of the relevant officer. It may be appropriate in some circumstances (for example representations to a Government Minister) for letters to appear in the name of a Cabinet Member or the chair of an Overview and Scrutiny committee.
71. The Mayor may initiate correspondence in his/her own name.
72. Letters which create legally enforceable obligations or which give instructions on behalf of the Council should never be sent in the name of a Member.

73. When writing in an individual capacity as a ward Member, a Member must make clear that fact.
74. If a Member has another role, distinct from their role as a Member, which regularly requires correspondence with the Council, the Member must make it clear in which capacity they are seeking information or advice.
75. When corresponding through any social media sites or public forums, Members and officers must have regard to the general principles of this code, the Members Code of Conduct and the ICT Acceptable Use Policy in Chapter 2 of the Constitution.

ACCESS TO PREMISES

76. Officers have the right to enter Council land and premises to carry out their work. Some Officers have the legal power to enter property in the ownership of others.
77. Members have a right of access to Council land and premises to fulfil their duties. If appropriate, Members may wish to alert the relevant Head of Service and/or Director when they are visiting Council premises, particularly those that are not generally open to members of the public.
78. When making visits in their official capacity as elected Members, Members should adhere to their code of conduct plus any particular rules and regulations that apply to the site they are visiting.

USE OF COUNCIL RESOURCES

79. The Council provides all Members with services such as printing and photocopying, and goods such as stationery and computer equipment, to assist them in discharging their roles as Members of the Council. They should not be used for private purposes or in connection with party political or campaigning activities.

80. Members should ensure they understand and comply with the Council's own rules about the use of such resources. Members should not put pressure on staff to provide resources or support which officers are not permitted to give, such as political or personal matters.

INTERPRETATION, COMPLAINTS AND ALLEGATIONS OF BREACHES

81. This part of the protocol should be read in conjunction with the Council's "Whistleblowing" policy.

82. Members or officers with questions about the implementation or interpretation of any part of this protocol should seek the guidance of the Monitoring Officer.

83. If direct discussion with the officer is inappropriate (for example because of the seriousness of the concern) or fails to resolve the matter, the Member should raise the issue with the officer's manager or the relevant senior officer.

84. An officer who believes a Member may have acted other than in accordance with this protocol should raise his/her concern with the Monitoring Officer.

85. Any particular cases of difficulty or uncertainty in relation to this part of the protocol should be raised with the Chief Executive and the relevant party group leader.

CONSEQUENCES FOR BREACHING THE CODE

86. A serious breach of this protocol by an officer may lead to an investigation under the Council's disciplinary or capability procedure.

87. Breaches by a Member may be referred to the leader of the relevant party group, or in more serious cases may also involve breaches of the Member's code of conduct, and may be referred to the Council's Audit and Governance Committee.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 22 June 2022
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 2021/22 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 2021/221 financial year is adequate with adequate prospects for improvement.

Recommendation(s):

(1) Review and note the work of internal audit during 2020/21 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 2020/21

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

No

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

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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.

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. 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 2020/21 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 6835/22) and the Chief Legal and Democratic Officer (LD 5035/22) 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
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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 2021/2022 (as approved by this Committee on 16 March 2021)

1. Introduction

1.1 During 2020/21, the Internal Audit Service delivered the Internal Audit Plan as approved by this Committee on 17 March 2021.

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 6

2. Annual Opinion 2021/22

- 1.3 Based upon the work undertaken by Internal Audit in respect of 2021/22, 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 2021/22	ADEQUATE
Potential for Improvement	ADEQUATE

- 1.4 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 2021/22

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Audit and Governance Committee
22 June 2022

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Agenda Item 6

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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 significant impact on all service areas of the Council including Audit and Risk during 2021/22 however this impact substantially declined through the financial year although we have experienced residual issues with recruiting suitable staff. We have been able to achieve a greater breadth of assurance work this year which reflects the Council's adaptation to the pandemic and our flexible response to undertake the work. We have set out plans to re-build the capacity of the team over the first seven months of the financial year to ensure that we can build a broad assurance plan for next year's Opinion. These plans use external and internal secondment resources which will help to embed greater understanding of risk, control and corporate governance within Finance as well as in the medium term the rest of the Council.
- 1.3 Revised guidance from CIPFA has 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 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.
- 1.6 In respect of 2021/22, 67 audits were completed in total. The overall audit opinions given in these reports can be summarised as:

Organisational Risk Opinion	Number of audits
MAJOR	6
MODERATE	10
MINOR	5
NEGLIGIBLE	0
ASSURANCE PROVIDED	46

1.7 Based upon the work undertaken by Internal Audit in respect of 2021/22, 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 2021/22	ADEQUATE
Potential for Improvement	ADEQUATE

1.8 In the future, the impact of Covid-19 is likely to have a minimal impact to our Opinion for 2022/23 however we can 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 The COVID-19 pandemic has had a significant impact on all service areas of the Council including Audit and Risk during 2021/22 although this substantially declined during the year. We have worked dynamically during the year to accommodate the need to work differently, to 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.
- 2.6 For internal auditors, again this year, 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.

2.7 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.

2.8 This guidance has been discussed in professional network groups for example the CIPFA North West 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.

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

- A summary of the Internal Audit work undertaken during 2021/22
- 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 2021/22
- A look ahead to the Internal Audit Plan 2022/23.

2.10 It is envisaged that this is the last year of the substantive impact from Covid-19 as the impact on the organisation has substantially declined during the year. However, 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. 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.

2.11 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.
- 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.

2.12 It is confirmed that there was no impairment to internal audit objectivity during 2021/22.

3. Summary of Work Completed

Background

- 3.1 The Internal Audit Plan 2021/22 was approved by the Audit and Governance Committee on 16 March 2021. 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:

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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 2021/22, 68 pieces of internal audit work were completed.

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
MAJOR	<ul style="list-style-type: none"> • Education Finance – Schools Regulatory Framework (Draft) • Sacred Heart Catholic College (Draft) • Holy Spirit School • Cherry Road Children’s Home • Highways Maintenance – Contract Management (Draft) • ICT Security
MODERATE	<ul style="list-style-type: none"> • Sandway Homes (Draft) • Corporate Governance Review (Draft) • Farnborough Road Infants School Audit • St John’s Primary School, Waterloo (draft) • Hudson Primary School 2021/22 Q3 • Corporate Governance Review 2020/21 • Norwood Primary School • COVID-19 Business Discretionary Grants • Presfield School Audit • Procurement 2019/20 Review (Final)
MINOR	<ul style="list-style-type: none"> • Council Tax • Covid Grants for Care Homes and Community Services (draft) • St William of York Primary School • Framework for Change 2023 – Estates and Assets Disposals (Final) • Great Crosby School Audit (Draft)
NEGLIGIBLE	<ul style="list-style-type: none"> • N/A
ASSURANCE PROVIDED	<ul style="list-style-type: none"> • Factfinding exercise cutting across Communities, Children’s Social Care and Education • Fostering – Memo issued • Public Health Grant 21/22 – Memo issued

Organisational Risk Opinion	Audit Title
	<ul style="list-style-type: none"> • Accounts Payable Controls Review – Memo issued • In House Fleet (draft Memorandum) • Key Issues note to management following employment conduct reviews • Highways Maintenance Self-Assessment • Assurance Mapping • Audit and Governance Terms of Reference Review • Key Issues Note to management following employment conduct review • In-house fleet costing review
	<p>Assurance of Combined Authority and Central Government Grants to facilitate certification</p> <ul style="list-style-type: none"> • A59 Grant Certification 2021/22 Q1 • Cambridge Road Skills Hub – Skills Strand 1 Grant Certification 2021/22 Q1 • Cambridge Road Skills Hub – Skills Strand 1 Grant Certification 2021/22 Q2 • Cambridge Road Skills Hub 2021/22 Q4 • Southport Events Centre and Theatre • Crowland Street Housing Development 2021/22 Q2 • Key Route Network - Urban Traffic Control 2020/21 Q3 Grant Certification • Key Route Network - Urban Traffic Control 2020/21 Q4 Grant Certification • A59 Dover Road Junction Improvements 2020/21 Q4 • Sefton Town Centres (Bootle and Southport) Grant Certification 2020/21 Q3 • Sefton Town Centres (Bootle and Southport) Grant Certification 2020/21 Q4 • Sefton Town Centres 2021/22 Q2 • Sefton Town Centres 2021/22 Q3 • Bootle Town Centre Grant Certification 2020/21 Q1 • Bootle Town Centre Grant Certification 2020/21 Q2 • Bootle Town Centre Grant Certification 2020/21 Q3 • Bootle Town Centre Grant Certification 2020/21 Q4 • Bootle Town Centre – The Strand Acquisition and Disposal 2020/21 Q1 • Bootle Town Centre Grant Certification 2021/22 Q2 • Bootle Area Action Plan 2021/22 Q2 • Crosby Lakeside Grant Certification 2020/21 Q3 • Crosby Lakeside Grant Certification 2020/21 Q4 • Crosby Lakeside Grant Certification 2021/22 Q1 • Southport Eastern Access Grant Certification 2020/21 Q4 • Maritime Corridor Grant Certification 2020/21 Q4 • Cambridge Road Skills Hub – Skills Strand 1 Grant Certification 2020/21 Q4

Organisational Risk Opinion	Audit Title
	<ul style="list-style-type: none"> • Southport Pleasureland – Pre-development Grant Certification 2020/21 Q3 • Southport Pleasureland – Pre-development Grant Certification 2020/21 Q4 • Sustainable Transport Enhancement Package 2020/21 Q4 • Buckley Hill Grant Certification 2021/22 Q1 • Buckley Hill 2021/22 Q2 • Integrated Transport, Highways Maintenance Block and Key Route Network • Troubled Families 2021/22 Period 1 Claim • Troubled Families 2021/22 Period 2 Claim • Troubled Families 2021/22 Period 3 Claim

3.7 The delivery of the audit plan has been affected by resourcing issues which have arisen partly as a result of Covid-19.

- A member of the Audit Team has been absent on unplanned leave for the November 2020 to June 2021 which has further impacted on the team's capacity to complete planned audit work. Recruitment exercises were undertaken to alleviate the impact of the staff absence to take on two fixed term contract employees from April 2021. There were however limited candidates available due to a buoyant job market in the wider economy. We were able to recruit two suitable candidates who started in September and December 2021 and who subsequently left the Council as planned in March 2022.
- Subsequently the member of the Audit Team retired on ill health grounds in November 2021.
- The Trainee ICT Auditor started maternity leave in February 2021 and returned in February 2022.
- A member of the Audit Team on a fixed term contract reduced their working week to three days a week from 1 April 2021, previously full time, in advance of them retiring in March 2022 agreed to increasing their hours by one day per week from November 2021 for the rest of the financial year.

3.8 As indicated above, sickness absence has had a significant impact during the year with 71 days lost due to sickness which compares favourably to 107.5 days lost in 2020/21, six days in 2019/20 and 26 days lost in 2018/19. 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 also impacted on the delivery of audit work in reducing Officers' capacity to respond quickly during the pandemic due to the scale of the issue. Although the impact was not as significant as 2020/21 Internal Audit have flexibly provided additional support where required for example in assisting the Heads of Service and Executive Directors prepare written Governance Assurance Statements for the 2021/22 Annual Governance Statement. Covid-19 had placed significant pressures on many Council services restricting the range of services able to accommodate an audit due to the pressing needs of the Service responding to the pandemic e.g., social care, revenues and benefits, schools etc.

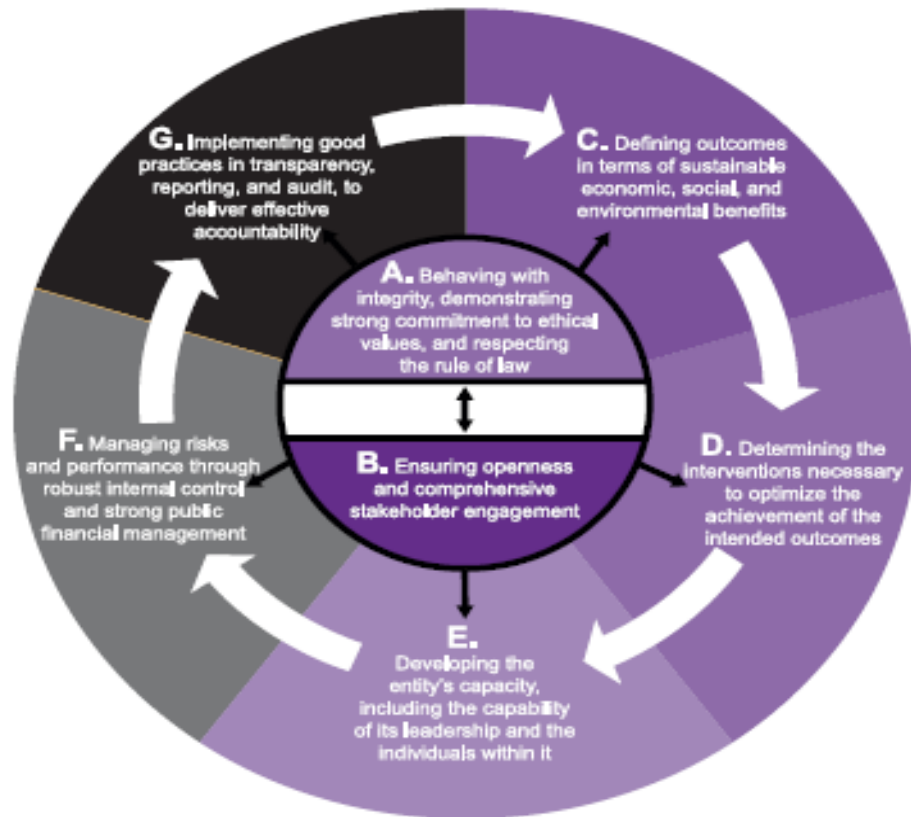
- 3.10 During the year, we were mindful of challenges and risks faced by services within the Council and again took a pragmatic approach to audit assignments in the approved Audit Plan. For example, support was given to the teams responsible for the delivery of the numerous Covid-19 grants to individuals and businesses across the Borough. This included assistance in the design of controls as well as ensuring that government guidance was followed in areas such as completion of fraud risk assessments and post assurance plans.
- 3.11 The impact of Covid-19 during 2021/22 has been significant, although declining presence during the financial year, as work in the proposed plan has been postponed due to operational pressures on teams as well as audits added to reflect Government initiatives.
- 3.12 We expect that that looking forward the impact of Covid-19 will have a diminishing/ minimal effect on the delivery of the audit plan during the next 12 months. There are plans to recruit to two permanent full time Principal Internal Auditors positions during the year, of which one position we have already appointed to and the other position we are currently in a recruitment exercise for. In addition, we are looking to take two secondments from Finance team on a rolling six month and two-year basis with a part qualified CIPFA trainee to provide a taster experience of internal audit and the latter post CIPFA qualified to provide additional internal audit experience on corporate governance, risk and control.

Corporate Governance

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- 3.13 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.
- 3.14 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 2020/21 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.

3.15 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 eight of these will feature in the Annual Governance Statement as "Significant Governance Issues". 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

There were three SGLs in the Council's 2020/21 Annual Governance Statement relating to inspections as follows.

- A Joint Targeted Area Inspection (JTAI) for Children's Mental Health in Sefton took place in September 2019.
- An Ofsted and Care Quality Commission (CQC) revisit in April 2019 relating to weaknesses in the Written Statement of Action (WSOA).
- Sefton was overdue an Ofsted Inspection of Local Authority Children's Services. Following a pause in the inspection framework due to COVID-19, Ofsted undertook a 'restart' focused visit of Children's Social Care in March 2021. This was not a full inspection and therefore was not graded. A letter to the Council was published on the Ofsted website on 10 May 2021 with the visit's findings and identification of priority action.

Areas for priority action in the letter included:

- Timely application of the pre-proceedings stage of the Public Law Outline where risks for children are not reducing through child protection planning; and
- The effectiveness of case supervision and the monitoring of children who are subject to child protection planning, including those children in the pre-proceedings process, to prevent drift and delay.

What needs to improve in this area of social work practice:

- The quality assurance arrangements and senior management oversight of social work practice;
- The strategic and operational focus on achieving change and reducing risk for vulnerable children, including disabled children and care leavers, and
- The capacity in social work teams and the number of children on social workers' caseloads.

Significant Governance Issue 2

There was a Local Government Association (LGA) Peer Review Revisit on 21 and 22 April 2022. The LGA Peer team reviewed progress against the recommendations since the last Corporate Peer Challenge in September 2018, under the following themes:

- Local Priorities and Outcomes;
- Corporate Transformation;
- Economic Growth, and
- Member Development.

Following the Revisit, the Peer team will produce a public feedback report which is expected June 2022.

Significant Governance Issue 3

To support financial sustainability, the Chartered Institute of Public Finance and Accountancy (CIPFA) issued a Financial Management (FM) Code which aims to ensure a high standard of financial management in local authorities. The FM Code was

launched in November 2019 and authorities were advised that they should introduce this in the 'shadow year' in 2020/21 prior to full implementation in 2021/22.

On 17 March 2021, the Council's Audit and Governance Committee has noted the introduction of the CIPFA FM Code and the self-assessment of compliance with the Code and noted the Action Plan to further improve both compliance with the Code and financial management across the Council.

CIPFA's Better Governance Forum has issued guidance on Local Authority's Corporate Codes of Governance that recommends that these are reviewed and approved annually by the Audit Committee annually. The Council's Corporate Code of Conduct was last reviewed in 2019.

Significant Governance Issue 4

Sefton Council declared a 'Climate Emergency' on 18 July 2019 and work has progressed within the Council on the agreed actions that were contained and approved by Members. There is a Strategy in place and delivery is via an Action Plan for the period to 2030. This will establish and refine a baseline position on the Council's carbon emissions (carbon footprint) with the development of three-year implementation plans to make the Council's activities net-zero carbon by 2030.

Significant Governance Issue 5

COVID-19 continued as an SGI in 2021/22.

Significant Governance Issue 6

On 11 February 2021, the Government published a White Paper 'Integration and Innovation: Working Together to Improve Health and Social Care' - Department of Health and Social Care (DHSC), 2021, setting out a raft of proposed reforms to health and care to create Integrated Care Partnerships.

'Shadow' arrangements were introduced in 2021/22 and to be delivered in full by April 2022.

Significant Governance Issue 7

In the 2020/21 Corporate Governance Internal Audit Review it was recommended that a self-assessment against the Local Government Associations National Framework is carried out in line with the conclusions of the Council's Ethical Working Group.

Changes internally and at Social Value Portal mean that this work has stalled and will start again in the first quarter of 2022/23.

Significant Governance Issue 8

In the 2020/21 Corporate Governance Internal Audit Review (IAR) it was recommended that Partnership Agreements are reviewed by Heads of Service (HoS) to provide assurances in line with the Council's Financial Procedural Rules (FPRs) for access for Internal Audit. The IAR also recommended that HoS submit copies of their Service Area Registers in line with the Council's Employees' Code of Conduct (CoC) to the Council's Monitoring Officer (MO) by 30 April each year.

In 2021/22 not all HoS have complied with the provision of assurances. All but two HoS have responded to the provision of registers.

- 3.16 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.

Risk Management

- 3.17 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. 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.

- 3.18 During the year there has been a sustained activity to attempt to improve the embedding of risk management within the Council. The Internal Audit and Risk Team have facilitated the completion of outstanding Service and Operational Risk Registers across the Council working closely with management teams. The improvements have included:

- Work has started on developing the Council’s Risk Appetite
- A draft Assurance Framework has been developed 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
- Development started on the development of an e-learning training programme

- 3.19 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. Performance has been varied during the year with some quarters there is a good response to having updated Strategic Risk Registers 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 SRR 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.

- 3.20 The Corporate Risk Register is updated by Heads of Service 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 is the inclusion of more strategic risks for example Climate Change however further work is required to ensure that the external operating environment is accurately reflected in the risk register in a timely manner and that mitigating action is undertaken promptly to address the risks to the target score.
- 3.20 The ongoing development of this framework was a key area of focus for the Council during 2021/22. It is important that during 2022/23, corporate risk management continues to develop and embed across the Council. The continued engagement of Senior Management as highlighted above will be vital so as to ensure success. Proposed work during 2022/23 includes the development of an Assurance Framework for the Council, the definition of the Council's risk appetite, 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.
- 3.21 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

- 3.22 Of the 68 (2020- 50) pieces of audit work completed during the year, 22 (2020-5) 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 eight audits during the year with a "Major" Organisational Risk Opinion

Education Finance – Schools Regulatory Framework (Draft)

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

Sacred Heart Catholic College (Draft)

- 3.24 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

- 3.25 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.

Cherry Road Children's Home

- 3.26 Budget allocations should be reviewed to ensure that they are sufficient to meet the objectives of the home and regular budget monitoring should be undertaken.

Highways Maintenance Contract Management

- 3.27 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.

ICT Security

- 3.28 A number of recommendations were made including Information Governance and ICT policies should be reviewed, Departmental inventories of ICT equipment need to be compiled and reviewed against central records and ICT Security testing KPIs should be reported monthly.
- 3.29 Follow up audits completed show, on the whole, a positive picture in terms of the implementation of recommendations. There was a concern that was reported to the Audit and Governance Committee in December 2021 on the delivery of the agreed actions from the Adult Social Care Debt audit however in the last six months there has been substantial progress.

Counter-Fraud

- 3.30 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.
- 3.31 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

3.32 The Policy states that the Chief Internal Auditor must be notified of any suspected fraud or irregularity. There were six suspected frauds or irregularities notified during 2021/22 and in addition the CIA monitored progress for a previous suspected fraud.

Assurance Mapping

3.33 As the COVID-19 pandemic has 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.

3.34 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.

3.35 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.”

3.36 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.

3.37 Areas will be assessed over a three-year window, with a starting point of 1 April 2019 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. The table below outlines some of the key external assurance that has been identified and used in the Opinion with a RAG rating risk opinion built on the outcome of the assurance.

Table 1 List of Key External Assurance by Service Area identified during Assurance Mapping Exercise

Corporate Resources	Date	Risk	Strategic Support	Date	Risk
Public Services Network	January 2022	Minor	Local Government and Social Care Ombudsman	July 2021	Moderate
General Registrar’s Office - HM Passport Office	June 2021	Major	Education	Date	Risk
Corporate Personnel - L&D	April 2022	Minor	SENIS Early Years	April 2022	Minor

Customer Service Excellence (CSE)	April 2022	Minor	Delivery of music service - Arts Council England	January 2022	Minor
Commercial Development	Date	Risk	Head of Virtual School - Ofsted - ILACS Focus Report	March 2021	Major
Sandway Homes - Environmental Agency	November 2020	Moderate			
Sandway Homes - Considerate Constructors	April 2021	Minor	Special Educational Needs and Inclusion Service - Ofsted - Annual Conversation	January 2022	Major
Sandway Homes - Considerate Constructors	August 2021	Minor	Autism and Complex Needs - Delegate Feedback	2022	Moderate
Children Services	Date	Risk	Economic Growth and Housing	Date	Risk
Review of child centred practices during Covid pandemic.	May 2021	Moderate	Planning - Ministry of Housing, Communities and Local Government	March 2022	Minor
Fostering & Leavers care	2022	Major	Employment & Learning (Sefton at Work)	November 2020	Minor
Safeguarding	May 2021	Major	Building Control	December 2021	Minor
Operational In-House Services	Date	Risk	Highways and Public Protection	Date	Risk
Catering	Feb 2022	Minor	Highway Maintenance - Department of Transportation	2021/22	Minor
TEC Services (Assistive Technology)	October 2021	Major	Communities	Date	Risk
Green Sefton - Britain In Bloom	2021	Minor	Youth Offending Team (YOT) Benchmarking Performance Report	October 2021	Minor
Green Flag Award - Keep Britain Tidy Group	2021	Minor	Youth Offending Team (YOT) - Ofsted	February 2021	Major
Burials and Cremations - Institute of Cemetery and Crematorium Management	April 2021	Minor	Adult Social Care	Date	Risk
The Federation of Burial and Cremation Authorities	July 2021	Moderate	Benchmarking Performance Dashboard	January 2022	Moderate
Southport crematorium Chimney Emissions	April 2021	Minor	Adult Social Care Outcomes Framework - NHS	October 2021	Minor
Security Services & Electrical Services.	2021	Minor	Public Health	Date	Risk
Vehicle Maintenance and Fleet	May 2022	Minor	UK Public Health Register	2021/2022	Minor

Management - DVSA - Operator Compliance Risk Score					
Ofsted School Inspections	Date	Risk	Ofsted School Inspections	Date	Risk
Litherland High School	January 2022	Moderate	Sacred Heart Catholic College	October 2021	Major
Maghull High School - Remote Inspection	April 2021	Minor	Savio Salesian College - Remote Monitoring Inspection	March 2021	Minor
Maghull High School	January 2022	Minor	St Gregory's Catholic Primary School	October 2021	Minor
Waterloo Primary School	February 2022	Minor			

3.39 The assurance mapping exercise was used in the development of the Annual Audit Plan for 2022/23 and will be used in the proposed assurance mapping exercise to the Corporate Risk Register during 2021/22. We are currently considering how to improve the Assurance Mapping during 2022/23 to look at weighting of the assurance to reflect the relative independence of the review.

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 2019/20 and 2020/ 21 actuals) is:

Description and Purpose	Target	Actual 2019/20	Actual 2020/21	Actual 2021/22	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%	84%	63%	62%	<ul style="list-style-type: none"> • Sickness absence. • Maternity Leave • COVID impact on recruitment of temporary resources • Focus on supporting Service Areas e.g. COVID-19 grants; additional support in 2020/21 AGS. • Capacity of Service Areas to be audited.
<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 3.11 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.

Quality Assurance and Improvement Programme (QAIP)

- 5.4 During 2021/22, 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
- 5.5 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 2021/22, 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 2021/22 is:

Overall Opinion 2021/22	ADEQUATE
Potential for Improvement	ADEQUATE

- 6.2 This opinion is based on the following:

- An assessment of the range of individual opinions arising from audits delivered by Internal Audit during 2021/22. 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 2021/22 financial year (EY Audit Results Report, to be presented to Audit and Governance Committee in November 2022)
- 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.

- 6.3 It is vital that the Council builds on the progress made during 2021/221 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.

- 6.4 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 2022/23 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, as the impact on the organisation has diminished substantially over the past 12 months. The external operating environment, particularly over the past three months has evolved substantially with new risks evolving from events in Ukraine as well as existing known risks (inflation, supply chain and cost of living pressures) having much greater potential 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.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 22 June 2022
Subject:	Treasury Management Position to May 2022		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	All Wards
Portfolio:	Cabinet Member - Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report provides Members with a review of the Treasury Management activities undertaken to 31st May 2022. This document is the first report of the ongoing quarterly monitoring provided to Audit & Governance Committee, whose role it is to carry out scrutiny of treasury management policies and practices.

Recommendation(s):

Members are requested to note the Treasury Management update to 31st May 2022, to review the effects of decisions taken in pursuit of the Treasury Management Strategy and to consider the implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management activities.

Reasons for the Recommendation(s):

To ensure that Members are fully appraised of the treasury activity undertaken to 31st May 2022 and to meet the reporting requirements set out in Sefton's Treasury Management Practices and those recommended by the CIPFA code.

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

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

None.

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(B) Capital Costs

None.

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): An increase in investment income has been forecast for 2022/23 financial year due to prevailing market conditions.</p>									
<p>Legal Implications: The Council has a statutory duty under the Local Government Act 2003 to review its Prudential Indicators and Treasury Management Activities.</p>									
<p>Equality Implications: There are no equality implications.</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>N</td> </tr> <tr> <td>Have a neutral impact</td> <td>Y</td> </tr> <tr> <td>Have a negative impact</td> <td>N</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td>N</td> </tr> </table> <p>The Council has during 2022/23, invested its reserves and balances overnight with either banks or money market funds in order to maintain high security and liquidity of such balances. It has not had the opportunity to invest in longer term financial instruments or investment funds for which there may be a chance to consider the impact on the Council's Climate Emergency motion.</p> <p>In the event that the Council has more surplus balances available in future that may lead to longer term investing, the Council will take account of the climate emergency when discussing the options available with the Treasury Management Advisors.</p>		Have a positive impact	N	Have a neutral impact	Y	Have a negative impact	N	The Author has undertaken the Climate Emergency training for report authors	N
Have a positive impact	N								
Have a neutral impact	Y								
Have a negative impact	N								
The Author has undertaken the Climate Emergency training for report authors	N								

Contribution to the Council's Core Purpose:

Protect the most vulnerable: n/a
Facilitate confident and resilient communities: n/a
Commission, broker and provide core services: n/a
Place – leadership and influencer: Support strategic planning and promote innovative, affordable and sustainable capital investment projects through application of the CIPFA Prudential Code.
Drivers of change and reform: The Treasury Management function ensures that cash flow is adequately planned and cash is available when needed by the Council for

improvements to the borough through its service provision and the Capital Programme.
Facilitate sustainable economic prosperity: Pursuit of optimum performance on investments activities and minimising the cost of borrowing and the effective management of the associated risk continues to contribute to a balanced budget for the Council.
Greater income for social investment: n/a
Cleaner Greener: n/a

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 6834/22) the author of the report.

The Chief Legal and Democratic Officer (LD5034/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

N/A

Implementation Date for the Decision

With immediate effect.

Contact Officer:	Graham Hussey
Telephone Number:	Tel: 0151 934 4100
Email Address:	graham.hussey@sefton.gov.uk

Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

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1. Background to the Report

- 1.1. As recommended under CIPFA's 2017 Code of Practice on Treasury Management in Public Services, the Council's Treasury Management Policy and Strategy document for 2022/23 (approved by Council on 3rd March 2022) included a requirement for regular updates to be provided on the investment activity of the Authority. This report is the first of such reports for the year and presents relevant Treasury Management information for the period ending 31st May 2022.
- 1.2. CIPFA published a revised Code of Practice on Treasury Management and a revised Prudential Code for Capital Finance in Local Authorities in December 2021. The new codes take effect immediately, except that authorities may defer introducing revised reporting requirements until 2023/24. Sefton will therefore adopt the revised reporting requirements in the 2023/24 Treasury Management Policy and Strategy documents and the quarterly updates on investment activity to allow time for proper scrutiny and consultation with treasury management advisors to take place.
- 1.3. The report includes information on the investments held / entered into during the period and the interest rates obtained (with a comparison of performance against a standard benchmark figure). In addition, the report highlights whether there has been any variance from the Treasury Management Policy and Strategy and the Council's approved Prudential Indicators (the operational boundaries within which the Council aims to work).

2. Investments Held

- 2.1. Investments held at the 31/05/2022 comprise the following:

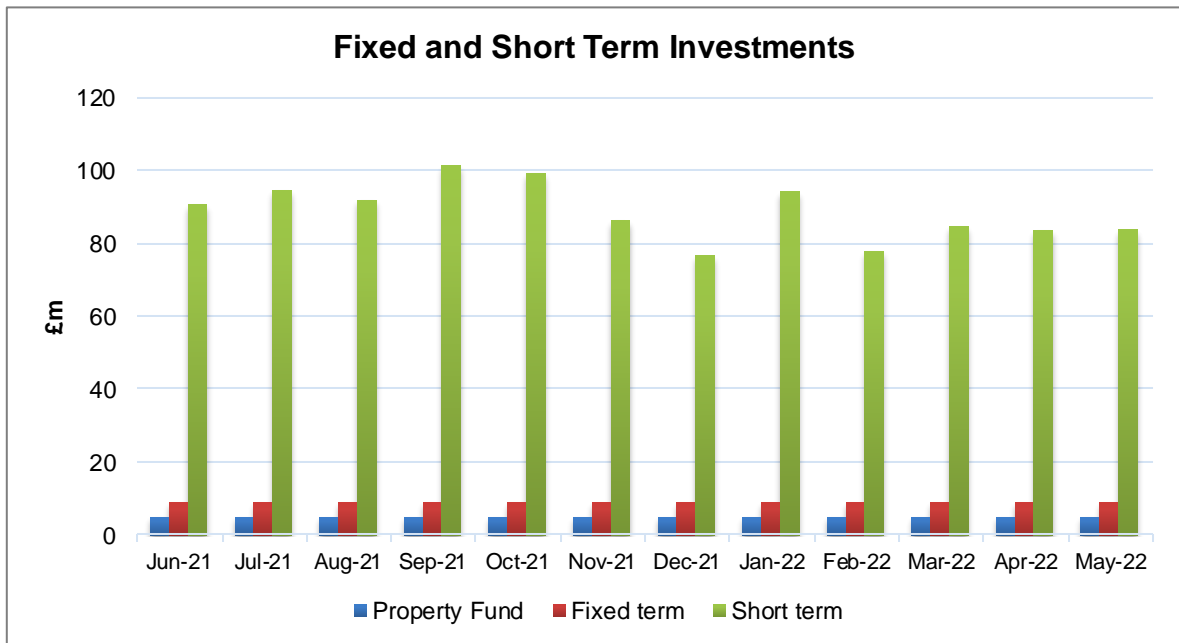
Institution	Deposit £m	Rate %	Maturity	Rating
Money Market Funds:				
Aberdeen	9.73	0.89	01.06.22	AAA
Aviva	9.73	0.87	01.06.22	AAA
Blackrock	9.73	0.85	01.06.22	AAA
BNP Paribas	9.73	0.91	01.06.22	AAA
Goldman-Sachs	9.73	0.89	01.06.22	AAA
HSBC	9.69	0.84	01.06.22	AAA
Invesco	6.30	0.89	01.06.22	AAA
Morgan Stanley	9.23	0.86	01.06.22	AAA
Insight	9.44	0.89	01.06.22	AAA
Total	83.31			
Deposit Accounts:				
Santander	0.40	0.41	01.06.22	A+
Total	0.40			
Notice Accounts:				
Lloyds	3.00	0.05	32 days	A+

Institution	Deposit £m	Rate %	Maturity	Rating
Natwest	3.00	0.40	35 days	A+
Santander	3.00	0.40	35 days	A+
Total	9.00			
Property Fund:				
CCLA	5.00	3.18	n/a	n/a
Total	5.00			
TOTAL INVESTMENTS	97.71			

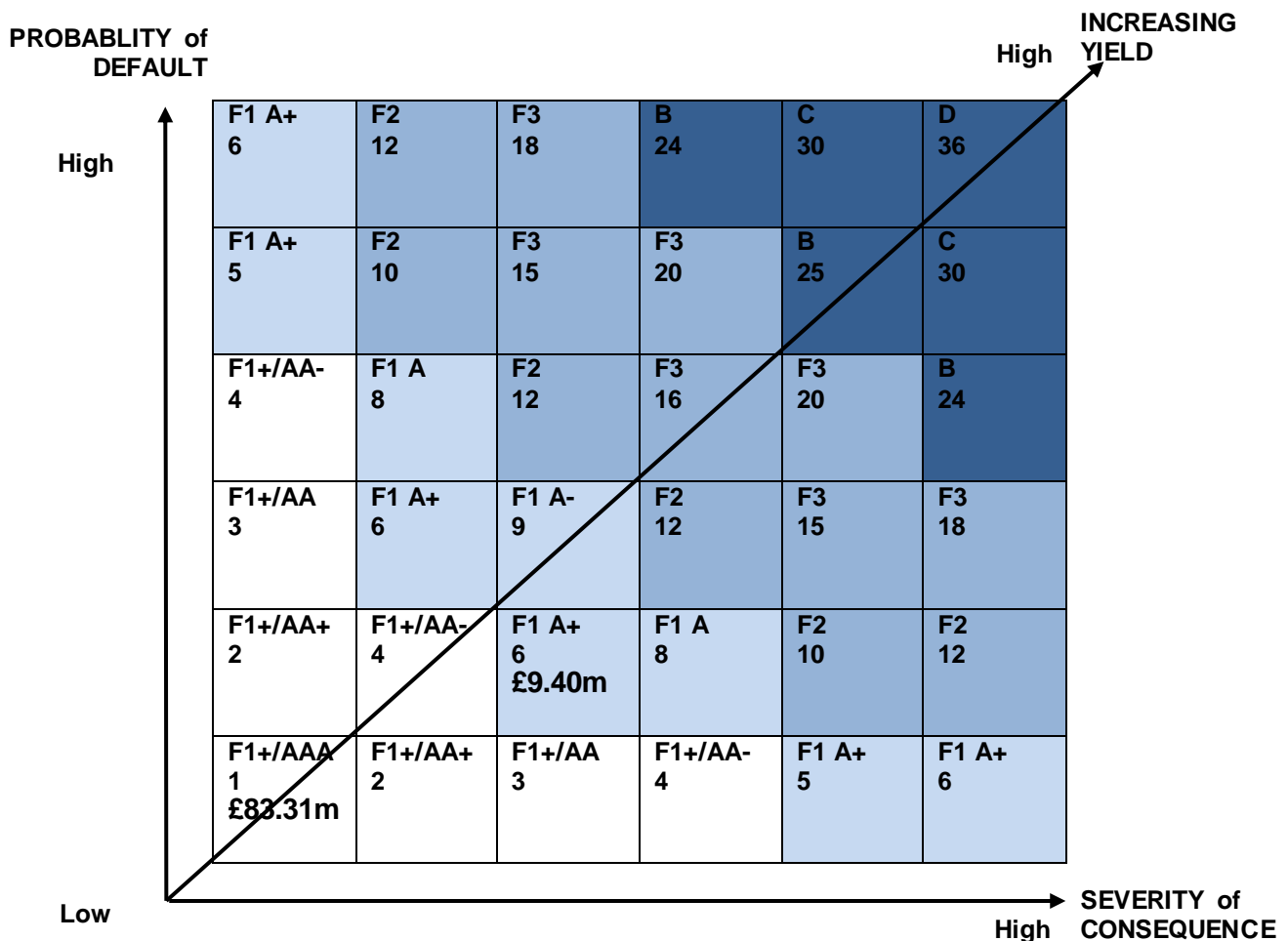
- 2.2. The Authority holds significant invested funds, representing grant income received in advance of expenditure plus balances and reserves held. The cash is initially held in a number of highly liquid Money Market Funds to ensure security of the funds until they are required to be paid out. This approach is consistent with the Council's approved Treasury Management Policy and Strategy for 2022/23. The balance of investments is therefore expected to fall over the coming months as the income is fully expended.
- 2.3. All of the investments made since April 2022 have been with organisations on the current counterparty list. The maximum level of investment permitted in the Treasury Management Strategy in any one institution, or banking group, is currently £15m. Whilst the maximum should be retained, in light of current economic conditions, a day to day operational maximum of 10% of the total portfolio is currently being imposed for investments. This will spread the risk for the Council but will have a small detrimental impact on the returns the Council will receive in the future. The Council has remained within that boundary during the year. At present, it is not expected that there will be any need to review this limit.
- 2.4. The Council will only invest in institutions that hold a minimum Fitch rating of A- for banking institutions, or AAA for money market funds. The ratings applied to investment grade institutions, and the much riskier speculative grade institutions, as defined by Fitch, have been placed into a risk matrix (paragraph 2.8).
- 2.5. An investment has been made with the Church, Charities and Local Authority Investment Fund (CCLA) in June 2014. CCLA invest in commercial property which is rented out to enterprises such as retail units, warehousing, and offices. The majority of properties owned are in the south of the country where the market is often more buoyant than the north. The Council has in effect bought a share of the property portfolio and returns paid are in the region of 4%. This is seen as a long-term investment with the potential for the capital value of the investment to vary as property prices fluctuate.
- 2.6. The Net Asset Value (NAV) of the Property Fund has increased over a 12-month period to April 2022 from 299.70p per unit to 353.03p per unit, an increase of 18%. The income yield on the Property fund at the end of April 2022 was 3.18% which, although lower than returns received in the past, still represents a reasonable return on the Council's investment.

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2.7. The ratio of overnight deposits (short term) to fixed term investments and the property fund is shown below:



2.8. The matrix below shows how the Council has set its risk appetite by being risk averse and putting security and liquidity before yield when investing:



SEFTON RISK TOLERANCE:

Risk Level	Score	Grade	Amount Invested
LOW	1 - 4	Investment Grade	£83.31m
LOW - MEDIUM	5 - 9	Investment Grade	£9.40m
MEDIUM	10 - 20	Investment Grade	-
HIGH	21 - 36	Speculative Grade	-

2.9. The Council will continue to maximise any investment opportunities as they arise although it is not envisaged that any substantial increase in returns can be achieved for the remainder of the current financial year as balances available for investment will be held in short term deposits to allow the council to respond to any exceptional demands for cash as they arise. The security and availability of cash will be prioritised over improved yields as per the agreed Treasury Management Strategy and advice received from Sefton's treasury management advisors.

3. Interest Earned

3.1. The actual performance of investments against the profiled budget to the end of May 2022 and the forecast performance of investments against total budget at year end is shown below:

	Budget £m	Actual £m	Variance £m
May-22	0.098	0.109	0.011

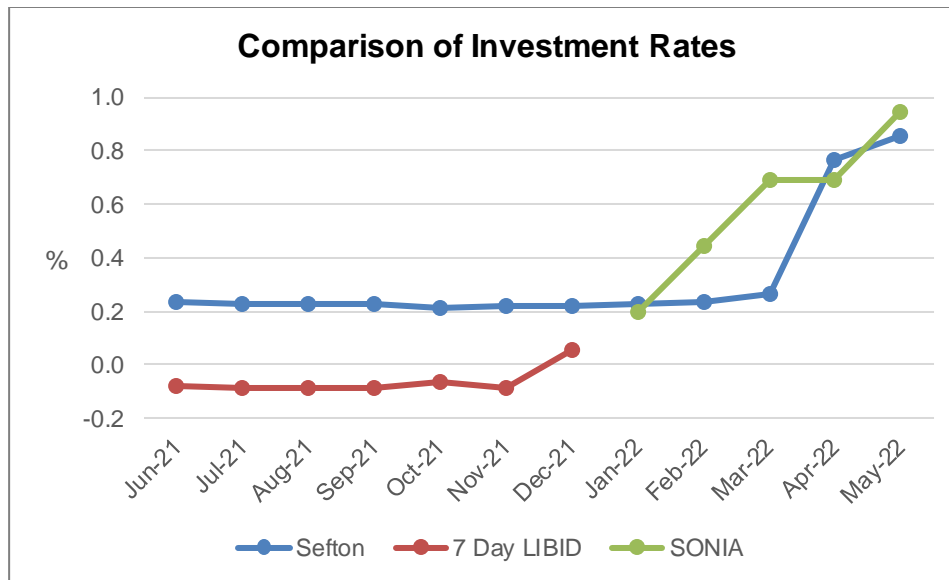
	Budget £m	Forecast £m	Variance £m
Outturn 2022/23	0.789	0.789	-

3.2. The forecast outturn for investment income shows the level of income to be on target against the budget for 2022/23. Investment rates have increased significantly in the first quarter of 2022 (see 3.4. below) largely in response to rises in interest rates. The budgeted income for 2022/23 has therefore been set at a higher level when compared to previous financial years.

3.3. As mentioned in paragraph 2.9, it is not envisaged that improved rates will lead to a significant increase over and above the current forecast income from investments during 2022/23 as cash balances are diminishing and held in short term deposits.

3.4. The Council has achieved an average rate of return on its investments of 0.85%. The chart below shows the average rate of return plotted against the 7-day LIBID and SONIA benchmarks.

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- 3.5. On 5th March 2021 the Financial Conduct Authority announced the cessation of the LIBOR benchmark from the start of 2022. This deadline has now passed and as a result some LIBOR benchmarks such as the 7-day LIBID have been discontinued. LIBOR has primarily been replaced by the Sterling Overnight Index Average (SONIA) benchmark as the new widespread reference rate.
- 3.6. On the advice of its treasury management advisors, Sefton has adopted the SONIA rate as a replacement for the 7-day LIBID when benchmarking its investment performance from January 2022 onwards. As can be seen from the chart above, Sefton’s investments have slightly underperformed (by 0.09%) compared to SONIA to the end of May 2022, although the investment income received is on target as per the 2022/23 budget as shown in paragraph 3.1 (above).

4. Interest Rate Forecast

- 4.1. Arlingclose, the Council’s treasury advisors, have provide the following interest rate view:

	Current	Jun-22	Sep-22	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Average
Official Bank Rate														
Upside risk	0.00	0.00	0.25	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.40
Arlingclose Central Case	1.00	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.25	1.23
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.38
3-month money market rate														
Upside risk	0.00	0.00	0.30	0.30	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.39
Arlingclose Central Case	1.20	1.40	1.45	1.35	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.30	1.32
Downside risk	0.00	-0.25	-0.25	-0.25	-0.25	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.50	-0.38
5yr gilt yield														
Upside risk	0.00	0.30	0.35	0.50	0.60	0.60	0.65	0.65	0.65	0.65	0.65	0.65	0.65	0.53
Arlingclose Central Case	1.50	1.55	1.60	1.60	1.55	1.50	1.45	1.40	1.40	1.40	1.40	1.40	1.40	1.47
Downside risk	0.00	-0.20	-0.30	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60	-0.44
10yr gilt yield														
Upside risk	0.00	0.40	0.50	0.60	0.65	0.65	0.70	0.70	0.70	0.70	0.70	0.70	0.70	0.59
Arlingclose Central Case	1.88	1.90	1.95	2.00	2.00	1.90	1.80	1.75	1.75	1.75	1.75	1.75	1.75	1.84
Downside risk	0.00	-0.20	-0.30	-0.35	-0.40	-0.45	-0.50	-0.55	-0.55	-0.60	-0.60	-0.60	-0.60	-0.44
20yr gilt yield														
Upside risk	0.00	0.30	0.35	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.47
Arlingclose Central Case	2.14	2.10	2.10	2.10	2.10	2.05	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.05
Downside risk	0.00	-0.25	-0.30	-0.35	-0.40	-0.45	-0.50	-0.50	-0.55	-0.55	-0.55	-0.55	-0.55	-0.42
50yr gilt yield														
Upside risk	0.00	0.30	0.35	0.40	0.45	0.50	0.55	0.60	0.60	0.60	0.60	0.60	0.60	0.47
Arlingclose Central Case	1.85	1.85	1.85	1.85	1.85	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.80	1.82
Downside risk	0.00	-0.25	-0.30				-0.50	-0.50	-0.55	-0.55	-0.55	-0.55	-0.55	-0.42

- *High inflation is challenging the global economic outlook, leaving policymakers a choice between gradual tightening now, with the chance of a recession, or more significant monetary tightening later to combat embedded inflation expectations. Global policymakers have chosen the former, leading to interest rate rises around the world.*
- *The invasion of Ukraine has exacerbated global inflation trends, particularly around food and energy. In the UK, the Ofgem price cap rose by 54% in April and a further 40-50% increase is possible in October. The rise in energy and fuel prices has been a significant factor behind the CPI rate moving up to 7% and will drive it up to near 10% over the course of 2022.*
- *High sustained inflation has created a more challenging growth outlook for the UK economy. Higher prices, particularly for necessities such as food and energy, will reduce household disposable income, and data is already suggesting that households are curtailing spending in response. Built up savings and more robust wage growth will only partly offset the impact.*
- *The labour market appears tight and nominal wage growth is running above pre-COVID levels. This will be a contributory factor to sustained above target inflation this year, although real wage growth is unlikely for most workers. Ultimately, weaker economic activity should lead to lower demand for labour and reduce wage pressure.*
- *The Bank of England will raise Bank Rate again in June to 1.25% to ensure that aggregate demand slows to reduce business pricing power and labour wage bargaining power. A further rise to 1.50% is a distinct possibility. Markets have priced in a much steeper path for Bank Rate, but we believe the MPC will be more cautious given the soft medium term economic outlook (a view communicated in the May Monetary Policy Report).*
- *Bond yields have risen sharply to accommodate tighter global monetary policy, particularly in the US, including the run-off of central bank bond portfolios in the reversal of QE. The interplay between slowing growth and high inflation/tightening policy will create significant volatility due to high levels of uncertainty.*

5. Compliance with Treasury and Prudential Limits

- 5.1. As at the end of May 2022, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 22 June 2022
Subject:	Assurance Framework		
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:

A Sefton Assurance Framework has been formally defined which is a structured means of identifying and mapping the main sources of assurance in an organisation, and co-ordinating them to best effect. The framework as a result should help to ensure that the Council's Strategic Objectives are achieved.

The sources of assurance are split between being received by the Cabinet and the Audit and Governance Committee. There is an agreed work plan for the Audit and Governance Committee which ensures that the assurance is provided on a timely basis to the Committee.

The benefits of this approach are:

- Provides timely and reliable information on the effectiveness of the management of major strategic risks and significant control issues;
- Facilitates escalation of risk and control issues requiring visibility and attention by senior management, by providing a cohesive and comprehensive view of assurance across the risk environment;
- Provides an opportunity to identify gaps in assurance needs that are vital to the organisation, and to plug them (including using internal audit) in a timely, efficient and effective manner;
- Can be used to raise within the organisation understanding of its risk profile, and strengthen accountability and clarity of ownership of controls and assurance thereon, avoiding duplication or overlap;
- Provides critical supporting evidence for the production of the Annual Governance Statement;
- Can clarify, rationalise and consolidate multiple assurance inputs, providing greater oversight of assurance activities for the Cabinet/Audit & Governance Committee in line with the risk appetite; and Facilitates better use of assurance skills and resources

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The development of an Assurance Framework is part of the Council's risk management arrangements and Members should as a result see clearly the key processes and the control environment as well as being clear what the key sources of assurance are.

Further work is required alongside the Assurance Framework to help further embed risk management by the potential introduction of the three lines of defence model and the assurance mapping across the Assurance Framework (using the three lines of defence model). These two activities can help in the future to ensure that Annual Internal Audit plans have a refined focus on providing assurance on key controls used to manage the strategic risks as well as being clear on the level of assurance that is provided by management.

Recommendation(s):

(1) Members are requested to approve the proposed Assurance Framework for the Council

Reasons for the Recommendation(s):

Introduction of an Assurance Framework will help to further embed risk management by providing a transparency and a purpose for the assurance that is provided to Cabinet and Audit and Governance Committee

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

None.

What will it cost and how will it be financed?

(A) **Revenue Costs** – No revenue costs with the proposal.

(B) **Capital Costs** – No capital costs involved with the proposal

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no resource implications	
Legal Implications: There are no legal implications.	
Equality Implications: There are no equality implications.	
Climate Emergency Implications: The recommendations within this report will Have a positive impact	
	Y

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Have a neutral impact	N
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y

The proposal will help to ensure that the Climate Emergency response by the Council is delivered by ensuring that firstly key assurances are provided to Cabinet on progress of implementing key actions to address climate change. In addition, there is a risk on Climate Change in the Corporate Risk Register the planned future Assurance Mapping linked to the introduction of the three lines of defence model will identify in a methodical manner how assurance is provided on the controls used to mitigate the risk from the various lines of defence.

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.6824/22) and the Chief Legal and Democratic Officer (LD.5024/22) 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.

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Contact Officer:	David Eden
Telephone Number:	0151 9340 4053
Email Address:	david.eden@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

- Proposed Sefton Council Assurance framework

Background Papers:

There are no background papers available for inspection.

1. Introduction

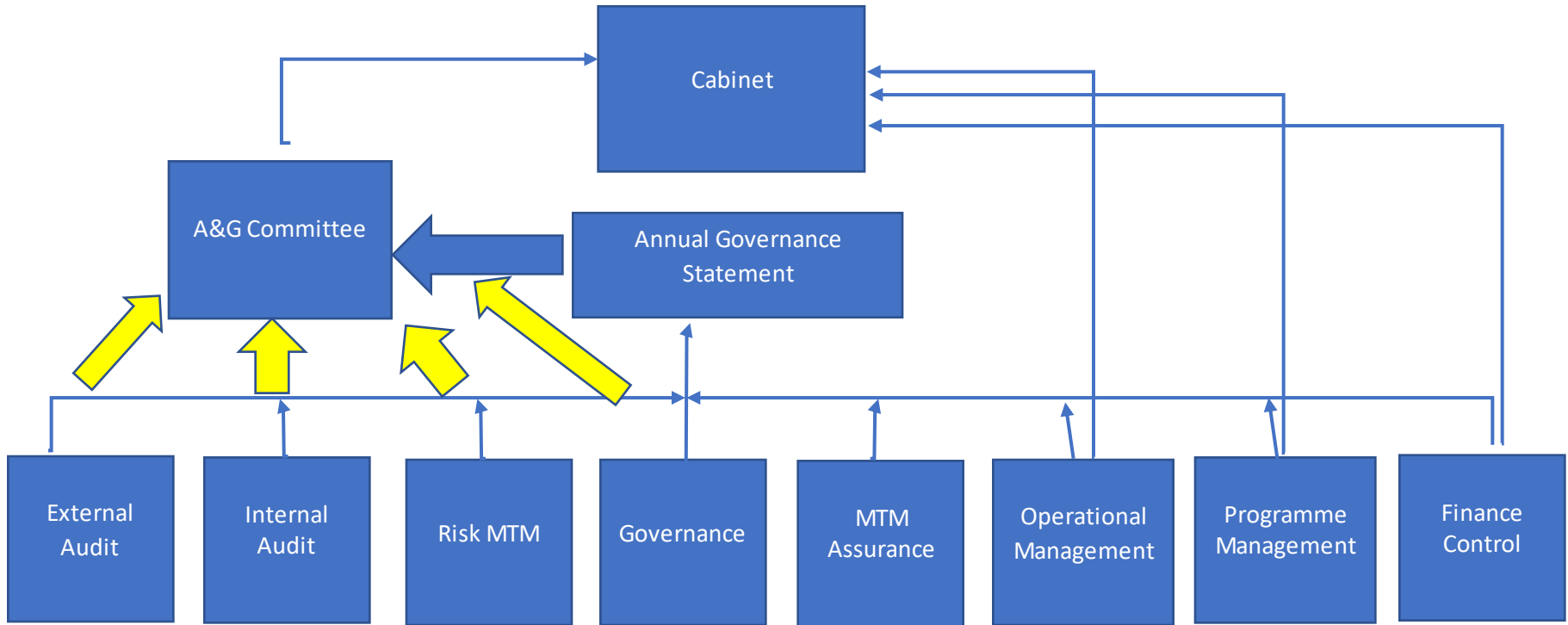
- 1.1 The HM Treasury Guidance on Assurance Frameworks (2012) defines an assurance framework as: 'is a structured means of identifying and mapping the main sources of assurance in an organisation, and co-ordinating them to best effect'.
- 1.2 The Assurance Framework represents the total arrangements in place for managing a Council's assurances and not just an output produced for Cabinet or Committee.
- 1.3 The Assurance Framework can provide evidence-based assurances on the management of risks that threaten the successful achievement of the Council's strategic objectives and, in turn, report on these to Members and other stakeholders.
- 1.4 The benefits of this approach are:
 - Provides timely and reliable information on the effectiveness of the management of major strategic risks and significant control issues.
 - Facilitates escalation of risk and control issues requiring visibility and attention by senior management, by providing a cohesive and comprehensive view of assurance across the risk environment.
 - Provides an opportunity to identify gaps in assurance needs that are vital to the organisation, and to plug them (including using internal audit) in a timely, efficient and effective manner.
 - Can be used to raise within the organisation understanding of its risk profile, and strengthen accountability and clarity of ownership of controls and assurance thereon, avoiding duplication or overlap.
 - Provides critical supporting evidence for the production of the Annual Governance Statement.
 - Can clarify, rationalise and consolidate multiple assurance inputs, providing greater oversight of assurance activities for the Cabinet/Audit & Governance Committee in line with the risk appetite; and
 - Facilitates better use of assurance skills and resources

- 1.5 Other work that is required to fully embed the Assurance Framework involve Assurance Mapping which involves a mechanism for linking assurances from various sources to the risks that threaten the achievement of an organisation's outcomes and objectives. They can be at various levels, dependent upon the scope of the mapping. Internal Audit have over the last two years developed Assurance Mapping primarily looking at external sources of assurance to build into the Chief Internal Auditors Opinion and identify areas of the Council's activities which we could rely on this assurance. This has been used to see if Internal Audit activity is required if there is existing ongoing assurance activity. Over the next 12 months we intend to move this to look also at the key risks and identify how assurance is provided on the mitigation of the risk through the three lines of defence model.
- 1.6 The other piece of work to be considered is the introduction of the three lines of defence model. HM Treasury define this "as assurance can come from many sources within an organisation. A concept for helping to identify and understand the different contributions the various sources can provide is the Three Lines of Defence model. By defining the sources of assurance in three broad categories, it helps to understand how each contributes to the overall level of assurance provided and how best they can be integrated and mutually supportive. For example, management assurances could be harnessed to provide coverage of routine operations, with internal audit activity targeted at riskier or more complex areas."
- 1.7 The three lines of defence are categorised as:
- First line of defence - front-line' or business operational area e.g., cleansing
 - Second line of defence -oversight of management activity. It is separate from those responsible for delivery, but not independent of the organisation's management chain e.g., Finance, Health and Safety.
 - Third line of Defence - independent and more objective assurance and focuses on the role of internal audit or other specialised assurance providers for example ISO, Ofsted.

2. Assurance Framework

- 2.1 The draft Sefton Assurance Framework has been designed taking into account the guidance available and is found at Appendix A. The draft Sefton Assurance Framework includes assurance from the following areas:
- External Audit
 - Internal Audit
 - Risk Management
 - Governance
 - Management Assurance
 - Operational Management
 - Project Management
 - Financial Control
- 2.2 For the Audit and Governance Committee there is already an annual workplan that details the work that will be provided to the Committee to consider including internal audit, external audit, risk management, governance and financial control (where appropriate).

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Regular reporting to Audit and Governance Committee in addition to the Annual Governance Statement

External Audit	Internal Audit	Risk Management	Governance	Management Assurance	Operational Management	Programme Management	Financial Control
Annual External Audit Plan	Chief Internal Auditor's Opinion Report to A&G Committee	Risk Management handbook including Risk Management Strategy regularly reviewed by A&G Committee	Annual Governance Statement	Annual Assurance Statement from Heads of Paid Services, Executive Directors and Heads of Services,	Internal and External Reviews	Committee reporting	Medium Term Financial Plan
Report to those charged with Governance	Annual Internal Audit Plan reviewed by members	Regular report on the Corporate Risk Register to Audit and Governance Committee	Constitution and Key Policies		Action operated local KPIs	Framework for Change Programme Board	Annual Budget set by council
Scrutiny of reports at Audit and Governance Committee	Annual Internal Audit Plan aligned to Council risk register	Risk Management training to staff	Review on the progress of actions on the Strategic Governance Issues		Periodic progress reports	Framework for Change workstream boards (Demand Management, council of 2023, growth and strategic investment)	Robustness and adequacy of reserves report by s151 officer
Audit Opinion	Regular updates on the delivery of the Internal Audit Plan	Risk Management framework in place across the Council	Code of Governance review		Performance Management System		Budget monitoring conducted
Management Let Ad-:projects	Fraud investigations	Risk Appetite for the Council defined	Code of Finance Management		Scrutiny function		Monthly In year reporting to Cabinet and overview and Scrutiny Committee
	Compliance testing	Strategic risks identified through Corporate Risk Register	Annual Report outlining the A&G activities presented to Committee and Cabinet		Ombudsmen reports		Annual accounts
	Periodic review of the effectiveness of Internal Audit		Assurance Statements from key suppliers and or Council owned entities where appropriate		Complaints and Compliments		Financial Procedure Rules
			Overview and Scrutiny Committee		Working Party reports		Schemes of Delegation
					Post implementation review of projects		Treasury Management Strategy and agreed Prudential indicators agreed by Council and monitored by A&G Committee
					Reports by inspectors/ inspections		

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 22 June 2022
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 December 2020, 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.

There have been two new risks in respect of Cost of Living and the ability to recruit to the current workforce structures added to the CRR and following the Children's Services inspection by Ofsted the four children's risks have been comprehensively reviewed and updated.

No risks have been de-escalated from the Corporate Risk Register to the Service Risk Registers.

The risks have been re-scored in accordance with the revised assessment guidance included in the Corporate Risk Management handbook which was approved by the Committee in December 2020. The updating of the Corporate Risk Handbook due to be completed in June 2022 will now take place in September 2022 following the risk appetite work.

Although there has been substantial work undertaken over the past six years to embed risk management across the Council there remains work to be done to ensure that it is consistently and effectively embedded.

A presentation on one of the risks within the Corporate Risk Register will be provided to Members at June meeting. This will be in respect of inflation risk being faced by the council

Meetings have been held with Officers and Members to develop the Council's Risk Appetite. We are expecting the formal draft definition of the Council risk appetite to be

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drafted in June which will be refined before providing to the Committee in September 2022.

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.

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.	
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
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 (FD6827/22) and the Chief Legal and Democratic Officer (LD5027/22) 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
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Email Address:	david.eden@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

- Corporate Risk Register June 2022

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Background Papers:

There are no background papers available for inspection.

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 into the organisation. The Corporate Risk Management Handbook 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 December 2020, for noting by the Committee.
- 1.6 The SRR are owned and should be reviewed by the 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 quarterly meeting with the Heads of Service 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.

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2. Key Developments

2.1 External operating environment

2.1.1 The external operating environment has evolved significantly over the past quarter with a number of events either potentially causing existing risks to have an increased impact or likelihood to occur as well as new risks arising which could potentially impact on the achievement of the Council's strategic objectives

2.1.2 Some of the events that have occurred include

- Inflation being greater than originally planned impacting on organisations and individuals
- Increased energy costs
- The financial impact of the Ukraine invasion
- Bank of England interest rate increases
- Heightened cyber security risks

A number of these risks are now reflected in the corporate risk register and inflation risk will be discussed in detail at the meeting

2.2 Corporate Risk Register (CRR)

2.2.1 Since the March 2022 update to the Audit and Governance Committee, the CRR has been reviewed and updated.

2.2.2 There have been two new risks in respect of Cost of Living and the ability to recruit to the current workforce structures added to the CRR and following the Children's Services inspection by Ofsted the four children's risks have been comprehensively reviewed and updated. The Strategic Leadership Board (SLB) have confirmed that the existing CRR takes into account the recent external environment changes in 2.1.

2.2.3 No risks have been de-escalated from the CRR to the SRRs or deleted from the CRR.

2.2.4 The scoring of the risks has been reviewed by the risk owners in line with the revised scoring matrix approved by the Committee in December 2020 with the current score in relation to a major pandemic decreasing and the score in relation to a cyber attack increasing to reflect an increased threat level

2.3 Service Risk Registers (SRR)

2.3.1 The March 2021 update highlighted that the position on the completion of the quarterly updates on the SRR, 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 is requested at the same time updates for the Corporate Risk Register are requested.

2.3.2 A total of six SRRs have been provided for 2nd quarter 2021/22 with one being provided late.

2.3.3 All of the SRRs (100%) have been provided for 3rd quarter 2021/22 although one was provided late in the process.

2.3.4 A total of five SRRs (50%) have been provided for the 4th quarter 2021/22.

2.3.5 A total of nine (90%) SRRs have been provided for 1st quarter 2022/23

2.3.6 There has been an improvement this quarter in the provision of the SRRs being returned on time. The above findings indicate that the completion of the SRRs, in line with the Corporate Risk Handbook has over the past three quarters been varied and remains that way.

2.3.7 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.

2.3 Operational Risk Registers (ORR)

2.3.1 The Risk and Resilience team have requested the six monthly reviewed/updated ORRs from risk owners during January 2022. We are slowly receiving the outstanding ORRs. Cross checks will be made to ensure the escalation process for risk is fully embedded and relevant risks are escalating from Operational to Service Registers where appropriate. The Risk and Resilience team are continuing to work with Communities and Education Excellence to further develop ORRs that reflect the structure within these service areas.

2.4 Proposed actions from June 2021

2.4.1 In order to address the issues identified with the embedding of risk management in June 2021, all Heads of Service were engaged and the following actions identified and agreed in order to improve how risk management is embedded within the organisation. An update on the action is included below in italics:

2.4.2 Heads of Service will consider whether the CRR should be developed further to take account of wider strategic risks facing the organisation.

Three further strategic risks were identified in 2021/22 and included in the CRR, with a further two being added in this committee cycle

2.4.3 It is important that risk is an agenda item on the Departmental Management Team in each of the Service Areas on at least a quarterly basis.

Guidance provided and testing of agenda and minutes will be undertaken in August 2022.

2.4.4 The sharing of the SRR with the relevant Cabinet Member will take place on a quarterly basis.

Heads of Service 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. In five instance (50%) Heads of Services had not

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provided the SRR to their Cabinet Member but would do going forward. In five instances (50%) Heads of Service confirmed that they had and in three (60%) of the five instances there was evidence that the SRR had been shared and in two (40%) of the five instances there was a discussion surrounding a risk from the SRR rather than the sharing of the SRR. This represents progress that needs to be maintained

2.4.5 The Audit and Governance Committee approved Corporate Risk Register to be posted on the intranet Risk and Resilience page with notification to be sent on the intranet news for all staff. (*completed*).

2.4.6 An e-learning package on risk management is to be launched across the Council during the next 12 months.

We have 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 and launched across the Council during the next six months. 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 envisage the first part of the e-learning training will be finished by end of June. Our intention is to include the result of the Risk Appetite Statement work before the final version is ready to be road tested with colleagues by end of July 2022 before wider rollout to Members and colleagues.

2.4.7 The consideration of including the risks associated with the agenda item on Committee papers linked to the appropriate Corporate Objective.

The Executive Director for Corporate Resource and Customer Services has confirmed that the intention is to implement this in the 2022 financial year after the assessment of the Climate Emergency addition on the header page has been assessed.

2.4.8 Considering including an agenda item on each of the SLB/ELT meeting at the end of the meeting to consider whether any of the content of the agenda/discussions has an impact on the current risk register for example:

- Is there a new risk which should be addressed?
- Does the scoring of any existing risk need to be addressed including risks?
- to be escalated or de-escalated?
- Are there actions to be incorporated onto the risk register etc?

This will be introduced during 2022/23 and following introduction support will be provided to assess the impact.

2.5 Risk Appetite

2.5.1 The work started on defining the draft risk appetite statement in March/April 2022 and it is envisaged that draft documents will be ready to be shared in June 2022. A review of the Corporate Risk Handbook planned for June 2022 Committee will now take place in September 2022 to take account of the risk appetite work.

2.6 Next steps

- 2.6.1 Members will note that within the agenda there is a paper on the proposed draft Sefton Assurance Framework which is a structured means of identifying and mapping the main sources of assurance in an organisation, and co-ordinating them to best effect. This will help improve corporate governance within the Council as well as improve risk management.
- 2.6.2 The next step is to consider the introduction of 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.
- 2.6.3 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.

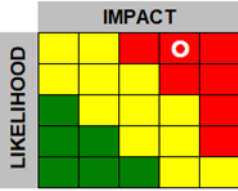
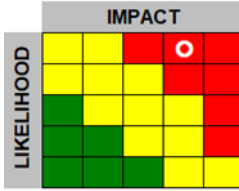
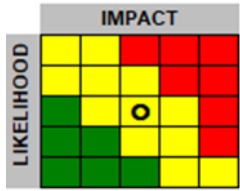
2.6 Summary of the current position

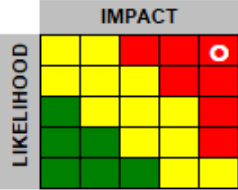
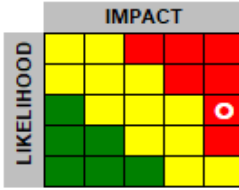
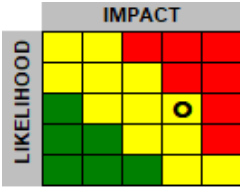
- 2.6.1 Substantial work has been undertaken to attempt to embed risk management across the Council over the past six years through designing a risk framework, providing training and facilitating the Service and Operational Risk Registers using resources across the Risk and Audit Team.
- 2.6.2 The CRR does reflect the changes identified by the Ofsted inspection in four Children Services Risks and there are two new risks that explicitly reflect the external environment where they substantially impact on the Council's Strategic Objectives.
- 2.6.3 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 regular updating of SRRs, considering the outcome of the ORR's when looking at SRR and sharing the SRR with the relevant Cabinet Member.
- 2.6.4 There has been an improvement in the updating of SRRs this quarter although this is not consistent over a rolling 12-month period.
- 2.6.5 The development of the Council's risk appetite, which is nearly completed, will help to further embed risk management within the Council.
- 2.6.6 There is further work planned to improve risk management within the organisation through the adoption of a proposed Assurance Framework, Three Lines of Defence model and the Assurance Mapping of key risks.

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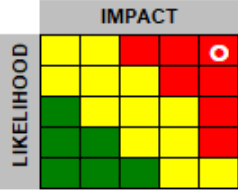
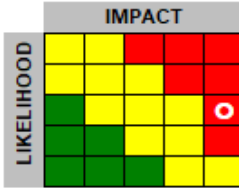
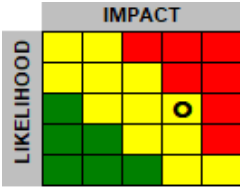
2.7 Presentation to the Audit and Governance Committee Meeting

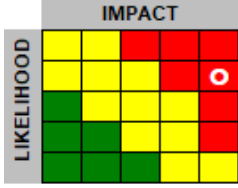
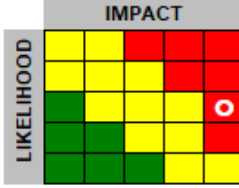
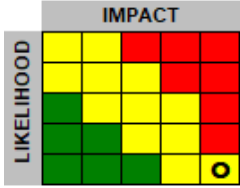
- 2.7.1 At the Audit and Governance Committee in December 2019 it was agreed that for each meeting a short presentation would be made by a risk owner on one of the risks from the Corporate Risk Register. The briefing, in line with good practice on risk management, should be on the background to the key risk, the current controls and the actions to mitigate the risk further.
- 2.7.2 A presentation will be provided to Members at the June 2022 meeting on the inflation risk facing the Council.

Risk Description	Previous risk score	Current risk score	Target risk score
Gaps in understanding of community needs			
Causes	Lack of community response to request to complete census Low response rates to census in certain wards		
Result	<ul style="list-style-type: none"> The Council uses the information gathered in the census to plan and inform service decisions. Gaps in the information gathered in the census decreases the quality of information available to the Council Financial sustainability could be compromised 		
Current treatments and controls	<ul style="list-style-type: none"> Completion of the Census Day 2021 was promoted via Council’s social media and News Channels Promotion of the Census included Council building being lit up National Census team encouraged participation by direct contact with individuals in areas of low take up (For information nationally more than 97% of households in England and Wales completed their questionnaire). Targeted social media took place to areas of low up take to encourage completion of Census after Census Day 		
Risk owner	ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> Consider new census information when published - The initial findings from the 2021 Census of Population and Housing in England and Wales that took place on 21 March 2021. Statistics from the 2021 Census will be released in stages over the next year currently estimated to be released between May and June 2022 		

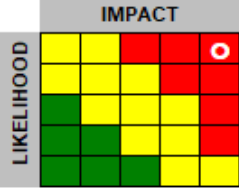
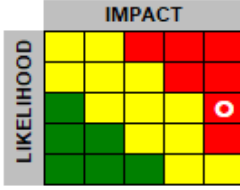
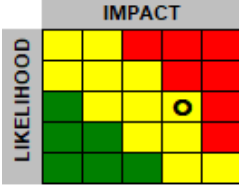
Risk Description	Previous risk score	Current risk score	Target risk score
Financial sustainability beyond 2022/23			
Causes	<ul style="list-style-type: none"> The national review of local government funding expected to be completed during 2022/23, the 2021 comprehensive spending review and potential financial settlements for 2023/24 and 2024/25 places further strain on the Council's overall medium-term budget. In addition to the impact of the pandemic on collection fund, at present inflation is expected to reach 10% during 2022 and there continues to be great uncertainty in respect of the ongoing impact of the war in Ukraine - each of these will have a significant impact on the Council's ability to deliver services and financial sustainability. 		
Result	<ul style="list-style-type: none"> Degradation of service could have an adverse impact on residents and communities The reputation of the Council may be compromised Financial sustainability could be compromised With inflation reaching 10%, in the absence of further government support, the council will be in the position of having to deliver less for the budget it holds, put in remedial action plans and for income charging services understand the cost of delivering services. 		
Current treatments and controls	<ul style="list-style-type: none"> Three- year spending review (2022/23 to 2024/25) and one-year local government finance settlement (for 2022/23) were received and used to inform the 22/23 budget package that was approved by budget council on 3 March 2022. In addition, this updated information was used to inform a revised three-year MTFP together with detailed commentary on the risks within this plan, current balance sheet issues and how the Council's activities will be informed by the review of local government financing The council in its budget plan has built in the potential impact of the fair funding review and business rates reset that are due to be consulted on in 2022 and will come into effect from 2023/24- these are initial estimates and will be the subject of review The council as part of its MTFP has now increased its general fund reserves position to approximately 6% of net budget which should be appropriate for a council of this size but may need increasing depending on future circumstances The council has a rigorous regime of budget monitoring that aims to deliver a balanced outturn each year thus limiting and future years financial pressure The council has a proven track record in responding to government consultations and understanding with accuracy the impact on the council to support medium term financial planning 		
Risk owner	ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> Deliver the Councils Budget Plan for 2021/22 that was approved on 3 March 2022 Respond to all consultations in respect of the reform of local government finance and lobby for the best possible financial outcome for the council - using the latest information from these consultations all three-year budget assumptions will be updated accordingly Ensure the rigorous approach to budget monitoring continues through 2022/23 Inflation reflects one of the key emerging issues to financial sustainability and is reflected in the latest financial report that will 		

	<p>be considered by Cabinet in June 2022 and then by Council- heads of services have been asked to review all budgets and understand the impact on core service delivery and those services for which a charge is levied- these will then be considered by members as part of budget management and budget setting- In addition to this lobbying has commenced of central government to seek additional financial support in respect of mitigating the impact of inflation, potential salary growth, potential impact of increases in national living wage rates and energy price increases- all of these factors are included in the June cabinet report and lobbying at a LCR level is currently underway.</p>
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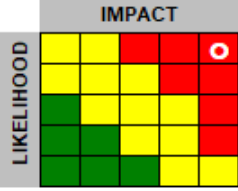
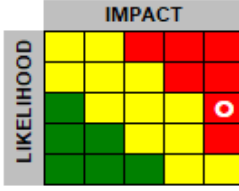
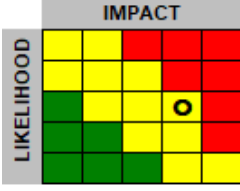
Risk Description	Previous risk score	Current risk score	Target risk score
Financial sustainability beyond 2022/23			
Causes	The Council has a wholly owned Housing Development Company- due to the prevailing economic conditions at present and the issues that surround supply chains (which are worldwide) there is a risk that there could be a financial impact on the Council.		
Result	<p>There are 3 key issues that could materialise from this risk</p> <ul style="list-style-type: none"> • The Council's potential dividend of £1.3m may not be received and this would have an impact on the MTFP for 2024/25 • The Council provides a debt facility to the company that based on the recent cabinet report amounts to £8.3m- this is due to be fully repaid in 2024. • The Councils ambition to provide high quality Housing maybe compromised 		
Current treatments and controls	<ul style="list-style-type: none"> • The Council has received (October 2021) a detailed update report on all aspects of the Company's activities including building programmes, grant funding and financial implications • Within that report members were provided with details of how the business plan was revised to inform more accurate financial projections that reflect a more accurate build, completion and sales programme. • That report also provided details of the risk management approach that the company administers • The Company has advised that it will utilise the councils internal audit team to undertake a work programme during 2021/22 – this has been completed. • The new financial implications received by members were initially approved pending the receipt of details of an updated exit strategy- this was received, and detail provided to members in December • An update on the governance arrangements in the company will be provided to Cabinet for approval in Q2 of 2022 • Monthly updates are provided by the Company to the Council for review on all aspects inc. financial performance, sales and risk management- this provides the information from which decisions around immediate escalation of key issues or variations to the Business Plan to Cabinet are made 		
Risk owner	CEX/ ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> • The governance arrangements and current controls will continually be 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. 		

Risk Description	Previous risk score	Current risk score	Target risk score
Failure to adequately invest in the Highway network and associated assets.			
Causes	Budget reductions: inadequate funding levels to meet need; rising prices for services, materials and equipment.		
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 		
Current treatments 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 in order 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	Ho H&PP		
Proposed actions	<ul style="list-style-type: none"> • Actively pursue opportunities for additional external funding via LCR/CA and others to maintain and improve network. • Work with Contractors and suppliers to manage risk, mitigate for price rises and manage supply chain. • Undertake recruitment to vacant posts; create and recruit to additional posts and /or commissions where funding available to do so. 		

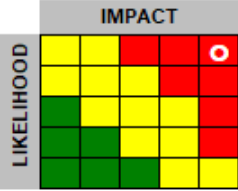
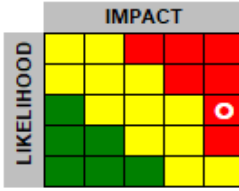
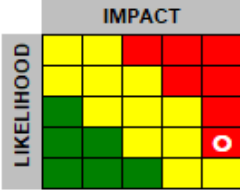
Risk Description	Previous risk score	Current risk score	Target risk score
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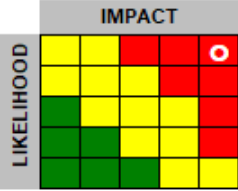
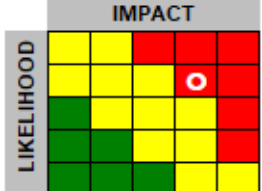
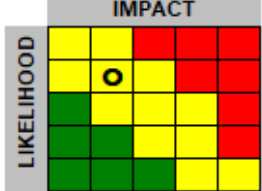
Data breach resulting in the wrongful release of personal and/or sensitive information				
Causes	Policies and processes coordinated by Information Management and Governance Executive Group are not adhered to, resulting in a higher incidence of breaches caused by human error System error occurs			
Result	Failure to comply with legal requirements; loss of privacy, distress or harm to the data subject; damage to Council's reputation; loss of public confidence; and significant financial penalties.			
Current treatments and controls	<ul style="list-style-type: none"> Information management and governance, including data breaches and actions to prevent data breaches, is overseen by the Information Management and Governance Executive Group (IMGEG), which consists of Heads of Service with lead responsibilities for key aspects of IMG (i.e., Data Protection Officer/IG Lead, Senior Information Risk Owner and Lead officer for ICT infrastructure) supported by other officers with key roles relating to IMG. Each service has designated Information Asset Owners and Information Asset Administrators. Policies, procedures, process and issues are communicated to these officers through the Information Management and Governance Tactical Group. Support, co-ordination, advice and guidance is provided corporately, and appropriate training/refresher training is in place. The Council has implemented policies, procedures and processes to prevent, manage and respond to potential and actual data breaches. 			
Risk owner	All Heads of Service			
Proposed actions	<ul style="list-style-type: none"> Appropriate resourcing, prioritisation and focus on information management and governance across the Council include the following: Regular monitoring and review by IMGEG of policies, procedures and processes to prevent, manage and respond to potential and actual data breaches. Ongoing review of information systems to ensure no inappropriate or unforeseen data linkages exist within systems or reports. Review of systems ahead of updates to identify any unintended changes. Ongoing education of staff and monitoring of activity by IAOs and IAAs to identify and prevent areas of human error. Regular review of information contained to ensure information is accurate and any information that should be removed is removed. Regular reporting by IMGEG to SLB and Audit and Governance Committee as necessary. Maximise the opportunities from the Council's ICT Transformation to increase and embed effective information management and governance. 			

Risk Description	Previous risk score	Current risk score	Target risk score
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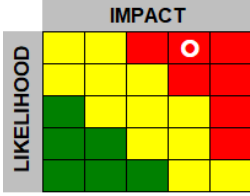
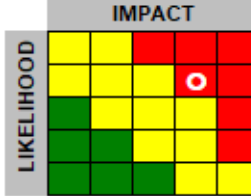
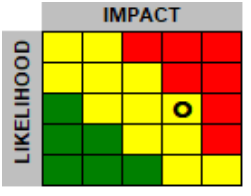
<p>Failure to manage historic records effectively</p>			
<p>Causes</p>	<p>The risk is amplified by the implementation of GDPR (in particular, the right to erasure and tighter deadlines for response to Subject Access Requests). In addition, the Council's Asset Maximisation programme which may lead the Council to leaving, re-developing or selling buildings where records are held and moving to Paper Light working arrangements.</p>		
<p>Result</p>	<ul style="list-style-type: none"> • Failure to comply with legal requirements relating to retention, consideration, release or correct disposal of historical information; damage to Council's reputation; loss of public confidence; and significant financial penalties. • Historical information is not stored or managed correctly, such that it is lost, damaged or incorrectly disposed of. • Not known to the organisation when making relevant decisions; retained when it should have been correctly disposed of. 		
<p>Current treatments and controls</p>	<ul style="list-style-type: none"> • Information management and governance is overseen by the Information Management and Governance Executive Group (IMGEG), which consists of Heads of Service with lead responsibilities for key aspects of IMG (Senior Information Risk Owner; Lead officer for ICT infrastructure, IG Lead/DPO), supported by other officers with key roles relating to IMG. • 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 & Governance Tactical Group. • Support, co-ordination, advice and guidance is provided corporately, and appropriate training/refresher training is in place, including reminders to undertake this on an annual basis. • The Council has implemented policies, procedures and processes for the management of information and has in place corporate contracts for appropriate digitisation, disposal and archive storage services. • The Council has implemented a Historic Records Project to manage the scale, condition and correct management of all historic records held. This project reports regularly to IMGEG. • Regular monitoring and review by IMGEG of policies, procedures and processes to prevent, manage and respond to potential and actual data breaches. • Regular communications to workforce reminding them of training and responsibilities. 		
<p>Risk owner</p>	<p>All Heads of Service</p>		

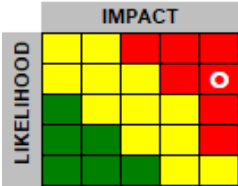
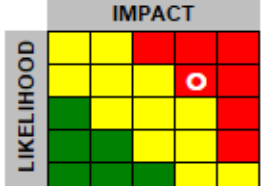
<p>Proposed actions</p>	<ul style="list-style-type: none">• Appropriate resourcing, prioritisation and focus on information management and governance across the Council, including support for Information Asset Owners and Information Asset Administrators including action on the following.• Regular monitoring and review by IMGEG of policies, procedures and processes for the management of information, including historic information.• Regular monitoring and review by IMGEG of the progress and implications of the Historic Records Project, including reporting to SLB and Audit and Governance Committee as necessary.• Maximise the opportunities from the Council's ICT Transformation to increase and embed effective information management and governance.• Commission training to improve understanding of data handling requirements and checks and controls• Ongoing education of staff and monitoring of activity by IAOs and IAAs to identify and prevent areas of human error.
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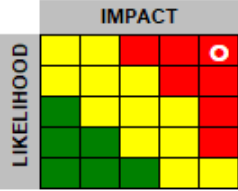
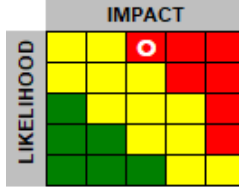
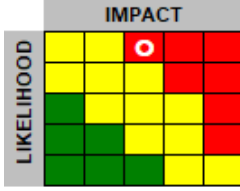
Risk Description		Previous risk score	Current risk score	Target risk score
<p>Inadequate capability to prepare for and respond effectively to a major incident affecting the Council or occurring in Sefton as per the Council's responsibilities under the Civil Contingencies Act 2004.</p>				
Causes	<p>A major incident occurs affecting the Council or the Borough. This risk is accentuated as the government has determined the terror threat level as "severe" and was raised to "critical" on two occasions in 2017.</p>			
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 treatments 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-ordinators (EDCs) are able to access Resilience Direct containing incident response plans. • Relevant training provided to Emergency Duty Co-ordinators 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 Policy and strategy have been devised and approved. 			
Risk owner	<p>All Heads of Service</p>			
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: • Service Level Business Continuity Plans currently undergoing review and improvement of content. This includes details of key supplier information and IT matrix to identify critical systems within each service. This will then inform a testing regime for the plans. • Exercising of Business Continuity plans to be undertaken Summer / Autumn 2022. • External provider currently being sought to support exercising due to lack of experience and expertise within the council. 			

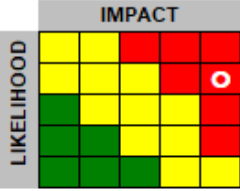
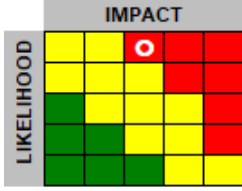
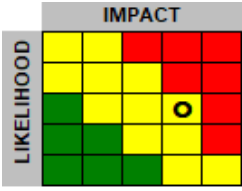
Risk Description	Previous risk score	Current risk score	Target risk score
Market failure of Social Care provision across Adult and Children’s			
Causes	<ul style="list-style-type: none"> • Capability and capacity of the available workforce to provide domiciliary care • Lack of diversity of supply in the market to provide choice and control • Impact of Covid-19 and need for mandatory vaccination • Capability and capacity of the available workforce within the care home market 		
Result	<ul style="list-style-type: none"> • Inability to provide packages of care for service users and fulfil statutory duty of care • 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 • 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. 		
Current treatments and controls	<ul style="list-style-type: none"> • Market Position Statement and refresh of Children’s Sufficiency Strategy 22-25 • Strengthen governance - Executive Commissioning Group/Strategic Commissioning Group • Strategic Commissioning Team – increased interim capacity • Commissioning priorities reset and improvement plan in place • Health and Wellbeing Strategy 2020-2025 • Winter Planning/checklist • Robust supply chain review undertaken • Demand Management Programme in adults and children's • Local Dynamic Purchasing system – approved by Cabinet • Cost of Care exercise now in process and on track to meet national reporting requirements for Sept 2022 • Re-procurement framework development has now commenced, and update is planned to Cabinet for June 2022. Timescale for procurement has been completed. • Extension of arrangements for block purchasing of hours in place to support hospital discharge and other opportunities to adopt similar arrangement being explored in the south. • Weekly escalation meetings with HOS and to DASS in place. • Market position for ASC reporting now embedded into system calls 		
Risk owner	ED ASC&H, ED CSC&E		
Proposed actions	<ul style="list-style-type: none"> • Development of Workforce intelligence and strategy to inform risks and ensure resilience and capacity. • Review and align strategic plans to current contracts to ensure Value for Money and objectives are met. • Development of new opportunities through Sefton Place Based Partnership development 		

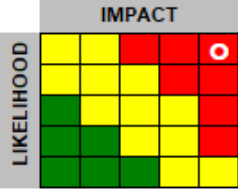
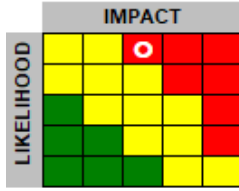
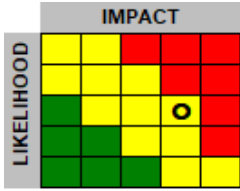
	<ul style="list-style-type: none">• Children's High Risk/High-Cost Project, Commissioning priorities and full work plan in progress with extension.• Recruitment campaign developed with Market.• Development of contingency plans for provider failure - risk escalation process• Cost of care exercises to be concluded.• Work being undertaken in conjunction with LCR on combined risk register covering key market risks (capacity, workforce, cost of living, ceasing of covid funding and demand)• New procurement for Domiciliary Care to commence October 2022.
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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"> National Care Crisis reflected at regional and local level Increasing provider costs – CPI etc Impact of national decisions such as increase to National Living Wage Increased pressure to implement Real Living Wage – including to mirror approach adopted by other regional Local Authorities Workforce issues – recruitment, retention, pay and conditions Affordability 		
Result	<ul style="list-style-type: none"> Budgetary impact / Council overspend Failure to meet statutory obligations Provider failure Needs of the population being unmet Contracts being handed back – leading to potential increased use of non-contracted Providers Reputational damage 		
Current treatments and controls	<ul style="list-style-type: none"> Cost of Care exercise commissioned externally, and work is now in progress with external provider. 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 complete – paper to Cabinet imminent 		
Risk owner	ED ASC&H		
Proposed actions	<ul style="list-style-type: none"> Cost of Care exercise to be concluded Use of bespoke cost of care tools to calculate costs Implementation of Local Frameworks to control costs (in process). Benchmarking with regional authorities Enhance pooled budget arrangements with Health (in progress revised end date). Integrated approach to commissioning On-going Demand Management programme – realignment / redistribution of expenditure across service sectors to reflect actual/desired changes in demand 		

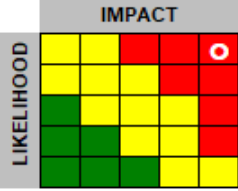
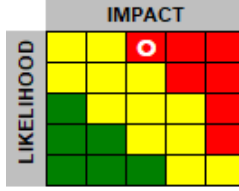
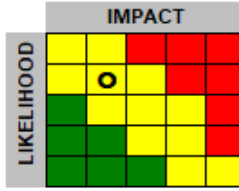
Risk Description	Previous risk score	Current risk score	Target risk score
Significant impact on Service Delivery for Planning and Sefton LA			Not indicated
Causes	Government is completing an overhaul of Planning System		
Result	Impact - Requirement to review and amend local plan, impact on financials as creates a removal of revenue. Loss of control with potential impact on Town Centre Recovery and Community cohesion		
Current treatments and controls	Added on 05.08.20 impact and associated actions not yet known, requires escalation onto CRR		
Risk owner	DM		
Proposed actions	The Planning Risk requires maintaining on the CRR as there is still no detailed guidance from the Government on the changes and so risk assessment and mitigation cannot be completed.		

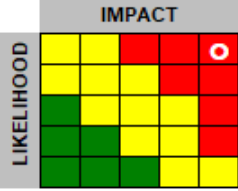
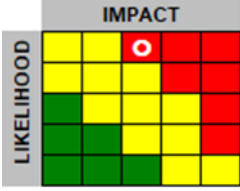
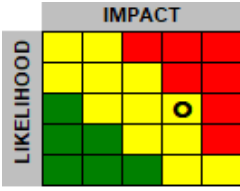
Risk Description	Previous risk score	Current risk score	Target risk score
The Council is the victim of a cyber-attack.			
Causes	Malware, ransomware or another virus infects the Council's systems.		
Result	<ul style="list-style-type: none"> Services will not have access to systems and data as standard 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 treatments 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 Stocktake completed PSN Accreditation achieved 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 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 plans to roll out better user education on this topic. 		
Risk owner	ED CR&CS		
	<ul style="list-style-type: none"> The ongoing ICT Transformation programme will see the majority of 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 Education programme for phishing to continue and this will be linked to the annual information security training Review of Cyber incident planning underway given the recent high-profile breaches in other authorities. 		


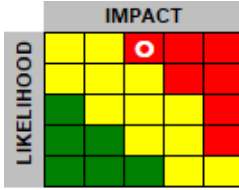
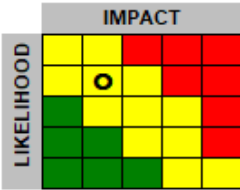
Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to meet the targets set out in the councils declared climate emergency</p>			
Causes	<p>The Council has declared a climate emergency with a view to becoming a net zero contributor by 2030 - the aim of this declaration 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 contribute to stopping the deterioration of the Sefton environment.</p>		
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 treatments 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 • Three-year implementation plan agreed by council • Annual Reports track progress and are reported to Cabinet and Council • Initial projects in Three-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	<p>ED CR&CS and ED People</p>		
Proposed actions	<ul style="list-style-type: none"> • Introduce 100% renewable electricity • Ensure completion of initial Three-year implementation plan • 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. 		

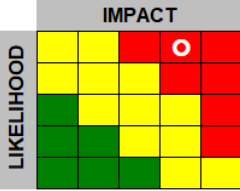
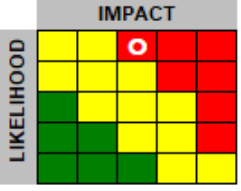
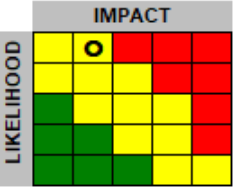
Risk Description	Previous risk score	Current risk score	Target risk score
<p>Dedicated Schools Grant High Needs Funding for Special Educational Needs is inadequate to meet requirements.</p>			
<p>Causes</p>	<ul style="list-style-type: none"> High Needs budgets are under considerable pressure from increasing numbers of children being diagnosed with complex and life-long SEND related issues. National funding allocations are not increasing annually 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 so more 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 		
<p>Result</p>	<ul style="list-style-type: none"> Sefton's High Needs budget overspend is projected to be £3.9m for the financial year (2020/21) and will increase the balance sheet deficit on High Needs to around £12.3m. The estimated deficit on the high needs block will be held on the Council's Balance Sheet. The current DfE regulations do not expect the Local Authority's General Fund to cover accumulated deficits, however the size of the deficit is continuing to increase and so Government legislation may change and so there is a significant financial risk to the council. 		
<p>Current treatments and controls</p>	<ul style="list-style-type: none"> Report to Cabinet on work programme, timescales and objectives Engagement with Head of Education Excellence 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 both DFE and MCCLG on financial impact and the need for increased support 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. 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 DFEE Delivering Better Value Programme Comprehensive quarterly reports to be presented to Cabinet on sufficiency, in house provision , funding and deficit in order to provide rigour , transparency and inform decision making 		

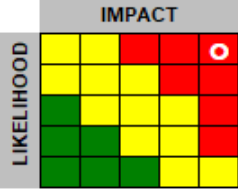
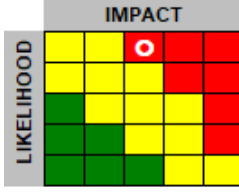
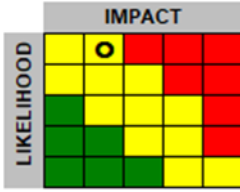
Risk owner	Head of Education Excellence
Proposed actions	<ul style="list-style-type: none"> • Lobbying of Government has been successful, and Sefton will be working in partnership with the DfE in 22/23 to develop solutions to bring the High Needs Budget in to a more financially secure position going forward and help to reduce the accumulated deficit over a set period. • 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.

Risk Description	Previous risk score	Current risk score	Target risk score
Failure to Deliver the agreed Children’s Services Improvement Plan			
Causes	The council does not deliver on the agreed action points and priorities identified within its response to the OFSTED Inspection of 2022. As such, the council does not meet its target to deliver good Children’s Services		
Result	<ul style="list-style-type: none"> Objectives of Improvement Plan are not met Council does not move to a rating of Good for Children’s Services Poorer outcomes are delivered to children and families within Sefton Continual culture of improvement is not delivered Workforce is unstable with poor recruitment and retention Service does not deliver good value for money Reputation of the Council is tarnished 		
Current treatments and controls	<ul style="list-style-type: none"> Agreed Implementation Plan developed and resourced. DfE Adviser appointed to support the council and DfE Commissioner undertaking a capacity and capability analysis Improvement Board established with all appropriate representation, which is being reviewed. External diagnostics agreed to be completed in forthcoming months to assess service improvement. Leeds Family Value Programme approved and will support improvement plan Social Worker academy to be developed to support sustainable workforce that is key to improvement Introduced market supplements and ‘golden hello’ payments – all workforce retention and recruitment options are currently being explored including overseas recruitment. (see later dedicated risk) Service structure re-aligned to improvement plan. 		
Risk owner	EDCS & E		
Proposed actions	Risk treatments and controls are new in place at this time. Governance arrangements and controls are continuously being reviewed Working with partner agencies to ensure whole system approach to support the service and system Reviewing the national McAllister review and awaiting Government response		

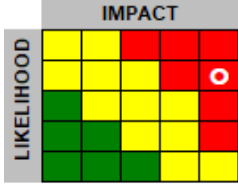
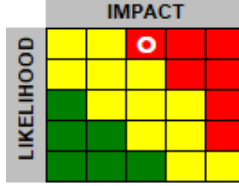
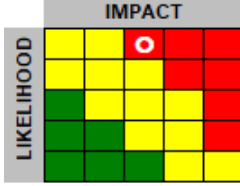
Risk Description	Previous risk score	Current risk score	Target risk score
<p>School debts transferring back to the Council in the event of them being forced into academy status or closing.</p>			
Causes	<p>Schools with Licensed Deficit Budget Agreements with the Council fail an OFSTED Inspection and 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 provided assurance that the school can become viable and Elected Members agree to the closure of the school.</p>		
Result	<ul style="list-style-type: none"> • There are eight 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 2021/22. • The overall deficit of the above establishments in 2021/22 is approx.£2.25m 		
Current treatments and controls	<ul style="list-style-type: none"> • All Schools must provide 3-year financial plan to the Council by 30th April each year and get agreement 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 Cabinet Member Children, Schools and Safeguarding on overall financial risk to the Council and performance of each school against the agreed Licensed Deficit Plans. • Termly meetings with Head of Education Excellence 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. 		
Risk owner	HoEE		
Proposed actions	<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 a number of 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. 		

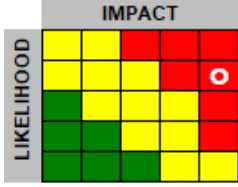
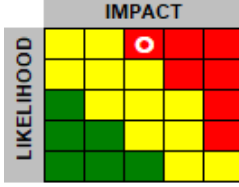
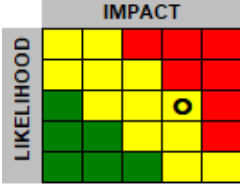
Risk Description	Previous risk score	Current risk score	Target risk score
Demand and Cost of Placements and Packages within Children’s Social Care leads to impact on financial sustainability of the council			
Causes	Numbers of children requiring residential care increases above the number budgeted for. Cost of placements and packages rises exponentially due to market conditions and inflation. Requirement does not align with council’s sufficiency strategy hence reliance on more expensive private placements. Opportunities available via fostering or adoption are limited leading to more expensive private placements. Council does not have any internal provision leading to more expensive private placements.		
Result	Cost of the service increases beyond what can be contained within the services or council budget envelope and poorer outcomes are delivered for children.		
Current treatments and controls	<ul style="list-style-type: none"> • The council’s sufficiency strategy to reflect current position and this will be used to inform strategic decisions • Review of all existing placements and packages is currently being undertaken to ensure the right support is being provided to children and a full review of the cost model is being undertaken. 		
Risk owner	EDCS & E		
Proposed actions	<ul style="list-style-type: none"> • Implementation of immediate care and legal gateway panel to ensure management oversight of all children coming into care. • The council will develop business cases to assess the viability of providing council owned children’s homes which will provide better outcomes for children and ensure value for money. 		

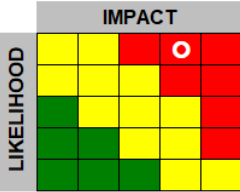
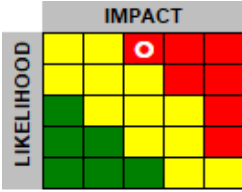
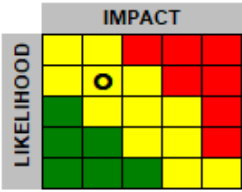
Risk Description	Previous risk score	Current risk score	Target risk score
<p>Children’s Services Workforce – failure to be able to recruit and retain a suitably qualified workforce leading to large turnover of staff, unstable workforce and poor outcomes for children</p>			
<p>Causes</p>	<ul style="list-style-type: none"> • Inability to recruit qualified personnel – this is a regional and nationwide issue with an increased move to agency working and being part of expensive managed teams. • As a result of change in the employment market, staff within the council make a career choice to work on an agency basis 		
<p>Result</p>	<ul style="list-style-type: none"> • Increased staff turnover leading to cases passing between social workers on a regular basis • Poor practice and outcomes for children • Inability to develop team ethos and culture within the service and improve practice • Potential for poor service delivery • Reduced levels of performance management and quality assessment. • Cost of the service far exceeds budget available • Poor morale and higher turnover of permanent staff due to increased pressure on other colleagues. • Increased management resource needed to deal with on-going management, recruitment and HR issues 		
<p>Current treatments and controls</p>	<ul style="list-style-type: none"> • Workforce strategy being developed to support recruitment and retention of required workforce. • Social Worker Academy to be developed in order that council can ‘grow its own’ staff cohort – evidence suggests these increases retention levels. • Workforce Strategy currently includes financial inducements to attract and retain staff including Golden Hello’s and retention payments. • Dedicated webpage for children’s services staff recruitment • Some core HR processes have been removed in order to streamline recruitment processes. • Dedicated HR Business Support Unit established for Children’s Services to remove responsibility from service staff thereby increasing capacity in workforce and improve speed of recruitment processes. • Continued engagement with matrix agency framework to discuss availability of social workers. • Review of culture and practice within the service underway to improve retention levels and reputation thereby supporting recruitment. 		
<p>Risk owner</p>	<p>EDCS & E</p>		
<p>Proposed actions</p>	<p>Risk treatments and controls are new in place at this time.</p>		

Risk Description	Previous risk score	Current risk score	Target risk score
Failure to mitigate impacts of COVID-19, EU Exit, winter, austerity, on the Sefton economy			
Causes	<ul style="list-style-type: none"> • Lack of support for business • Lack of progress on projects that can support recovery • Lack of capital and revenue funding from government • Impact of wider issues on local businesses (e.g., national retailers) • Loss of key employers to the borough and towns, particularly Bootle and HMRC, Santander • Impact on key sectors (especially hospitality) in Southport 		
Result	<ul style="list-style-type: none"> • Increased business failure • Increased unemployment • Financial and reputational risks to the Council • Impact on communities of port disruption, increased traffic, etc • Loss of reputation • Impact of wider economic change on residents, particularly the most vulnerable 		
Current treatments and controls	<p>Sefton Strategic Recovery - Economy Plan:</p> <ul style="list-style-type: none"> • Plan currently being adapted to include in more detail the Covid-19 and EU Exit requirements. • The Sefton Economic Strategy (SES) Action Plan is being used as the "Foundation Document" for the Economic Recovery Plans • The SES A/Plan has been thoroughly reviewed and is fit for purpose for foundation of recovery planning. <p>The SES A/Plan and associated recovery actions will report through the Economy Cell structure. The Economy Cell will report through the Growth board and Exec for Place.</p> <ul style="list-style-type: none"> • Covid related Grants will be managed effectively as all previous e.g., discretionary Grants and will report through the Economy Cell. • Growth programme - Will ensure through regular review and Stewardships that projects if applicable focus on recovery for the Economy • Ongoing business and Employment support via InvestSefton and Sefton@Work in context of and when required focused on pandemic and of EU Exit • Full engagement in regional growth-related forums • Establishment of multi-stakeholder working groups focused on recovery in key town centres. • Recovery planning activity in Southport underpinned by Town Deal opportunities 		
Risk owner	HoEG&H		

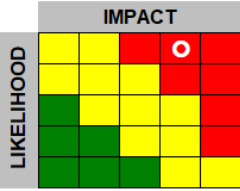
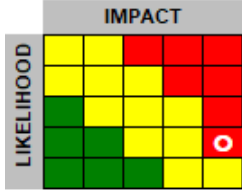
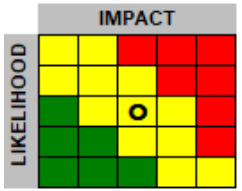
Proposed actions	<ul style="list-style-type: none">• The Sefton Economic Strategy is under complete review and will include all actions associated with recovery from pandemic.• Revised SES due for completion July / August 2022• Actively pursue opportunities for additional external funding via LCR/CA and HMG to develop projects• Investor proposition development and proactive business development activity to ensure attraction and retention of businesses and employers in the borough
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Risk Description	Previous risk score	Current risk score	Target risk score
Ability of the Council to Recruit to its Workforce in order to Deliver its Core Purpose.			
Causes	<ul style="list-style-type: none"> Due to the contraction of the labour market both nationally and locally the council cannot recruit sufficiently skilled staff in order to meet business need. 		
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 thus creating budget pressure. 		
Current treatments 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. The council 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 continually seek to 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	All Heads of Service		
Proposed actions	This is a new risk and treatments, and controls are new in place at this time.		

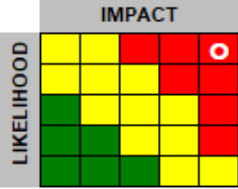
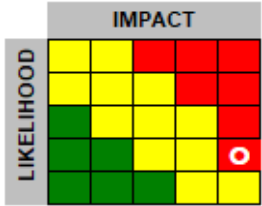
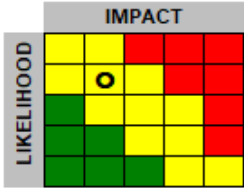
Risk Description	Previous risk score	Current risk score	Target risk score
Impact of Cost-of-Living Crisis on Residents and Demand for Council Services			
Causes	<ul style="list-style-type: none"> As residents become more vulnerable there is an increased demand for council services - this increases pressure on teams and available resources. 		
Result	Increased demand will create: <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 treatments 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 		
Risk owner	All Heads of Service		
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.		

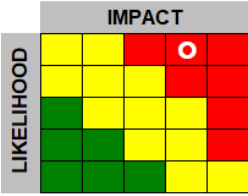
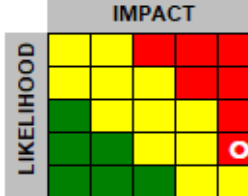
Risk Description	Previous risk score	Current risk score	Target risk score
ASC Workforce – recruitment, availability of suitably qualified staff and retention of current workforce			
Causes	<ul style="list-style-type: none"> • Inability to recruit qualified personnel - regional/nationwide issue • Working conditions and work pressures 		
Result	<ul style="list-style-type: none"> • Increased waiting times leading to delays in responsiveness for some individuals and carers. • Risk to delivery of certain statutory functions in specific areas, • Potential to miss priority and vulnerable service users • Potential for poor service delivery • Reduced of quality assessment and support planning due to demands on staffing • Challenges to budget management and forecasting • Increase in service user complaints • Poor morale and higher turnover of staff due to increased pressure on other colleagues • Increased management resource needed to deal with HR issues 		
Current treatments 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 AMPH now in place). • Processes in place to monitor waiting times and cases pending at Senior Level including action taken to mitigate any potential risk – oversight at strategic performance and resource meeting. • Staff induction and training and induction plans reviewed • Personnel and HR policies to address concerns around capability and performance • Process to monitor and manage staff absence - additional support from HR and promotion of wellbeing support • PDR process and assessment of training needs • Professional Practice Forum established • Robust training plan for ASYE Adults programme • Regular staff training events in place • Core training offer in place to support professional development and retention • Empower staff to value continued improvement - Focus on reading time for front line staff • Apprenticeship scheme expansion - opportunities now available across a range of roles and professions - managerial, professional, business and administration to aid development and succession planning • Final draft of Career Progression Framework awaiting final sign off. • Strategic Workforce meeting now in place • OT Apprenticeships in place • Increased visibility of workforce metrics via performance framework with further enhancement planned aligned to National Assurance Framework 		

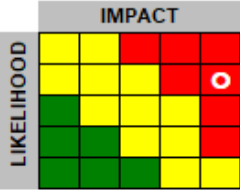
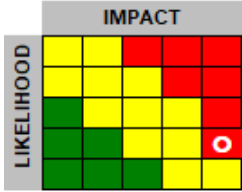
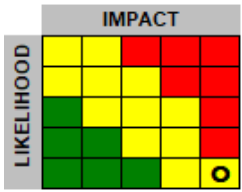
	<ul style="list-style-type: none"> • Refreshed staff bulletin now developed in collaboration with comms • ASC now represented on NWADASS workforce Board to ensure regional and national initiatives are engaged with. • Initial phase of workforce strategy is in process however further work to be undertaken regarding longer term demands and impact of Integration.
Risk owner	HoASC
Proposed actions	<ul style="list-style-type: none"> • Workforce Development Strategy in development • Dedicated Comms Strategy and recruitment strategy being developed (including greater use of media and consideration of further enhancements). • New supervision policy agreed and implemented (in process) Refresh Training to be arranged for all supervisors / leaders. • Staff communication strategy to be refreshed and co-produced with frontline colleagues and leaders (including back to the floor). • Establish celebrating success through case studies and staff acknowledgement • Review of weekend working has commenced. • Develop clear succession pathways across the service • Guidance for managers and practitioners regarding the prioritisation of cases/referrals awaiting action being refreshed in line with ADASS guidance (completed) work now being undertaken to ensure embedded across all services. • Trusted Assessor training programme to be expanded

Risk Description	Previous risk score	Current risk score	Target risk score
Failure to effectively manage and support the response to a pandemic incident			
Causes	Major pandemic incident occurs where there are multiple community outbreaks of COVID-19 impacting on the local area and staff. Recovery plans not in place.		
Result	<ul style="list-style-type: none"> Increased morbidity and mortality Reduced capacity across the Local Authority and partner organisations. 20-35% staff absences anticipated in services across the Local Authority and partner organisations. Services delivery reduced as a result of the implementation of business continuity. Increased demand of services in response to outbreaks. Increased social anxiety. Services, businesses and schools being temporarily closed. Surge of demand in supply chains. Negative socio-economic impact. High level of media and public interest in the Council's actions Loss of reputation 		
Current treatments and controls	<ul style="list-style-type: none"> Sefton Council Strategic Coordination Group (SCG) for COVID-19 established but now stood down. Sefton Governance structure and operational response cells now stood down, but recovery cell is still in place. The arrangements have largely stood down apart from those linked to the Merseyside Resilience Forum, but structure can be stood back up as necessary. Enhanced working practices to facilitate remote, agile and home working for majority of staff. Robust IT systems to allow virtual meetings and extended customer contact centre opening hours. Pro-active Communications strategy for public facing, internal and multi-agency working, co-ordination of information and guidance updates and out of hours on call Comms rota. Links to national guidance and Gov.uk latest information repository pushed out via staff intranet, social media and other partner communications /news platforms. Sefton Major Incident Guidance Document / Sefton Business Continuity Policy / Sefton Business Continuity Strategy / Service Area COVID-19 BC plans / E- learning module on Business Continuity Sefton dedicated and knowledgeable teams including Public Health Team and Risk and Resilience Function Continuous reinforcement of hand hygiene and infection control messages from Public Health both internally and externally. Regular Communications from HoS and Senior Managers to staff with regard to observation of social distancing and on-going 'stay safe' COVID-19 advice including continue to work at home wherever possible. Outbreak Board now stood down but regular monitoring reports to Cabinet Member for Health and Wellbeing 		
Risk owner	DPH/CEO		
Proposed	<ul style="list-style-type: none"> Council plans have been reviewed although most responsibilities for controlling outbreaks have been removed. 		

actions	<ul style="list-style-type: none">• Community testing and contact tracing now disbanded.• MRF multi-agency Strategic Recovery Co-ordinating Group planning ongoing.• Further guidance is awaiting on Council response to increased transmission and /or outbreak management.• Place based planning in progress
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Risk Description	Previous risk score	Current risk score	Target risk score
<p>The council cannot demonstrate it has the capacity or capability to meet the requirements of its Children’s Services improvement plan and move from Inadequate to Good resulting in the recommendation that it becomes a Children’s Trust.</p>			
Causes	DFE commissioner advises that the council does not have capacity or capability to meet requirements of improvement plan and improve children’s services.		
Result	<ul style="list-style-type: none"> Commissioner recommendation is that Sefton Children’s Services be placed in a Children’s Trust 		
Current treatments and controls	<ul style="list-style-type: none"> Improvement Board has been set up including all major council leaders, including cabinet members, partners and DFE representatives. Priority given to improvement plan within the council with capacity and expertise directed to it. Improvement plan to be invested in and aligned to council’s Medium Term Financial Plan. Required rigour to preparation and delivery of Improvement Plan in place led by cabinet members and CEX and DCS. Regular reporting on progress on improvement plan to be provided to Cabinet and Overview and Scrutiny Committee. 		
Risk owner	EDCS & E		
Proposed actions	<ul style="list-style-type: none"> Work across Sefton Partnership Network to ensure full engagement and ownership of Improvement Plan that will lead to improved outcomes for Children. Council has been successful in its bid for funding from the Leeds Family Value Programme – this £3m investment will support the council in improving services to children. Following the development of the implementation plan a revised service structure that aligns to the plan has been developed. 		

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Inability to deliver the requirements and commitments for the Growth Programme and its associated Projects</p>			<p>TBC</p>
<p>Causes</p>	<p>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.</p>		
<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 treatments and controls</p>	<ul style="list-style-type: none"> • Growth Programme and associated Governance and project controls. • Bid process and expertise applied to all existing and new funding opportunities. • Members approval and prioritisation 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>HOS - EG&H</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. 		

Risk Description	Previous risk score	Current risk score	Target risk score
Failure to adequately maximise the benefits of digital growth to the local community and businesses			
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 programmes 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 treatments 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 focussed). All report into Framework for Change 2020. 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. 		

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Report to:	Audit and Governance Committee	Date of Meeting:	22 June 2022
Subject:	Financial Management Code		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards)
Cabinet Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The Chartered Institute of Public Finance and Accountancy (CIPFA) have issued a Financial Management (FM) Code which aims to ensure a high standard of financial management in local authorities. An assessment of the Council's current compliance with the code together with an action plan for improvement was reported to Audit and Governance in March 2021.

Many areas of good practice in financial management were highlighted within the compliance assessment. The purpose of this report is to provide an update on progress in implementing the action plan for further improvements and also to identify additional actions to further improve compliance.

Recommendation(s):

It is recommended that the Committee:

- (1) Note the progress in implementing the actions which have been carried out to further improve both compliance with the Code and financial management across the authority
- (2) Note the additional actions identified to further improve compliance

Reasons for the Recommendation(s):

To demonstrate the extent to which the Council complies with the FM Code and progress in implementing improvements. This will support good financial management, governance and risk management within the authority.

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

Compliance with the FM Code is not a statutory requirement and so the Council could choose not to adopt it. However, adopting good practice in relation to financial management is an effective tool for managing risk. CIPFA also state that its members must comply with it as one of their professional obligations.

What will it cost and how will it be financed?

(A) Revenue Costs

There are no direct revenue costs associated with this report.

(B) Capital Costs

There are no direct capital costs associated with this report.

Implications of the Proposals:

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

Any costs associated with the actions linked to areas for improvement will be either met from existing budgets or subject to separate approval as required.

Legal Implications:

Section 151 of the Local Government Act 1972 states that “every local authority shall make arrangements for the proper administration of their financial affairs and shall secure that one of their officers has responsibility for the administration of those affairs”. CIPFA’s judgement is that compliance with the FM Code will assist local authorities to demonstrate that they are meeting these important legislative requirements.

Equality Implications:

There are no equality implications.

Climate Change Implications:

Have a positive impact	N
Have a neutral impact	Y
Have a negative impact	N
The Author has undertaken the Climate Emergency training for report authors	Y

Contribution to the Council’s Core Purpose:

Effective management of the Council’s financial affairs supports each theme of the Council’s Core Purpose.

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The review of compliance with the Financial Management Code, and the identification of further improvements, has been led by the Finance Service in consultation with the Senior Leadership Board. The final document as included at the appendix to this report has also been the subject of review and initial approval by the Council’s Monitoring Officer, prior to presentation to Members.

The Executive Director of Corporate Resources and Customer Services (FD 6840/22) and Chief Legal and Democratic Officer (LD 5040/22) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Officers of the Finance Service have attended events delivered by CIPFA in relation to the Financial Management Code to obtain advice and guidance and to understand other local authority approaches to compliance.

Implementation Date for the Decision

Immediately following the Committee.

Contact Officer:	Andrew Bridson
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Email Address:	andrew.bridson@sefton.gov.uk

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Appendices:

The following appendices are attached to this report:

Appendix – Action Plan Progress Update

Background Papers:

“Audit and Governance Terms of Reference”, “Members’ Code of Conduct” and “Revisions to Employee Code of Conduct” – as presented to Council 20th May 2021

“High Needs Funding Allocations” – as presented to Council on the 20th January 2022

“Sefton High Need Funding Allocation 2022/23 Update” – as presented to Cabinet on the 3rd February 2022

“Robustness of the 2022/23 Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25” and “Revenue and Capital Budget Plan 2022/23 – 2024/25 and Council Tax 2022/23” – as presented to Council on the 3rd March 2022

“Audit and Governance Committee Work Programme 2022-2023” - as presented to Audit and Governance Committee on the 16th March 2022

Sefton Council - Contract Procedure Rules 2022

Annual Governance Statement 2021/22

1. Introduction/Background

- 1.1 During the last three years and especially in the last 12 months, it has been widely publicised that a number of authorities have encountered real financial difficulties with some issuing Section 114 notices.
- 1.2 To support financial sustainability, CIPFA have produced a Financial Management (FM) Code to ensure that financial management is of the required standard across local authorities. For the first time the FM Code sets out the standards of financial management for local authorities. This Code was launched in November 2019 and at that stage authorities were advised that they should introduce this in 2020/21 prior to full implementation in 2021/22. This should also be considered by local authorities alongside the annually published CIPFA resilience index.
- 1.3 The Code is based on establishing Principles of Good Financial Management with these being translated into financial management standards. Each local authority has to then detail how it meets these standards through self-assessment and what improvements are required in order to ensure compliance.
- 1.4 An initial review the Council’s self-assessment was carried out in early 2021, together with the development of an action plan that was presented to Members of Audit and Governance committee for consideration in March 2021.

2. The CIPFA Statement of Principles of Good Financial Management

- 2.1 The FM Code applies a principle-based approach rather than prescribing the financial management processes that local authorities should adopt. They have been developed by CIPFA in consultation with senior practitioners from local authorities and associated stakeholders. The principles have been designed to focus on an approach that will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable.
- 2.2 The principles include:
- i. Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
 - ii. **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
 - iii. Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
 - iv. Adherence to professional **standards** is promoted by the leadership team and is evidenced.
 - v. Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
 - vi. The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.
- 2.3 CIPFA's view is that all financial management practices should comply with these principles.

3. Self-Assessment and Action Plan

- 3.1 As part of the budget setting process for 2022/23, the Council's finance service has completed a review of the self-assessment of compliance with the Code and progress against the Action Plan that was presented to Audit and Governance Committee in March 2021. This included input from the Strategic Leadership Board to reflect that financial management and good practice needs to be embedded across the Council and at all levels of the organisation.
- 3.2 The action plan set out activities to improve compliance with the Code. These were not necessarily new, with many already being progressed, but were brought together in one place to show what is being done to sustain and improve good financial management across the Authority.
- 3.3 An update to the Action Plan, including progress in implementing improvements, is attached at the appendix to this report.

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3.4 The key areas of progress and ongoing activity include:

Contract Procedure Rules (CPRs)

- An update to the CPRs has been completed – including changes linked to the UK's exit from the EU – which supports the achievement of Value for Money for the authority. Further action is anticipated in the next 12-28 months to capture any additional legislative requirements.

Benchmarking

- Benchmarking is used across a range of Council services and is used to inform the budget setting process. Most significantly this is used within Adult Social Care which represents a major element of the Council's budget. Benchmarking is used to compare fee levels across the Liverpool City Region to inform the fee setting process and to demonstrate Value for Money (VfM). The Local Government Association (LGA) also completed a review of benchmark costs for Children's Social Care in 2021 which has been considered as part of the budget setting process.

CIPFA Graduate Trainee Programme / Succession Planning / Recruitment

- Successful recruitment and development of trainee finance professionals is contributing towards ensuring that the Finance team continues to be suitably resourced and fit for purpose in future.
- Other development opportunities have been made available to existing staff within the service.
- Further options are being developed to support recruitment to the Internal Audit Service.

Internal Audit Development Action Plan

- Progress continues to be made with respect to delivering the outcomes associated with the Action Plan including developing the skills of the team; continuous review of the Internal Audit report; and reviewing and updating working practices to reflective changes in the Internal Audit Manual.

Governance Documentation

- Updates to the Terms of Reference of the Audit and Governance Committee and the Officers' and Members Code of Conduct have been approved with further updates included in the Work Programme.
- Work in relation to updates to the Code of Corporate Governance is ongoing.

Finance Business Partnering Project / Financial Training

- Finance Policies and Procedures and Service Schemes of Delegation continue to be reviewed on a regular basis and updated. These support the requirements of the Council's Financial Procedure Rules as approved within the Constitution.
- Work to deliver a new IT solution to support the budget monitoring process – together with financial training - is ongoing with a target implementation date of Summer / Autumn 2022.

Demand Management

- This action related to supporting the financial mesalliance of the authority. The Revenue and Capital Budget Plan 2022/23 – 2024/25 and Council Tax 2022/23 report presented to Council on the 3rd March 2022 identified a number of workstreams and dedicated projects to address the challenges faced by demand led services such as Adult Social Care, Children Social Care, Public Health and Home to School Transport. These projects continue

to be progressed and the financial implications will be reported as part of the Council's standard budget monitoring process.

Reserves Strategy

- The reserves held should be at an appropriate level to support the financial sustainability of the authority. The Reserves Strategy was set out within the Robustness of the 2022/23 Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25 as presented to Council on 3rd March 2022 and the budget for 2022/23 includes an increase to the level of reserves. It is critical that a balanced outturn is achieved each year to ensure an appropriate level of reserves is maintained and this will continue to be reported via the Council's corporate budget monitoring process.

High Needs / Secondary Schools Deficits

- This action involved giving consideration to how risks associated with High Needs and Secondary Schools Deficits are reported.
- For High Needs, a report was taken to Council on the 20th January 2022 detailing the current situation with respect to funding, including associated risks, and quarterly updates will be provided to Cabinet and Council as required.
- For Secondary School Deficits, each school has a robust budget recovery plan which in the first instance must demonstrate how the annual budget will be brought back into balance as soon as possible. In future years, the plan details how any accumulated deficit balance will be repaid to the Council. Licensed deficit budgets must be signed off by the Council's Section 151 Officer and Statutory Director of Children's Services (DCS).

3.5 Additional actions to improve compliance identified since the last review include:

Governance Framework / Internal Control

- The core governance framework is in place across the organisation. The importance of this framework will be subject to continual reinforcement and review to make sure it is embedded.
- The Council continually reviews the internal control arrangements that exist and reports on them to Audit and Governance Committee. Where there are areas for improvement found, these will be the subject of further review to address the issues identified.
- This review includes: the implementation of audit recommendations and ensuring compliance with the agreed risk management approach of the Council - including Corporate Risk Registers and Business Continuity Plans and continual reviews of working arrangements by Heads of Service.

Partnership Agreements

- The Annual Governance Statement 2021/22 highlights that not all Heads of Service have provided assurances with respect to the review of Partnership Arrangements as required by the Council's Financial Procedure Rules. Heads of Service have been reminded to provide such assurances. This will be confirmed in the next Annual Governance Statement update.

Children's Social Care OFSTED

- In response to the recent OFSTED inspection of Children's Social Care, an Improvement Plan is being developed and this will be supported by an appropriate financial plan which will be included within the Council's Medium Term Financial Plan (MTFP). Any additional investment made in the service will have an impact on the Council's budget flexibility and therefore it is critical

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that any actions included within the Improvement Plan are both deliverable and financially sustainable.

- 3.6 It is clear from this assessment that there are many areas of good practice in financial management evident across the organisation and that good progress has been made in implementing further improvements since the last report in Audit and Governance Committee in March 2021.

4. **Conclusion**

- 4.1 The CIPFA Financial Management Code is intended to be a live document to support continuous improvement of financial management. This will continue to be reviewed and updated annually and progress on the activities included within the Action Plan will be presented to a future meeting of the Audit and Governance Committee.

Key:	RED – Actions at risk of not being completed
	AMBER – Actions which are being progressed but are delayed
	GREEN – Actions which are being progressed as planned
	BLUE – Actions which are complete
	NEW – New actions identified as part of the progress update

Section	Statement	What FM Code guidance states in relation to compliance	Results of Self Assessment Presented to Audit and Governance Committee March 2021	Action Plan – March 2021	RAGB Status	Action Status Update – April 2022
1	The Responsibilities of the Chief Finance Officer and Leadership Team					
A	The leadership team is able to demonstrate that the services provided by the authority are Value for Money (VfM)	The authority has a clear and consistent understanding of what value for money means to it and its leadership team. There are suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services. The authority is able to demonstrate the action that is has taken to promote value for money and what it has achieved.	<p>The Council has the following frameworks and systems in place to support Value for Money (VfM) in service delivery.</p> <p>Governance</p> <ul style="list-style-type: none"> The Finance Procedure Rules (FPRs) (Chapter 10 of the Council's Constitution) and Contract Procedure Rules (CPRs) set out the financial governance arrangements for the Council including the requirement to achieve VfM. Supporting policies and procedures and service Schemes of Delegation have been produced as per the requirements. The Leadership Team and services have been actively involved in the development of these and their associated roles and responsibilities have been communicated via departmental management team meetings and through wider communications. These documents are available to all employees via the Council's Intranet. <p>Assets</p> <ul style="list-style-type: none"> All members and staff have responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, is warranted, properly authorised, provides VfM and achieves best value and is in the interest of the Council's citizens. Security of assets is governed by the Inventory Guidance issued as a supplementary document to the Council's FPRs. <p>Procurement</p> <ul style="list-style-type: none"> The Council has dedicated procurement function in place which advises on procurement activity and helps to ensure VfM. For tender exercises the FPRs state that all tenders should be evaluated on the basis of quality and price to ensure VfM is obtained. The Council's CPRs require that all award criteria must be designed to secure an outcome giving best VfM for the Council and these award criteria are defined by Heads of Service or their representatives and all tenders are evaluated and awarded on this basis. These rules were previously updated in July 2018 and a review is being led by Legal Services. It is recommended that this review continues, together with a review of arrangements for contract management and procurement, and that the document is updated as 	<ol style="list-style-type: none"> It is recommended that Legal Services continue with the review the Contract Procedure Rules (CPRs) and that these are refreshed together with arrangements for contract management and procurement. This will be included within the budget plan. It is recommended that a review is carried out into the use of benchmarking as part of the budget setting process, including a review of good practice in other authorities, to support the demonstration of VfM. Output from this exercise will be shared with services and used to inform themes which can be supported by the Medium-Term Financial Plan (MTFP). 	<p>COMPLETE</p> <p>COMPLETE</p>	<p>UPDATE (Contract Procedure Rules) – Work has been carried out in relation to updating the CPRs – including changes linked to the UK's exit from the EU - and these have been made available on the Council's Intranet (dated January 2022). The Head of Service for Strategic Support is engaged and attends all relevant seminars on how local authorities should administer procurement.</p> <p>ACTION (Contract Procedure Rules) – Further action is anticipated in 12-18 months and the CPRs will be updated to include any additional legislative requirements.</p> <p>UPDATE (Benchmarking) – Benchmarking is used across a range of Council services and is used to inform the budget setting process. Most significantly this is used within Adult Social Care which represents a major element of the Council's budget. Benchmarking is used to compare fee levels across the Liverpool City Region to inform the fee setting process and to demonstrate Value for Money (VfM). The Local Government Association (LGA) also completed a review of benchmark costs for Children's Social Care in 2021 which has been considered as part of the budget setting process.</p>

			<p>appropriate.</p> <ul style="list-style-type: none"> •A contracts register is maintained and reported to services on a regular basis <p>Audit and Risk Management</p> <ul style="list-style-type: none"> •The role of the Audit and Governance Committee includes the requirement to comment on the scope and depth of the assurance work and ensure it gives VfM. This includes consideration and approval of the Council's accounts, internal control systems, risk management and corporate governance issues, as set out in Chapter 7 of the Council's Constitution. •External auditors conduct a VfM assessment on an annual basis and this is incorporated into the statement of accounts. In the latest published statements, the external auditors gave an opinion that the Council had put proper arrangements in place to secure economy, efficiency and effectiveness. •Risk management reports are produced and shared with ELT, SLB and Audit and Governance each cycle. <p>Capital Expenditure Proposals</p> <ul style="list-style-type: none"> •The S151 Officer in conjunction with the Chief Executive have set up procedures in which capital expenditure proposals are appraised to ensure VfM is being achieved in accordance with the FPRs. <p>Financial and Performance Reporting on Service Delivery</p> <ul style="list-style-type: none"> •The Council operates regular budget monitoring which is co-produced by service areas with input from business partners within Finance. This is reviewed by the Leadership Team and reported to Cabinet and Council on a monthly basis. Action is taken where variances against budget are identified. All savings options are produced with full engagement of the Leadership Team and service areas. •Reports include specific reference to service performance against non-financial outcomes in the form of key performance targets. •Meetings are held between S151 Officer and Directors of Finance across the local region to discuss financial management including emerging pressures and how the Council is managing them. •Executive Directors and Heads of Service are expected to achieve VfM in the delivery of services and reporting should demonstrate how this is achieved together with an analysis of how key policies and expenditure proposals have been implemented as per the FPRs. 			
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<p>B</p>	<p>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</p>	<p>The CFO is a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions. The CFO leads and champions the promotion and delivery of good financial management across the authority. The CFO is suitably qualified and experienced. The finance team is suitably resourced and fit for purpose.</p>	<p>CIPFA Statement on the Role of the Chief Finance Officer in Local Government The key principles of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government are:</p> <ul style="list-style-type: none"> • Principle 1 - The CFO in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest. • Principle 2 - The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority’s overall financial strategy. • Principle 3 - The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. • Principle 4 - The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose. • Principle 5 - The CFO in a local authority must be professionally qualified and suitably experienced. <p>The Executive Director for Corporate Resources and Customer Services is the CFO and Section 151 Officer at Sefton Council. They are a member of the Executive Leadership Team (ELT), help to develop and implement strategy, and to resource and deliver the authority’s strategic objectives sustainably and in the public interest.</p> <p>The Section 151 Officer is the financial adviser to the Council, the Cabinet and officers and is the Council’s ‘responsible financial officer’ under the Accounts and Audit Regulations. They are responsible for the proper administration of the Council’s affairs as specified in, and undertaking the duties required by, Section 151 of the Local Government Act 1972, Section 114 of the Local Government Finance Act 1988, the Local Government and Housing Act 1989, the Local Government Act 2003 and all other relevant legislation.</p> <p>The Section 151 Officer is responsible generally, for discharging, on behalf of the Council, the responsibilities set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local</p>	<p>3. It is recommended that succession planning arrangements, and the associated Finance Service’s CIPFA Graduate Trainee Programme, are progressed to ensure that the service continues to be suitably resourced and fit for purpose.</p>	<p>GREEN</p>	<p>UPDATE (CIPFA Graduate Trainee Programme) - Following further successful recruitment exercises there are now two cohorts on the Finance Service’s CIPFA Graduate Trainee Programme. Trainees are gaining a range of experience across the whole finance function through a system of rotations through a number of different disciplines during their 3 - 4 year training period.</p> <p>The CIPFA Graduate Trainee Programme is seen as critical to ensuring that the service continues to be suitably resourced and fit for purpose over the medium to long term and aligns with the Workforce Development workstream of the Council’s Framework for Change.</p> <p>UPDATE (General Succession Planning) – Following a recent recruitment exercise, a new Deputy Section 151 Officer has been appointed from within the service which is a testament to the Council’s commitment to workforce development.</p> <p>In additional, continued investment is being made in the finance service, with officers actively engaged in training programmes including those delivered by CIPFA, the Association of Accounting Technicians (AAT), other partner organisations and also through participation in the Council’s Senior Leadership Development Programme. Finance staff are also given opportunity to develop further through practical application of the knowledge, skills and behaviours in the workplace.</p> <p>ACTION (Other Recruitment) – Whilst there has been great success in recruitment in the core finance team, there have been challenges recruiting elsewhere within the Internal Audit service due to current market conditions. Options are being developed to meet these challenges.</p>
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			<p>Government. This includes leading and directing a finance function that is resourced to be fit for purpose together with:</p> <ul style="list-style-type: none"> a. in conjunction with the Executive Directors and Heads of Service, the proper administration of the Council’s financial affairs b. setting and monitoring compliance with financial management standards c. advising on the corporate financial position and on the key financial controls necessary to secure sound financial management d. providing financial information e. preparing the revenue budget and capital programme f. treasury management. <p>Each year the Section 151 Officer is responsible for preparing a budget plan for the Council including an approved revenue budget, capital programme, treasury management strategy and capital strategy.</p> <p>The Finance Team</p> <p>The S151 Officer is supported by a highly skilled team and is able to offer advice and support when required. A significant proportion of the Finance team have accountancy qualifications (and maintain membership) or are actively involved in training. This includes Accounting Technician qualification (AAT) and finance and accountancy professional level qualifications (such as CIPFA, CIMA etc). The Chief Financial Officer is a fully qualified member of the Chartered Institute of Public Finance and Accountancy (CIPFA).</p> <p>Members of the finance team attend relevant conferences and events throughout the year in order to maintain up-to-date knowledge and skills in relation to their specialist subject areas.</p> <p>Succession planning arrangements are being progressed via the Finance Services CIPFA Graduate Trainee Programme to ensure that the team continues to be suitably resourced and fit for purpose.</p>			
2	Governance and Financial Management Style					
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	The leadership team espouses the Nolan principles. The authority has a clear framework for governance and internal control. The leadership team has established effective arrangements for assurance,	<p>The Leadership Team</p> <p>The leadership team espouses the 7 principles of public life (the Nolan principles) through compliance with the Council’s Governance Framework. The Council has the core frameworks and systems in place expected of a local authority to support proper governance and internal control, which are endorsed and overseen by the Council’s Leadership Team. This includes a Constitution, decision making through</p>	4. It is recommended that the actions within the Development Action Plan relating to the Internal Audit Service, as identified within the Annual Report and Opinion of the Chief Internal Auditor (September 2020), continue to be delivered	<p>GREEN</p> <p>NEW</p>	<p>UPDATE (Internal Audit Development Action Plan) – progress continues to be made with respect to delivering the outcomes associated with the Internal Audit Action Plan.</p> <p>ACTION (Governance Framework) – The core framework is in place across the organisation. The importance of this framework will be subject to continual reinforcement and review to make sure it is embedded.</p>

	<p>internal audit and internal accountability. The leadership team espouses high standards of governance and internal control. The leadership team nurtures a culture of effective governance and robust internal control across the authority.</p>	<p>Committees, an Internal Audit function which focuses on governance, together with Codes of Conduct for Members and Officers, registers of gifts, hospitality and interests. To support this, the Council’s Chief Legal and Democratic Officer (Monitoring Officer) reports directly to the Executive Director of Corporate Resources and Customer Services and advises the Leadership Team and also attends meetings of Full Council and the Audit and Governance Committee.</p> <p>Controls There are a number of controls in place to ensure key financial decisions and scrutiny - including Investment Board, Growth and Strategic Investment Board, Programme Board, Contract Procedure Rules (CPRs) and Financial Procedure Rules (FPRs). The FPRs have been updated together with the supporting policies and procedures and schemes of financial delegation. They have been communicated via service management teams and are available on the Council intranet for all employees to view. These will be further embedded alongside training which will be delivered in support of the continued introduction of business partnering across the Council.</p> <p>Internal Audit are a key part of the Council’s assurance framework and meet routinely with the S151 Officer and chief officers to ensure that Audit resources are appropriately directed towards areas of greatest need (applying a risk-based approach) and that audit actions are followed up.</p> <p>Internal Audit The Annual Report and Opinion of the Chief Internal Auditor, as required by the Accounts and Audit regulations and the Public Sector Internal Audit Standards, gives the Chief Internal Auditor’s opinion on the overall adequacy and effectiveness of the organisation’s governance arrangements, risk management and internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance Statement (AGS). It also sets out key themes arising from the work of the Audit Team during the financial year, and compared the audit work undertaken with that planned, summarising the performance of the Internal Audit function against its performance measures and targets.</p> <p>So as to ensure that the authority not only continues to comply with the Public Sector Internal Audit Standards (PSIAS), but to ensure that the service</p>	<p>including:</p> <ul style="list-style-type: none"> • 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. 	<p>NEW</p> <p>NEW</p>	<p>ACTION (Internal Control) – The Council continually reviews the internal control arrangements that exist and reports on them to Audit and Governance Committee. Where there are areas for improvement found, these will be the subject of further review to address the issues identified.</p> <p>This review includes: the implementation of audit recommendations and ensuring compliance with the agreed risk management approach of the Council - including Corporate Risk Registers and Business Continuity Plans and continual reviews of working arrangements by Heads of Service.</p> <p>ACTION (Partnership Arrangements) – The Annual Governance Statement 2021/22 highlights that not all Heads of Service have provided assurances with respect to the review of Partnership Arrangements as required by the Council’s Financial Procedure Rules. Heads of Service have been reminded to provide such assurances. This will be confirmed in the next Annual Governance Statement update.</p>
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			<p>continues to improve, the Service has created a Development Action Plan. This was reported to Audit and Governance Committee in September 2019 as part of the Annual Report and Opinion of the Chief Internal Auditor. This encapsulates several key actions such as:</p> <ul style="list-style-type: none"> • 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. 			
D Page 154	<p>The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)</p>	<p>The authority of aware of the provisions of the CIPFA Delivering Good Governance Framework. The authority has sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements. The authority has in place a suitable code of governance.</p>	<p>Code of Corporate Governance The Council’s Code of Corporate Governance sets out the Council’s governance arrangements in conjunction with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016. Compliance with Framework is confirmed within the AGS. The code engages the seven core principles of corporate governance as set out in the CIPFA/SOLACE Framework and describes the systems and processes that support these in the Council. The review of effectiveness is informed by: Senior Managers who have responsibility for the development and maintenance of the governance environment within their service areas; the Chief Internal Auditor’s annual report; and feedback, recommendations and comments made by the external auditors and other review agencies and inspectorates. The Annual Governance Statement is linked to the Good Governance Code through assessment of compliance with the framework principles. The Code of Corporate Governance and Annual Governance Statement are reviewed and presented to Audit and Governance Committee on an annual basis. The code was previously updated in September 2019 and so will be reviewed and updated where appropriate.</p> <p>Statutory Officer Group Sefton has in place a Statutory Officer Group which meets monthly to discuss all things in relation to</p>	<p>5. An update of the Code of Corporate Governance will be produced and taken to Audit and Governance Committee for approval and then to Council for approval.</p> <p>6. An update of the Audit and Governance Committee’s Terms of Reference is scheduled to be taken to Audit and Governance Committee on the 17th March 2021 for approval and then to Council for approval and inclusion in the Constitution.</p> <p>7. Updates of the Officers’ and Members’ Codes of Conduct are scheduled to be taken to Audit and Governance Committee on the 17th March 2021 for approval and then to Council for approval and inclusion in the Constitution.</p>	<p>GREEN</p> <p>COMPLETE</p> <p>COMPLETE</p>	<p>UPDATE (Code of Corporate Governance) – work in relation to the update to the Code of Corporate Governance is ongoing. This has been included within the Audit and Governance Committee Annual Work Programme and is scheduled to be presented in March 2023.</p> <p>UPDATE (Audit and Governance Committee Terms of Reference) – A resolution was made at Audit and Governance Committee on 17th March 2021 that the revised terms of reference be recommended to Council for adoption. Council approved these on the 20th May 2021.</p> <p>In accordance with best practice an Annual Work Programme has been approved by the Audit and Governance Committee. This includes an annual review of the Terms of Reference and the next update is scheduled to be presented in 2022.</p> <p>UPDATE (Officers’ and Members Code of Conduct) – A resolution was made at Audit and Governance Committee on 17th March 2021 that Council be requested to approve the adoption of the new Member Code of Conduct. Council approved these on the 20th May 2021 and a further update is scheduled on the Work Programme for 2022.</p>

			<p>governance and includes the Chief Executive, the Section 151 Officer, the Monitoring officer and the Chief Internal Auditor.</p> <p>Audit and Governance Committee The Council has an Audit and Governance Committee who meet quarterly and provide independent assurance of the adequacy of the Council’s Risk Management Framework and the associated control environment. The role of the Audit and Governance Committee under their Terms of Reference includes considering the Council’s arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice; to monitor the effective development and operation of risk management and corporate governance in the Council; and to consider the Chief Internal Auditor’s Annual Report and Opinion, and the level of assurance it can give over the Council’s Corporate Governance arrangements. The Council has a Risk Management Handbook and the Audit and Governance Committee review the Corporate Risk Register at each meeting</p> <p>The terms of Reference of the Audit and Governance Committee have been reviewed and updated and will be presented to Audit and Governance on the 17th March 2021 and then to Council for approval. Updates of the Officers’ and Members’ Codes of Conduct will also be updated and presented to the same meeting of the Audit and Governance Committee.</p>			
E	The Financial Management Style of the authority supports financial sustainability	The authority has an effective framework of financial accountability. The authority is committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services. The authority’s finance team has appropriate input into the development of strategic and operational plans. Managers across the authority possess sufficient financial literacy to deliver services cost-effectively and to be held accountable for doing so. The authority has sought an	Financial sustainability underpins the Council corporate objectives with Sefton’s ‘2030 Vision’ being the key focus for service transformation. The Council’s financial management style has the following characteristics: <ul style="list-style-type: none"> • As highlighted in the Section 151 Officer’s Annual Report to Cabinet, it is prudent and cautious. • The MTFP process means that the Council is able to understand longer term risks and plan a response to those appropriately. • The use of resources is controlled through the Constitution, Finance Procedure Rules, Policies and Procedures and Schemes of Financial Delegation. • All budget managers are given direct access to financial information to enable them to do this, including the Council’s Financial Management System Agresso, for forecasting their outturn position. Budget managers are expected to understand and explain significant variances from 	8. It is recommended that financial training be provided to support the financial literacy of officers with delegated budget responsibility within the organisation. This will be delivered as part of the current implementation of a business partnering culture within the Council.	GREEN	<p>UPDATE (Financial Training) - Financial training will be provided as part of the rollout of a new budget forecasting IT solution designed to support the implementation of a business partnering culture within the Council. Training will initially be provided to key users within the Finance Service before being rolled out to the rest of the service and then other service areas.</p> <p>The current target date for delivery is Summer/Autumn 2022 with bespoke training remaining on offer to budget holders in the interim.</p>

		external view of its financial management style, for example through a process of peer review.	<p>the budget to relevant Service Managers.</p> <ul style="list-style-type: none"> • The MTFP sets targets based on a minimum level of General Reserves by the end of each rolling financial planning period. • All spending and resource proposals are brought to the attention of the Executive Director of Corporate Resources and Customer Services (s151 Officer) and/or their Deputy for prior sign-off. <p>As part of the Finance Service Review, a finance business partnering culture is being embedded within the organisation, including research into good practice in other authorities, to maximise performance and in turn ensure resources are used in the most effective way. To support this change, financial training is required to aid the financial literacy of staff within the organisation.</p>			
3	Long to Medium Term Financial Management					
F	The authority has carried out a credible and transparent Financial Resilience Assessment	<p>The authority has undertaken a financial resilience assessment. That assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios.</p> <p>The authority has taken appropriate action to address any risks identified as part of the assessment.</p>	<p>Robustness of Budget Estimates</p> <p>A report from the Chief Finance Officer " Robustness of the 2021/22 Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25 " was presented to Cabinet on the 11th February 2021 along with "Revenue and Capital Budget Plan 2021/22 – 2023/24 and Council Tax 2021/22" with statements on:</p> <ul style="list-style-type: none"> • The robustness of the estimates made for the purposes of the calculations of the budget; and • The adequacy of the proposed level of financial reserves. <p>CIPFA Financial Resilience Index</p> <p><u>Budget Flexibility</u></p> <p>The latest CIPFA Resilience Index of the Council, as reported in the Budget Plan, states 'when compared to other metropolitan district councils Sefton would appear to compare favourably in relation to its budget flexibility. Overall, this is classed as a medium risk to the authority within the latest resilience index analysis.</p> <p>However, this was based on analysis carried out prior to additional significant investment in Children's Social Care (including additional budget of £7m in 2021/22). This included investment in staffing to ensure that caseloads of workers are manageable, to keep up with increased demands for services and to support improvements in good practice. From a financial resilience perspective, this will reduce future budget flexibility of the Council as a whole and increase the associated financial risk linked to this</p>	9. It is recommended that Demand Management workstreams within the Framework for Change continue to ensure budget flexibility to respond to risk and financial sustainability as per CIPFA Resilience Index.	GREEN	<p>Update (Demand Management) – As per the Revenue and Capital Budget Plan 2022/23 – 2024/25 and Council Tax 2022/23 report presented to Council on the 3rd March 2022, demand led budgets across the Council (for example Adult Social Care, Children's Social Care, Public Health, Home to School Transport) amount to over £100m of the Council's budget. The 2021/22 budget included additional contributions to these areas of around £12m which reflects an ever-increasing demand and further significant increases in these budgets were approved by Council for 2022/23.</p> <p>In order to support the achievement of value for money and promote future resilience, the report identified the following to be achieved via dedicated projects and across a number of workstreams:</p> <ul style="list-style-type: none"> • Safely and sustainably managing and reducing demand for Council services where it is appropriate to do so. • Being clear about what the Council defines as "demand led" systems. • Focussing on: <ul style="list-style-type: none"> ○ Early Intervention and Prevention ○ The need and review of activity ○ Strong market engagement, development and management ○ Eligibility policies. • Developing links and alignment with other elements of programme, with a real focus on 'community and personal resilience' and reducing the need for Council services. • Developing a comprehensive performance management framework that includes a comparison with statistical partners and neighbours, and • Ensuring that the Council considers the connectivity with partner agencies and their impact on our system, e.g. health.

			<p>service area. Demand Management is included within the Council’s Framework for Change and aims to address these issues.</p> <p><u>Income</u> Sefton also is less reliant on grant income, being more reliant on council tax income as an overall percentage of its funding.</p> <p><u>Financial Stress</u> The Index shows that Sefton is at a higher risk of financial stress (relative to others) due to its level of reserves (both General Fund Balances and Earmarked Reserves) at the end of 2018/19 being relatively lower than many other metropolitan councils. The Index has highlighted the relatively low level of Sefton’s General Fund Balances when compared to other metropolitan councils. The average level of balances held is in the region of 5.5% of net revenue expenditure versus Sefton’s current level of approximately 3%.’ The Budget Report, presented to Council in March 2021, sets out a strategy to address these risks (see Section 6O for the associated action in relation to the level of reserves).</p>		<p>NEW</p>	<p>The associated projects will continue to be progressed and the financial implications will be reported as part of the Council standard budget monitoring reports.</p> <p>ACTION (Children’s Social Care OFSTED) – In response to the recent OFSTED inspection of Children’s Social Care, an Improvement Plan is being developed and this will be supported by an appropriate financial plan which will be included within the Council’s Medium Term Financial Plan (MTFP). Any additional investment made in the service will have an impact on the Council’s budget flexibility and therefore it is critical that any actions included within the Improvement Plan are both deliverable and financially sustainable.</p>
<p>G Page 157</p>	<p>The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members</p>	<p>The authority has a sufficiently robust understanding of the risks to its financial sustainability. The authority has a strategic plan and long-term financial strategy that addresses adequately those risks. The authority reports effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making.</p>	<p>As per the AGS, the Council’s Vision (Sefton 2030) and Framework for Change programme are clear and demonstrates its commitment to its stakeholders. The Framework for Change has been developed to achieve financial sustainability, to ensure services align with the core purpose and that the Council works with partners to achieve better outcomes.</p> <p>Medium-Term Financial Plan (MTFP) For longer term financial sustainability, the Council has prepared and consulted on a subsequently approved 3-year Medium Term Financial Plan. Sefton complies with CIPFA’s advocacy of a 3-year minimum MTFP. The Budget Report is reported to Members and provides them with an update on the overall financial position of the Council. It refreshes the MTFP for 2021/22 which is the first year of the Council’s new Financial Strategy period. In addition, it provides an initial view on the likely funding position that the Council will face from 2022/23 to 2024/25, including implications of the local government finance settlement. In doing so the report presents the proposed budget for 2021/22. As well as the aforementioned demand pressures highlighted in section 3F, there is a key risk to financial sustainability relating to the High Needs Budget which has significant implications for the</p>	<p>10. In order to address the issues with the High Needs Budget, the High Needs Budget Improvement Plan has focused on three key areas:</p> <ol style="list-style-type: none"> i. Short-term mitigating measures to help to reduce in-year spend; ii. Longer-term aims and objectives linked to improving process, consistency and transparency in the funding process; and iii. Sufficiency planning to ensure that future provision meets the needs of children and young people whilst ensuring financial sustainability. <p>From a financial perspective the measures need to address the existing in-year funding shortfall, i.e. annual spend</p>	<p>Green</p>	<p>Update (High Needs Budget) – A report on High Needs Funding Allocations was presented to Council on the 20th January 2022. This included details of:</p> <ul style="list-style-type: none"> • The current and projected deficits and uplifts in funding • A request for the Director of Children’s Social Care to submit quarterly updates to Cabinet and Council on the latest position • That following engagement with the relevant government departments, that a financial plan be developed to mitigate against the risk exposure currently faced and that this be agreed with the Council’s External Auditor <p>A further report was presented to Cabinet on 3rd February 2022 by the Head of Education Excellence regarding the allocation on for 2022/23 including details of additional funding announced by the Chancellor as part of the Spending Review and Autumn budget in late October and that additional guidance has been received in December 2021.</p>

			<p>Council’s reserves.</p> <p>Capital Strategy Alongside the MTFP, the Council have a 5-year Capital Strategy, also a CIPFA requirement which is approved by Members. Again, this allows for visibility of long-term sustainability. The Capital Strategy is a key policy document for Sefton and follows guidance issued in the Prudential Code for Capital Finance in Local Authorities (2017 Edition), and it was first presented in 2019/20. It is an overarching document which sets the policy framework and governance for the development, management and monitoring of capital investment and the use of capital resources. The strategy reflects the Council’s Vision for 2030, Core Purpose, and sets out how capital expenditure will play a significant role in its delivery through the Framework for Change and Growth Programme. The Capital Strategy is aligned to the Treasury Management Strategy, MTFP, Asset Management Strategy and the Disposal Policy and all other approved policies and frameworks.</p>	<p>exceeding the annual High Needs funding allocation. The provision of specialist education needs to be provided within the available budget envelope from 2021/22 and from there a strategy to payback the accumulated deficit will need to be developed.</p>		
H	<p>The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities</p>	<p>The authority is aware of its obligations under the Prudential Code. The authority has prepared a suitable capital strategy. The authority has a set of prudential indicators in line with the Prudential Code. The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.</p>	<p>Sefton complies with the CIPFA Prudential Code through approval on an annual basis of:</p> <ul style="list-style-type: none"> • Prudential indicators • Annual Treasury Management Strategy including an Annual Investment Strategy and an annual Minimum Revenue Provision (MRP) Policy Statement • A Capital Strategy • A Capital Programme <p>CIPFA introduced a revised version of the code in December 2017 and this has been adopted in setting the estimated Prudential Indicators for financial years 2020/21 to 2023/24. The indicators are reviewed annually. The Treasury Management Strategy has been produced to incorporate the requirements of the CIPFA Code of Practice on Treasury Management 2017 and the Prudential Code for Capital Finance 2017. Updates on this are provided quarterly to Audit and Governance Committee and bi-annually to Cabinet and Council. Local Authorities have a statutory requirement to set aside each year part of their revenues as a provision for the repayment of debt, called the Minimum Revenue Provision (MRP). The provision is in respect of capital expenditure incurred in previous years and financed by borrowing. The MRP is reviewed annually. Updates on the Capital Programme are reported monthly to Cabinet to keep members informed of the progress of the Capital Programme against the profiled budget for 2020/21 and agreed</p>	<p>No action required.</p>		

			allocations for future years.			
I	The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans	The authority has in place an agreed medium-term financial plan. The medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy. The medium-term financial plan has been prepared on the basis of a robust assessment of the relevant drivers of cost and demand. The medium-term financial plan has been tested for resilience against realistic potential variations in key drivers of cost and demand.	Medium Term Financial Plan Sefton has a rolling multi-year MTFP which is revised annually and reflects the latest position of the Council in terms of funding, cost pressures, investments and savings. A Revenue and Capital Budget Update is presented to Cabinet monthly and provides a view on the forecast Revenue and Capital Programme outturn position. Financial Sustainability Financial sustainability within the MTFP is a key feature of the Framework for Change programme. The Framework for Change programme links to the Sefton 2030 vision and the Core Purpose and the MTFP underpins this. This was presented to Budget Council in February 2020.	No action required.		
4	The Annual Budget					
J Page 159	The authority complies with its statutory obligations in respect of the budget setting process	The authority is aware of its statutory obligations in respect of the budget-setting process. The authority has set a balanced budget for the current year. The authority is likely to be able to set a balanced budget for the forthcoming year. The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so.	A legal and balanced budget and corresponding Council Tax levels are set annually, by the statutory deadline of midnight on the 10th March. These, alongside the Robustness Report of the Chief Financial Officer, are presented to Cabinet ahead of final budget proposals being considered and agreed. Sefton's MTFP process is designed to deliver a balanced budget each year. The authority is aware of the circumstances under which it should issue a section 114 notice and how it would go about doing so.	No action required.		
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	The authority's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves. The report accurately identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates to be incorrect	To comply with statute, the Executive Director of Corporate Resources and Customer Services (s151 Officer) is required to report to Council prior to the approval of the budget and the setting of the Council Tax, to give assurance that the budget is robust and that there are adequate reserves and balances. For the 2021/22 financial year this is set out in "Robustness of the 2021/22 Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25" alongside the "Revenue and Capital Budget Plan 2021/22 – 2023/24 and Council Tax 2021/22".	No action required.		

		and the impact should this be the case. The authority has sufficient reserves to ensure its financial sustainability for the foreseeable future. The report sets out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is taking to address any shortfall.	As per Section 3F, the CIPFA Financial Resilience Index shows that Sefton is at a higher risk of financial stress (relative to others) due to its level of reserves (both General Fund Balances and Earmarked Reserves). The Budget Report, presented to Council in March 2021, sets out a strategy to address these risks (see Section 6O for the associated action in relation to the level of reserves).			
5	Stakeholder Engagement and Business Plans					
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget	The authority knows who its key stakeholders are. The authority has sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget. The authority has assessed the effectiveness of this engagement. The authority has a plan to improve its engagement with key stakeholders.	The MTFP and budget is developed in consultation with Members and the Leadership Team as well as key partners and stakeholder groups. In recent years the Council has carried out extensive consultation with the community and has a proven track record of engagement, consultation, listening and considering feedback in the budget setting process. Engagement and consultation will continue over the budget plan period and standard Council procedures will be observed in the instances where we are required to inform the public. Significant consultation took place regarding the Sefton 2030 Vision which informs the Framework for Change and the Core Purpose. Whenever budget proposals are produced in relation to the Framework for Change then external and internal consultation takes place as necessary. The MTFP, annual budget and Sefton 2030 Vision are all published on the Council website.	No action required.		
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	The authority has a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'. The authority offers guidance to officers as to when an option appraisal should be undertaken. The authority's approach to	Capital Investment Appraisals Sefton use the national Treasury Green Book Appraisal Methodology for all capital investment proposals to ensure they demonstrate VfM and officers received guidance from the Finance Service when developing business cases and options appraisals for investment proposals. These include detailed sensitivity analysis to highlight the associated risks and uncertainty. These are captured within individual business cases together with clear recommendations. Where significant policy decisions of a revenue nature have financial implications, these should also be supported by appropriate options appraisals. Governance	11. It is recommended that – where significant policy decisions of a revenue nature have financial implications – they are supported by appropriate options appraisals. 12. It is recommended that training is delivered to officers with delegated budget responsibility regarding the early identification of financial implications of policy proposals. A review will be undertaken of the Cabinet	COMPLETE GREEN	UPDATE (Options Appraisals [Revenue]) – A section is included with the standard reporting template to capture alternative options considered and rejected. This is used for policy decisions of both revenue and capital nature. UPDATE (Training in relation to Delegated Reporting Responsibility / Review of Cabinet Reporting Template) – Training is scheduled to be provided during the rollout of the new budget forecasting IT solution as part of the Finance Business Partnering Project which has a target completion date of Summer/Autumn 2022. The Cabinet Reporting Template will be reviewed as part of this project.

		option appraisal includes appropriate techniques for the qualitative and quantitative assessment of options. The authority’s approach to option appraisal includes suitable mechanisms to address risk and uncertainty. The authority reports the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s).	Internal governance processes are embedded in respective programmes of activity and workstreams including appropriate guidance on project development. Reporting Cabinet reports include revenue and capital implications to ensure decision makers are fully informed of the associated financial implications. In order to improve reporting, further training should be delivered regarding the early identification of the financial implications of policy proposals.	reporting template in support of this.		
6	Monitoring Financial Performance					
N	The leadership team acts using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The authority provides the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability. The reports cover both forward- and backward-looking information in respect of financial and operational performance. There are mechanisms in place to report the performance of the authority’s significant delivery partnerships. The reports are provided to the leadership team in a timely manner and in a suitable format. The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action.	Monthly summary financial monitoring is presented to Senior Officers, the Leadership Team and Members. Significant variances and emerging risks are identified and mitigating actions are discussed and agreed in response. The reports cover the position to date and the forecast for the remainder of the financial year. Monthly Revenue and Capital updates are reported to Cabinet addressing pressures, savings and potential offsetting measures for the current financial year budget and 3-year MTFP period. The financial monitoring is incorporated into these updates. All members of Cabinet, ELT and SLB receive 3-year view forward looking view. The accuracy of budget monitoring has improved over the medium term and there have been improvements in the culture linked to financial monitoring and review. Going forward, in line with the objectives for the Finance Service Review, the Finance Service are seeking to embed a business partnering approach. This will include greater co-production of financial forecasts with frontline services, i.e. those making financial decisions, supported by the appropriate use of technology and with the intention of freeing up capacity to focus on future risks and opportunities.	13. It is recommended that the Finance Service continue with the rollout of a business partnering approach across the Council within 2021/22.	GREEN	UPDATE (Finance Business Partnering Project) – The project relating to the rollout of a business partnering approach across the Council is ongoing. - Financial policies and procedures and service schemes of financial delegation continue to be updated at regular intervals, communicated those with delegated budget responsibility and are readily available via the Council’s intranet - The delivery of a new dedicated budget forecasting IT solution is ongoing and the implementation will be supported by appropriate training for those with delegated budget responsibility and staff within the Finance Service. The project has a target implementation date of Summer/Autumn 2022.
O	The leadership team monitors the elements of the balance	The authority has identified the elements of its balance sheet that are most critical to its financial sustainability.	Reserves The overall level of reserves and their planned use is reviewed each year as part of the outturn, MTFP and budget processes.	14. It is recommended that action is taken to increase reserves in support of financial sustainability as per the	GREEN	UPDATE (Reserves Strategy) - The Reserves Strategy was set out within the Robustness of the 2022/23 Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25 as presented to Council on 3 rd March 2022. This included a risk-based

	sheet that pose a significant risk to its financial sustainability	The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet. The authority is acting to mitigate the risk identified. The authority reports unplanned use of its reserves to the leadership team in a timely manner. The monitoring of balance sheet risks is integrated into the authority's management accounts reporting processes.	<p>Commercial Investment Activity The Council has an Investment Board which has delegated responsibility in relation to Commercial Investment activity as defined by the FPRs. Reports are made to members on this activity as and when required to ensure that any significant risks to financial sustainability are identified and appropriate action is taken.</p> <p>Treasury Management Treasury Management and Bank Reconciliations take place to ensure suitable cash levels are in place and any borrowing in line with treasury management code of practice.</p>	strategy included in the Budget Report presented to Council in March 2021, to address these risks	<p>15. It is recommended that further consideration is given to how risks relating to High Needs and Secondary Schools Deficits, as highlighted within the budget report, are brought together for senior officers within the organisation.</p>	<p>assessment and identified a reserves level of 6.5% of the Council's net budget – resulting in a General Fund reserve. Allocation within the budget 2022/23 report brings the balance to c£15.670m minimum by next year.</p> <p>Therefore, it is essential that each year a balanced outturn is delivered so that there is no requirement to call on this balance as it remains below both the associated risk levels for the Council.</p> <p>UPDATE (High Needs) – A report was taken to Council on the 20th January 2022 detailing the current situation with respect to High Needs funding, including associated risks, and that quarterly updates will be provided to Cabinet and Council as required.</p> <p>UPDATE (Secondary Schools Deficits) – As per the Revenue and Capital Budget Plan 2022/23 – 2024/25 and Council Tax 2022/23 report presented to Council on the 3rd March 2022, each secondary school has a robust budget recovery plan which in the first instance must demonstrate how the annual budget will be brought back into balance as soon as possible. In future year, the plan details how any accumulated deficit balance will be repaid to the Council. Licensed deficit budgets must be signed off by the Council's Section 151 Officer and Statutory Director of Children's Services (DCS).</p>
7	External Financial Reporting					
P	The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom	The authority's leadership team is aware of the CFO's responsibilities in terms of the preparation of the annual financial statements. The authority's CFO is aware of their responsibilities in terms of the preparation of the annual financial statements. These responsibilities are included in the CFO's role description, personal objectives and other relevant performance management mechanisms. The authority's financial statements have hitherto	The authority's leadership team and the Executive Director of Corporate Resources and Customer Services (s151 Officer) are aware of their responsibilities in terms of the preparation of the annual financial statements. These responsibilities form part of the Executive Director of Corporate Resources and Customer Services role description and personal objectives. The 2018/19 audit review shows that Sefton have prepared financial statement properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2018/19 (essentially confirming the CFO is overseeing finances and procedures correctly and ensuring statements are giving a true and fair view of Sefton's finances). Note that the statement of accounts for 2019/20 are currently in draft form as the completion of the audit has been delayed due to COVID.	No action required.		

		been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.	The Council has consistently received an unqualified audit opinion from the external auditors. The statutory financial statements are prepared by appropriately qualified and skilled accountancy staff within the overall governance and control process and are approved by the Executive Director of Corporate Resources and Customer Services and the Council’s external auditors prior to submission to Audit and Governance Committee.			
Q	The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic financial decisions.	The authority’s leadership team is provided with a suitable suite of reports on the authority’s financial outturn and on significant variations from budget. The information in these reports is presented effectively. These reports are focused on information that is of interest and relevance to the leadership team. The leadership team feels that the reports support it in making strategic financial decisions.	The presentation of the final outturn position to the leadership team and Cabinet compares the financial year outturn to the final forecast and explains any further variances from budget. Monthly in-year and final outturn reports highlight and provide analysis of key variances with recommendations for actions where appropriate. Any key issues are reflected in the budget setting and MTFP process. The reports to Cabinet start with the financial position from when the budget is set and are updated monthly for known changes. They are an effective format for communicating variances in a concise, yet informative, manner.	No action required.		

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 22 June 2022
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 7 March 2022 to 6 June 2022.

Recommendation(s):

Members are requested to:

- (1) Note the progress in the delivery of the 2021/22 and 2022/23 Internal Audit Plans and the activity undertaken for the period 7 March 2022 to 6 June 2022.
- (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

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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:

Resource Implications (Financial, IT, Staffing and Assets):	
There are no specific resource implications from the report.	
Legal Implications:	
There are no specific legal implications from the report.	
Equality Implications:	
There are no equality implications.	
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
The Risk and Audit Team in line with Council and Government guidance during the lockdown and afterwards has been working from home with the exception of the Health and Safety Team who undertake periodic inspections of Council buildings to provide guidance and support.	
The working from home has reduced the teams commuting and as a consequence Carbon footprint. The revised working practices will continue with the proposed Council agile working although the footprint will slightly increase at this point as staff move to the one day per week in the office.	
It is envisaged that agile working will be introduced by the Council during the next six months. 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 is Climate Change which will provide assurance on the Council's response.	

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.

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What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.6823/22) and the Chief Legal and Democratic Officer (LD.5023/22) 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
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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).

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:
- 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 7 March 2022 to 6 June 2022, 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
 - o 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.

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Risk and Audit Service: Performance

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Audit and Governance Committee
22 June 2022

David Eden
Chief Internal Auditor
Risk and Audit Service
Corporate Resources
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30 Trinity Road
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1. Executive Summary

1.1 This report summarises the performance and activity of the Risk and Audit Service for the period 7 March 2022 to 6 June 2022.

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.

2.4 This report summarises the main aspects of the performance of the Service for the period 8 March 2022 to 7 June 2022, 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 Work Completed 24 February 2022 to 31 May 2022

During the period 37 audit assignments were completed and a further three assignments substantially completed at 31 May 2022. The table below outline the audits that have been completed, the audit opinion and the recommendations identified:

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Education Finance – Schools Regulatory Framework (Draft)	Major	3	5	5
Sacred Heart Catholic College (Draft)	Major	12	8	4
Factfinding exercise cutting across Communities, Children’s Social Care and Education	n/a	13	Nil	Nil
Council Tax	Minor	0	3	1
Fostering	N/a (Memo issued)	0	2	0
Sandway Homes (Draft)	Moderate	0	12	1
Corporate Governance Review (Draft)	Moderate	4	0	0
Operators Licence	Minor	0	4	1
Farnborough Road Infants School Audit	Moderate	0	4	1
Hudson Primary School	Moderate	3	4	0
Public Health Grant	N/a (Memo issued)	n/a	n/a	n/a
Holy Spirit School Audit	Major	3	4	2

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Cambridge Road Skills Hub 2021/22 Q4		Value of grant certified	£269,762	
Cambridge Road Skills Hub 2021/22 Q3		Value of grant certified	£100,713	
Southport Events Centre and Theatre - Pre-Dev works 21/22 Q3		Value of grant certified	£Nil	
Southport Events Centre and Theatre - Pre-Dev works 21/22 Q2		Value of grant certified	£20,433	
Southport Pleasure Land 21/22 Q2		Value of grant certified	£Nil	
Southport Pleasure Land 21/22 Q3		Value of grant certified	£Nil	
Southport Pleasure Land 21/22 Q4		Value of grant certified	£Nil	
Sefton Town Centres - 2021/22 Q4		Value of grant certified	£227,501	
Southport Eastern Access Pre-Development 21/22 Q4		Value of grant certified	£28,548	
Southport Eastern Access Pre-Development 21/22 Q3		Value of grant certified	£37,294	
Maritime Corridor Pre-development 21/22 Q3		Value of grant certified	£48,621	
Bootle Area Action Plan 21/22 Q4		Value of grant certified	£39,879	
Bootle Area Action Plan 21/22 Q3		Value of grant certified	£30,726	
Acquisition of Land & Property (Bootle Town Centre) 21/22 Q4		Value of grant certified	£180,183	
Buckley Hill 21/22 Q4		Value of grant certified	£Nil	
Buckley Hill 21/22 Q3		Value of grant certified	£512,210	
Acquisition of Land & Property (Bootle Town Centre) 21/22 Q3		Value of grant certified	£55,757	

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Maritime Corridor Pre-Development 21/22 Q4		Value of grant certified £49,920		
Crosby Lakeside 21/22 Q4		Value of grant certified £440,917		
Crosby Lakeside 21/22 Q3		Value of grant certified £209,911		
Crosby Lakeside 21/22 Q2		Value of grant certified £349,071		
Crowland Housing Development 21/22 Q4		Value of grant certified £16,338		
Crowland Housing Development 21/22 Q3		Value of grant certified £9,182		
Crowland Housing Development 21/21 Q1		Value of grant certified Nil		
A59 2021/22 Q2 – report match funding		Value of grant certified Nil		
A59 2021/22 Q3 – report match funding		Value of grant certified Nil		
A59 Port Capacity 2021/22 Q4		Value of grant certified £5,250		
Work substantially completed as at 31 May 2022				
Use of Procurement Waivers	Draft report prepared and meetings arranged with key managers			
Assurance Mapping	The Audit Team have refreshed the Assurance Mapping completed in 2020/21 which will be used to inform the Annual Opinion from the Chief Internal Auditor.			
Annual Governance Statement	The Audit Team have facilitated the development of the Annual Governance Statement working with Finance and Legal Services. This work helps to shape the Corporate Governance Review that is undertaken.			

Draft Audit Reports previously reported to Audit and Governance Committee.

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Highways Maintenance – Contract Management 2021/22 Q3	Major	0	7	1

The high priority recommendations outlined in the final audit reports issued in the period 24 February 2022 to 31 May 2022 are summarised as:

Education Finance – Schools Regulatory Framework (Draft)

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

Sacred Heart Catholic College (Draft)

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.

Corporate Governance Review (Draft)

Within the report the draft significant governance issues as will appear in the Annual Governance Statement are included and in addition other high priority findings and recommendations including data quality assurances, improvements to risk management, engagement with the annual governance review process and assurances from subsidiaries.

Factfinding exercise cutting across Communities, Children's Social Care and Education

Management have agreed to implement improvements across several areas including guidance and fact sheet updates, the SLA with Sefton Carers Centre, improvements to claim forms, updating guidance on non-permanent employees and introducing sample checks on casual workers.

Hudson Primary School

The school should formally adopt both the *Financial Regulations for Schools* and, the *Scheme for Financing Schools* and ensure that the *Delegation of Duties and Responsibilities* is reviewed and approved annually.

Holy Spirit Primary School

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.

3.2 **Key Performance Indicators 2021/22**

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 2021. Figure 1 shows progress made against the Audit Plan.

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>100% See graph below</p>	<p>62% See graph below and narrative</p>	<p>38%</p> <ul style="list-style-type: none"> • See section 3.3
<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>This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.</p>	<p>100%</p>	<p>100%</p>	<p>No variance</p>

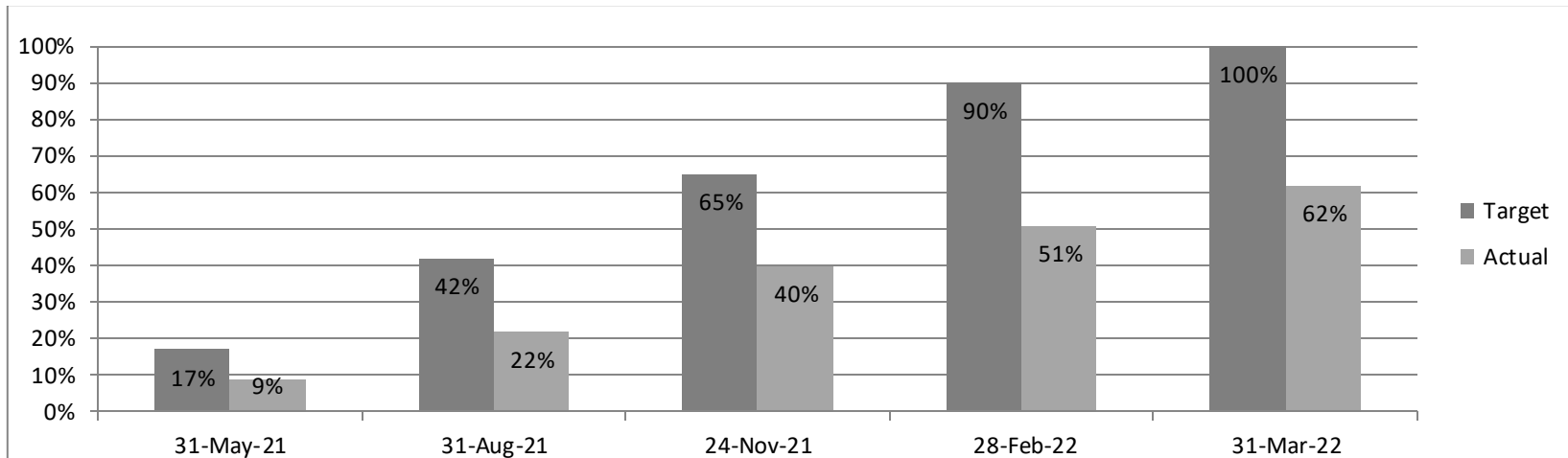


Figure 1: Percentage of the Internal Audit Plan 2021/22 Completed (profiled to coincide with the Audit and Governance Committee reporting dates)

3.3 2021/22 Resources and Performance

The delivery against the Annual Audit Plan was below 100% and as discussed in previous reports reflected staff absences through illnesses and difficulties in trying to obtain suitable additional temporary resources in a challenging job market for employers. The following timelines provides an example of the difficulties that were experienced in recruiting candidates.

The Audit Plan was approved in March 2021, and the intention was for two Principal Auditors to be appointed on fixed term contracts until 31 March 2022 to deliver elements of the Audit Plan. The recruitment process started in January 2021. Repeated recruitment exercises were completed, advertising for traditional fixed term vacancies, using the Council's preferred recruitment conduit Matrix and with specialist recruitment agencies since March 2021. As a result, numerous interviews have been conducted with potential candidates in some cases taking candidates from across the UK as the team was essentially home working. Despite having a flexible approach, we were only able to appoint one Principal Auditor during September 2021 on a fixed term contract until 31 March 2022 and a second Principal Auditor was appointed and begin work during December 2021 on a fixed term contract until 31 March 2022.

After discussions with a number of recruitment agencies we have been informed that there are far greater numbers of job opportunities than candidates available which is leading to a shortfall of suitable candidates to undertake the role. The tight recruitment market is not forecast to change in the short term.

One of the Principal Auditors returned to work earlier in the year on a phased return after a period away with unplanned leave but later retired on grounds of ill health at the end of November 2021. A second Principal Auditor had reduced his hours from full time to part time from June 2021 and has subsequently been able to extend his hours by one day per week to provide further support to the team until the end March 2022. Another member of the team returned to work towards the end of February 2022 after being on maternity leave from the start of the financial year.

Following the update to the Committee in December, it was our intention to focus on the key risks within the Annual Audit Plan, however at the request of management a substantial unplanned assignment was identified and this has slowed progress in the delivery of the plan.

We recognise that the delivery against the annual audit plan was below expectations and that the assurance level provided to the Committee is likely less than we originally planned at the outset of the financial year. The drivers for the performance have been on the whole outside of our control however we recognise that we do not have significant capacity within the team for unplanned events where they occur which impact on our capacity to deliver assurance which we are seeking to partially mitigate against.

3.4 **2022/23 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 2022. Figure 1 shows progress made against the Audit Plan.

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>17%</p> <p>See graph below</p>	<p>13%</p> <p>See graph below and narrative</p>	<p>4%</p> <p>Vacant posts have pulled performance down but work on Annual Governance Statement and Corporate Governance Report ahead of schedule.</p>
<p>Percentage of Client Survey responses indicating a “very good” or “good” opinion</p> <p>This measures the feedback received on the service</p>	<p>100%</p>	<p>100%</p>	<p>No variance</p>

Description and Purpose	Target	Actual	Variance and Explanation
provided and seeks to provide assurance that Internal Auditors conduct their duties in a professional manner.			
Percentage of recommendations made in the period which have been agreed to by management	100%	100%	No variance
This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.			

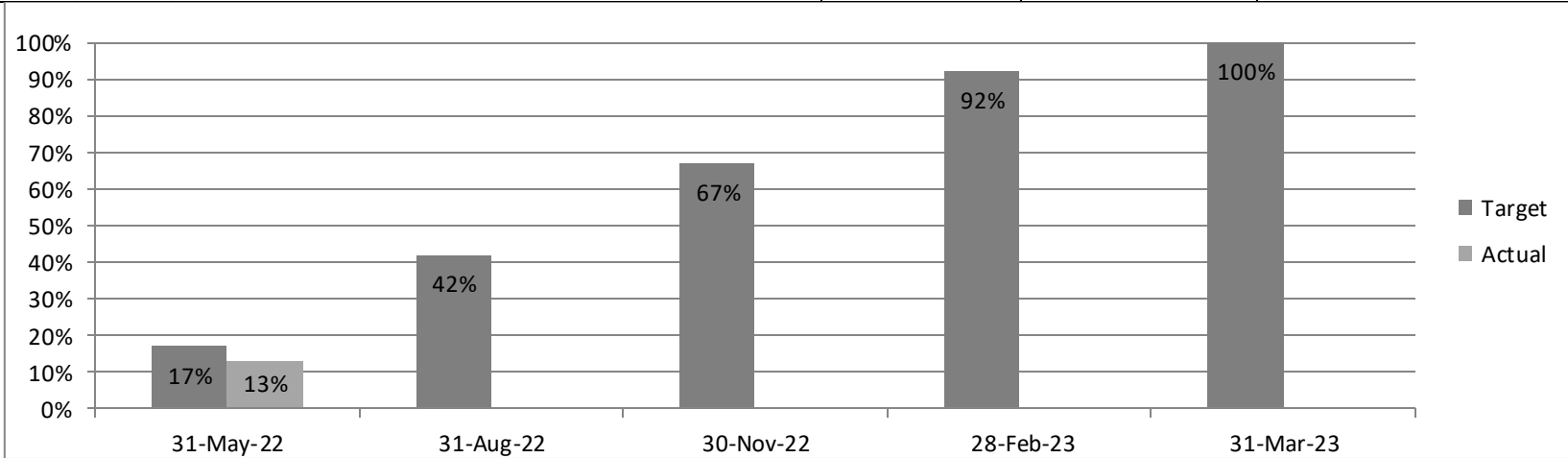


Figure 1: Percentage of the Internal Audit Plan 2022/23 Completed (profiled to coincide with the Audit and Governance Committee reporting dates)

The figures whilst below target are substantial improvement on last year’s performance figures. We have certified a large number of grant claims as the end of the financial year necessitates that we provide returns on time to the Liverpool Combined Authority. As discussed in the March 2022 update we have a programme of recruiting auditors this financial year and have taken prudent judgements on when they will start.

Between 1 April 2022 and 30 June 2022, the complement for the team is two Full Time Equivalent (FTE) Principal Auditors, One FTE Audit Manager and one FTE Trainee Auditor. The Audit Manager has been involved in confirming that the certification of the grants is valid.

The proposed recruitment timeline for the Internal Audit Team is detailed below:

At the end of March 2022, the two fixed term Principal Auditors left the team. A third Principal Auditor on a fixed term contract has agreed to move from part-time to full-time from 1st April 2022 and agreed to an extension to his contract until 30 September 2022 after which he is due to retire. I am pleased to report that a permanent appointment has been made to one of the vacant Principal Auditor positions and appointee is due to start on 1 August 2022. A second exercise is currently on going and it is hoped that an appointment can be made in the coming weeks.

Currently there are a number of CIPFA finance graduate trainees that the Finance have in place to provide capacity for succession planning across Finance. Each of the staff members has to cover an Internal Audit module as part of the qualification process and we have agreed with Finance that we will on a rolling six-month rotation have one of the CIPFA trainees to enable them to experience internal audit starting from July 2022. This rolling rotation will enable the staff member to experience internal audit and build a greater understanding of the issues providing the service, provide additional skills around, risk, control and governance that will complement their existing financial skills as well as provide additional capacity for the internal audit plan. In addition, we have agreed with Finance that we will take for two years a CIPFA Qualified staff member from October 2022 to provide additional in- depth internal audit experience with the potential to take on some limited line management role.

The two roles will provide greater co-operation across Finance, help to cement greater awareness of risk, control and governance issues across functions, help with succession/ diversity issues as well as providing greater capacity for the Internal Audit function. There are of course personal development opportunities for the staff involved. We welcome the opportunity this presents in training staff, building competence on key skills which will eventually return to the wider Council whilst dealing with the capacity issues we have highlighted above. The Internal Audit Plan for 2022/23 reflects the work we can expect the two new team members to undertake.

Since the start of the new Financial Year we have had two staff members absent due to Covid-19 although both members have now returned back to work.

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 is due to be externally assessed during 2022/23.

3.6 **Adult Social Care Debt Management Follow-up of Audit Agreed Actions**

At the December meeting Members were advised that one of the previous audits with a major risk opinion, Adult Social Care Debt Management, was behind on the delivery of the audit agreed actions in part due to Covid-19 and that we would report progress at the June 2022 meeting. We are pleased to report that substantial progress has been achieved by Adult

Social Care, Finance and Revenue and Benefits teams in delivering the agreed actions and whilst there are a small number of recommendations to implement this delay is essentially down to outside contractors. We will continue to monitor progress and advise Members accordingly

3.7 **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.
- Advertised in the national press and industry specific job pages to identify and appoint suitable permanent members of the team.
- Successfully recruited a permanent Principal Auditor who is due to start in August 2022. This appointment is helping with the delivery of the Audit Plan.
- Used the new database of outstanding audit recommendations, have begun the process of verifying implementation of previously agreed recommendations.

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.
- The further enhancement and simplify internal audit reports to improve clarity and reduce time spent producing the reports.
- Roll out a proposal to management to develop the three lines of defence model recommended by the Institute of Internal Auditors
- To start preparations for upcoming Public Sector Internal Audit External Assessment due in coming year.
- Complete the recruitment of the two permanent Principal Auditors and a six-month placement for a CIPFA trainee.

4. Health and Safety: Performance Update

4.1 Progress

The Council continues to focus on improving the health and safety management system and support by reviewing existing arrangements and improving governance.

The Health and Safety Team consists of two permanent and one fixed term (August 2021 – March 2022) health and safety professionals. The fixed term Health and Safety Officer (Schools and Commercial) was appointed for a two-year appointment from 1 April 2022 until 31 March 2024 with the post being filled by an existing member of staff on a fixed term contract that finished on 31 March 2022.

Resources continue to be stretched in meeting the demands of the Council and Schools and to satisfy the requirements of the Management of Health and Safety at Work Regulations. The Corporate Health and Safety team supports nearly 8000 staff (including maintained school staff, and schools with a Service Level agreement in place), plus agency staff, contractors, and volunteers.

The Team continues to deliver a range of services across all Council departments and schools. These services can be divided into three main areas: Policy and communication, operational reactive response, and active monitoring.

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. It is acknowledged that outputs have been affected by the COVID-19 pandemic and the team have adjusted service delivery to assist the Council in meeting its obligations and to provide managers and staff with the relevant support.

Consultation arrangements are working well, with the Corporate Health and Safety Committee playing a key role in conjunction with the Departmental Health and Safety Committees. The committee meetings continue to be held virtually, using the MS TEAMS system, which has proved to be successful.

Activities arising from the risk of the transmission of coronavirus 2 (SARS-CoV-2) has been significant, as operations, work and home environments have continually been adjusted throughout the various periods of restriction. The re-opening and recovery of service delivery has proved challenging for the Corporate Health and Safety Team, working with managers to balance COVID arrangements, compliance, and operational demand. As the team have supported Heads of

Service, Service Managers and Head Teachers through the recovery from the pandemic, support requirements are broadening into other areas of workplace health, safety and wellbeing. Significant support has been provided for reconvening of face-to-face and public facing activities, the reintroduction of school trips and increase in office occupation. Council building and operational risk assessments have been reviewed and are being updated, providing assurance to Council managers and staff.

The health and safety audit process has been redesigned, with a new programme of auditing in place. Educational settings and service areas complete a questionnaire and submit evidence in advance of a site visit, where evidence against practice is verified.

The Health and Safety Executive continue to visit Schools and Council premises to assess stress management, statutory maintenance and other health and safety arrangements in place for staff. No significant issues have been identified during their visits.

Corporate minimum standards have been developed and published on the intranet. Documents and forms are issued to the Workplace Learning and Development Team for inclusion in training packages. Recent revisions and additions include updates on Stress, Well-being, Statutory Maintenance, and the Security and Safety of People, Buildings and Assets. Work continues Construction Design and Management (CDM), Fire Risk Assessments, personal and corporate security, driving for work, Dangerous Substances and Explosive Atmosphere Regulations, first aid provision and local emergency response. Methods of reaching staff who may not be digitally connected are being explored with the Communications Team.

The team continue to monitor the impacts of workstation arrangements (Display Screen Equipment Regulations 1992) with the increase of hybrid working, and the Stress Management Standards. The team have worked collaboratively with other service areas to ensure the Council's obligations are being met, whilst ensuring the physical, psychological, and emotional health, safety and wellbeing of staff is maintained.

There has been a very positive response to the Mental Health training provided by the Workforce Learning and Development Team. The Corporate Health and Safety Team and (Occupational) Health Unit are exploring training provision or workshops for managers to equip them with the skills and confidence to identify workplace stressors, implement suitable controls, make available interventions available to staff through the Council, complete and monitor the stress risk assessment.

The Corporate Health and Safety Team have been instrumental in establishing a One Council working group to consider the wider occupational health, safety and wellbeing of staff. It consists of representatives from The Health Unit, Public

Health, Workforce Learning and Development, Active Workforce, and Health and Safety, in addition to Union's representation. A well-being page is available on the health and safety intranet site and will be used to signpost managers and staff to various services.

Utilisation of the on-line incident reporting system is increasing, and there is evidence of improved investigation which is very positive. An exercise is in progress to extend reporting for incidents and near misses, support managers with proportionate investigation to prevent reoccurrence and limit insurance or enforcement intervention.

CLEAPSS was established as a Consortium of Local Educational Authorities for the Provision of Science Services. It now acts as an advisory service providing support in science, design, technology, and art for educational settings, and assists Local Authorities and schools in discharging their duties as an employer. The Corporate Health and Safety Team and schools receive considerable support from CLEAPSS on health and safety, including radiation matters. A sizeable proportion of Sefton schools pay for the CLEAPSS RPA (Radiation Protection Adviser) Service. The Corporate Health and Safety Team continue to operate as a link between schools and the Radiation Protection Adviser, supporting school Heads of Science in the storage and use of radioactive sources, providing advice and conducting audits.

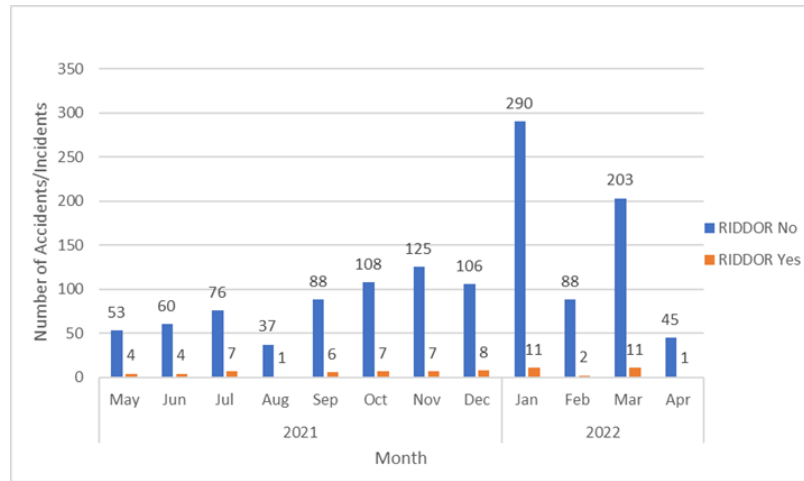
EVOLVE provide online services for schools, including a tool for planning and managing educational visits, after school clubs and sports fixtures. The Health and Safety Team continue to provide support and guidance to schools and their Educational Visit Co-ordinators (EVC). The EVOLVE system allows schools to upload risk assessments and other critical event information and take school staff through an authorisation process, which involves a schools internal Educational Visits Co-ordinator (EVC), Head Teacher, the Local Authority Corporate Health and Safety Team. EVOLVE have continued to provide live online training in conjunction with the Health and Safety Team. The next EVC course is planned for June 2022. The format of the live online training has proved very successful.

The North-West networking groups, Liverpool City Region H&S Advisers Group and Outdoor Education Adviser's Panel continues to meet virtually. The groups have proved invaluable for sharing information and good practice during the pandemic as guidance has changed so quickly.

4.2 Key Incident Data

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.

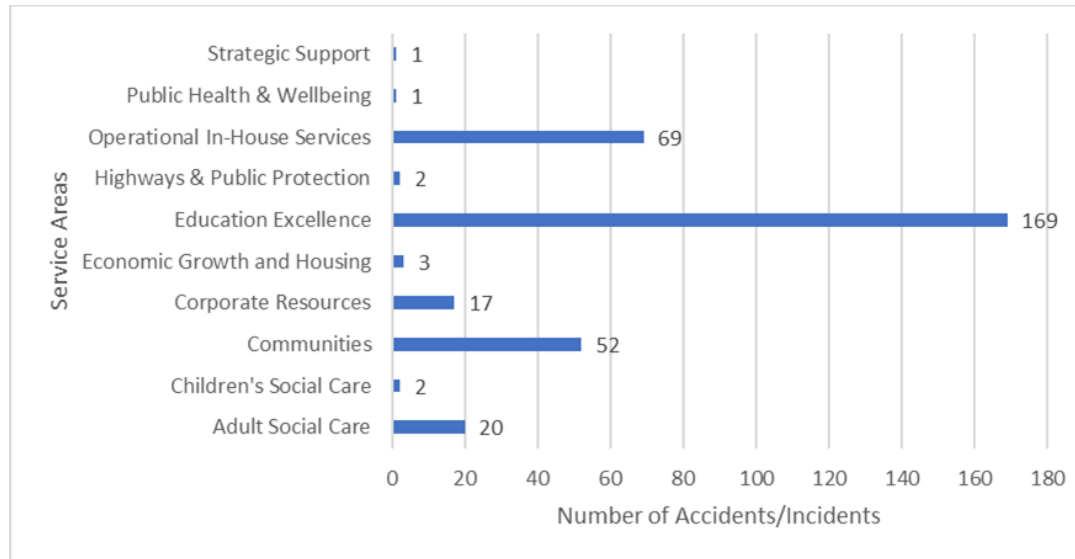
Graph 1 below compares accident and incident data over the past year. Most of the incidents reported are COVID-19 related.



Graph 1: Accident and incident data between 1 May 2021 to 30 April 2022

The variation in reporting throughout the year is consistent with the re-opening of schools and service areas. The increase of reports raised in January and then March 2022 highlights the vulnerabilities of staff from exposure to COVID-19 and confirms the need for the cautious approach as we approached the Spring and increased physical interactions.

Accidents and incidents reported across each of the Council Services between 1 February 2022 to 30 April 2022 are in Graph 2 below.



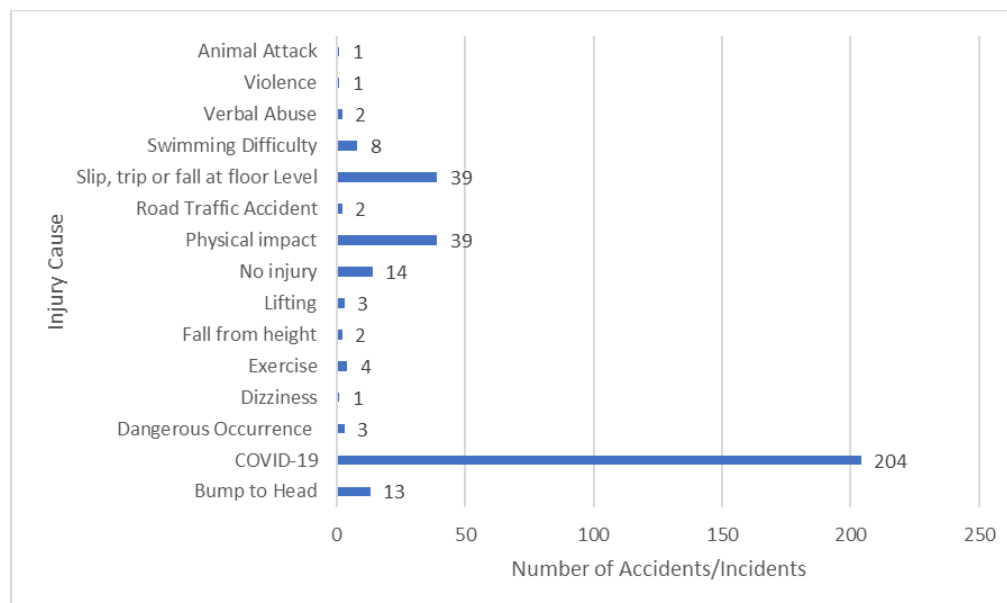
Graph 2: Accident and incident data across Council Service Areas between 1st February 2022 to 30th April 2022

Education Excellence, Operational In-House Services and Communities report the most incidents, and this is consistent with previous years data. One influence is the positive reporting culture that is evident within the areas. Other factors include continued essential service delivery during the various pandemic restrictions.

Services not listed above have not raised any incident reports during this period. These include Commercial Services. This is due in part to staff team sizes. Previous low reporting was due to the significant numbers of staff working from home.

The Corporate Health and Safety Team continue to promote a good reporting culture to manage the risk of injury, ill health and other potential and actual losses to the Council, including property damage or fire, presence of legionella in water systems and incidents from storm damage. A positive reporting culture provides greater accuracy in accidents, incidents and near misses' data and enables the Council to assess its risk profile, identify trends and opportunities to prevent reoccurrence.

Graph 3 shows the reported causes of accidents and incidents reported across Sefton Council from 1 February 2022 to 30 April 2022.



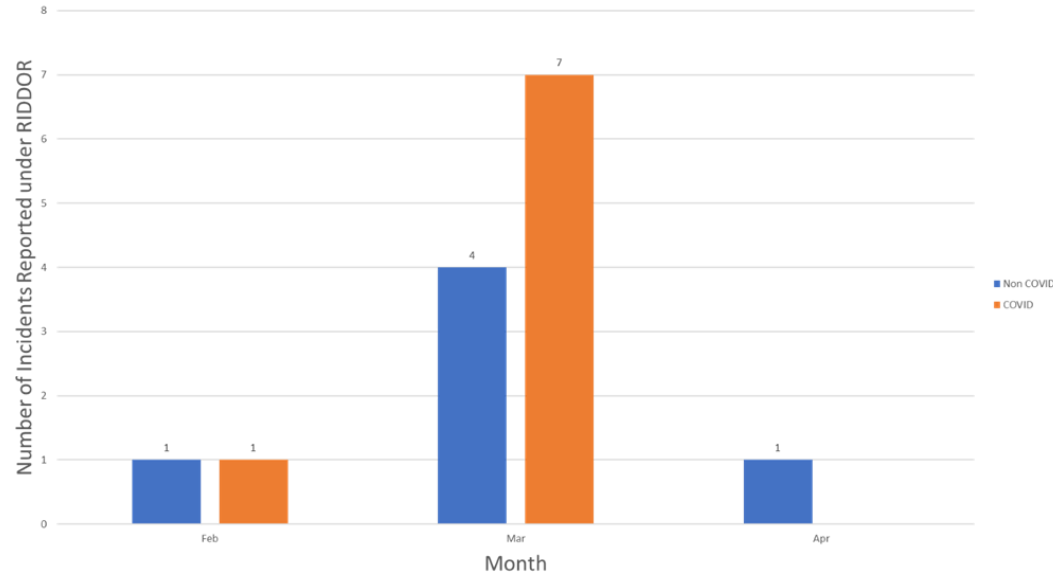
Graph 3: Accident and incident data by Cause between 1 February 2022 to 30 April 2022

COVID-19 positive cases have remained the most common cause, followed by slips and trips and contact sports / play injuries, which would be expected due to the increase in footfall and reopening of additional service provision.

Through discussions with staff and at Health and Safety Committees, incidents of threatening and abusive behaviour and poor mental health, including stress have remained, although not always reported through the incident reporting system.

The team are working with managers to ensure value and benefits of reporting and proportionate investigation are understood. Further work is being undertaken to assess and implement change across the Council to improve personal safety and cases of poor mental health and wellbeing.

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 February 2022 to 30 April 2022, also known as RIDDOR reports.



Graph 4: RIDDOR Reports raised between 1 February 2022 to 30 April 2022

Positive cases of COVID-19, where there is evidence of workplace transmission has been reported under the RIDDOR regulations. Once again, the increase in workplace transmission during March was comparable with the National trend (Source: HSE, National Statistics Office, Government COVID data). It should be noted that testing for COVID-19 has ceased in April, which also affects data.

Additional reports raised under RIDDOR were mostly for fractures sustained from slips, trips and falls (on ground level) and work at height.

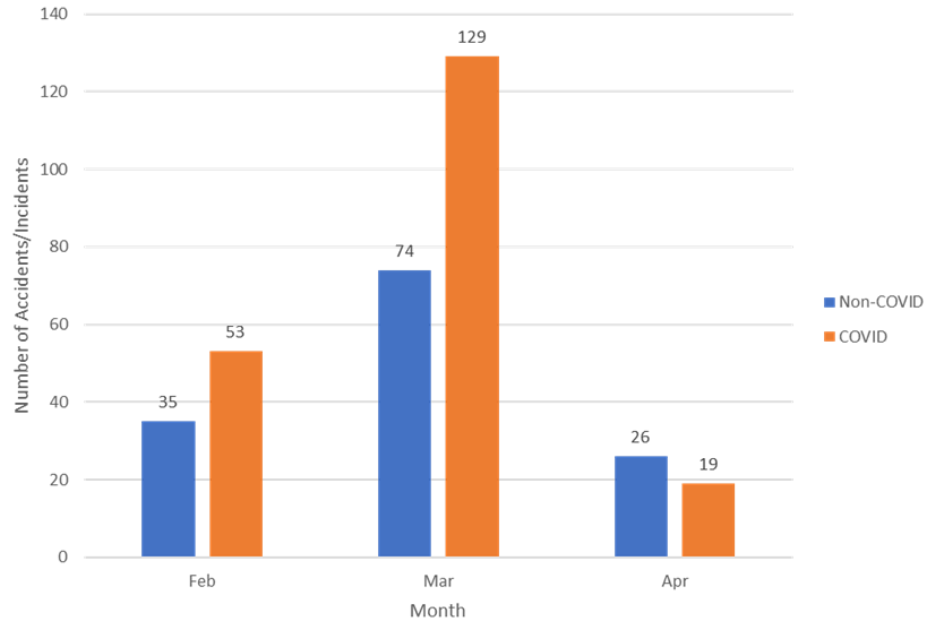
Whilst carrying a stepladder, a member of staff fell over a piece of wood which was on the floor. The wood was a very similar colour to the ground underneath making it hard to see. They were taken to hospital by ambulance where it was confirmed they had sustained a broken arm.

An agency worker accidentally kicked a water grid, which caused them to fall. They suffered a fracture injury as they had put their hand out to protect themselves from the fall.

A further accident involved a fall from low level play equipment. The nature of the fall caused a break to the arm.

The Health and Safety Team have seen a significant rise in slips, trips and falls. This is typical when re-opening to full-service delivery and educational activities and would be anticipated during this period.

Graph 5 demonstrates the impact of COVID-19 on Council staff, by highlighting the number of COVID reports raised alongside no-COVID-19 reports. Moving forward, it will be difficult to present this data due to changes in testing and national reporting requirements.



Graph 5: Nos of incidents COVID-19/ Non-Covid 19 between 1 February 2022 to 30 April 2022

Testing for COVID-19 is now limited and removed from most settings.

There is no longer a requirement to report workplace transmission to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) RIDDOR except where an employee has been infected with coronavirus through:

- Deliberately working with the virus, such as in a laboratory, or
- Being ‘incidentally exposed, to the virus.

Incidental exposure can occur when working in environments where people are known to have COVID-19, for example in a health or social care setting. Risk assessments are still required for these activities.

Front-line services may continue to be at risk of staff experiencing upper respiratory tract and other infections, due to their exposure to the public and potentially vulnerable people.

The Health and Safety Team continues to work closely with Public Health colleagues during this 'recovery phase' on COVID—related issues and have greatly appreciated their ongoing support.

4.3 Developments

There will be a continued focus during the next quarter of delivering the Health and Safety Improvement Plan and the ongoing recovery programmes from COVID-19 with planned 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.

The 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, driving for work, 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.

- Continue to deliver a health and safety management audit and inspection 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 schools in the safe storage and where necessary, destruction of their radioactive sources.

5. Insurance: Performance Update

5.1 Work Completed

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

- As previously reported, to meet the biannual requirement of the Council's External Auditors, an Actuarial Report which provides an analysis of current claims reserves, a forecast of expected ultimate losses after allowing for volatility and considering emerging risks within the sector was undertaken by an external supplier earlier in the year. Results from the exercise suggested that an extra £0.5m should be put aside into Council reserves and this is currently being considered prior to member decision. The next Report will be commissioned at the start of the 2024 calendar year.
- The Council continues to defend cases robustly to protect the public purse and, where necessary, will enlist the assistance of Weightmans, the Council's Solicitors.
- With the assistance of Weightmans, the Council has recently been successful in a Highways tripping claim heard at Trial. Whilst the Judge accepted the Claimant's evidence that the fall had occurred at the accident locus, he did not find the defect to be dangerous, and therefore Section 41 of the Highways Act 1980 was not satisfied by the claimant. The Judge noted that as the defect was not visible, it was not a foreseeable danger. Furthermore, he was satisfied that the Council would have successfully established a Section 58 defence, had this been necessary. The claim had a £19k reserve placed on the claim.
- A further matter that Weightmans had been handling on behalf of the Council with a significant reserve of £100k has recently been discontinued by the claimant. For some time, Weightmans had been awaiting precise details of negligence from the third-party solicitors to fully understand the nature and viability of the claim and had placed the solicitors on notice that the limitation moratorium would be terminated if they did not comply with the request.
- An external review of the Council's Tree Management Strategy and Policy implementation has been undertaken by the Council's claim management provider to provide assurance that the current and proposed approach on Tree Management is suitable and effective in meeting our legal obligations. As part of the Council's Insurance Programme there are a number of free risk management days that the Council is entitled to use to improve risk management and the review will come out of the allocated days. The draft report is due to be completed in June 2022 and the key areas will be shared with the Committee at the next meeting.

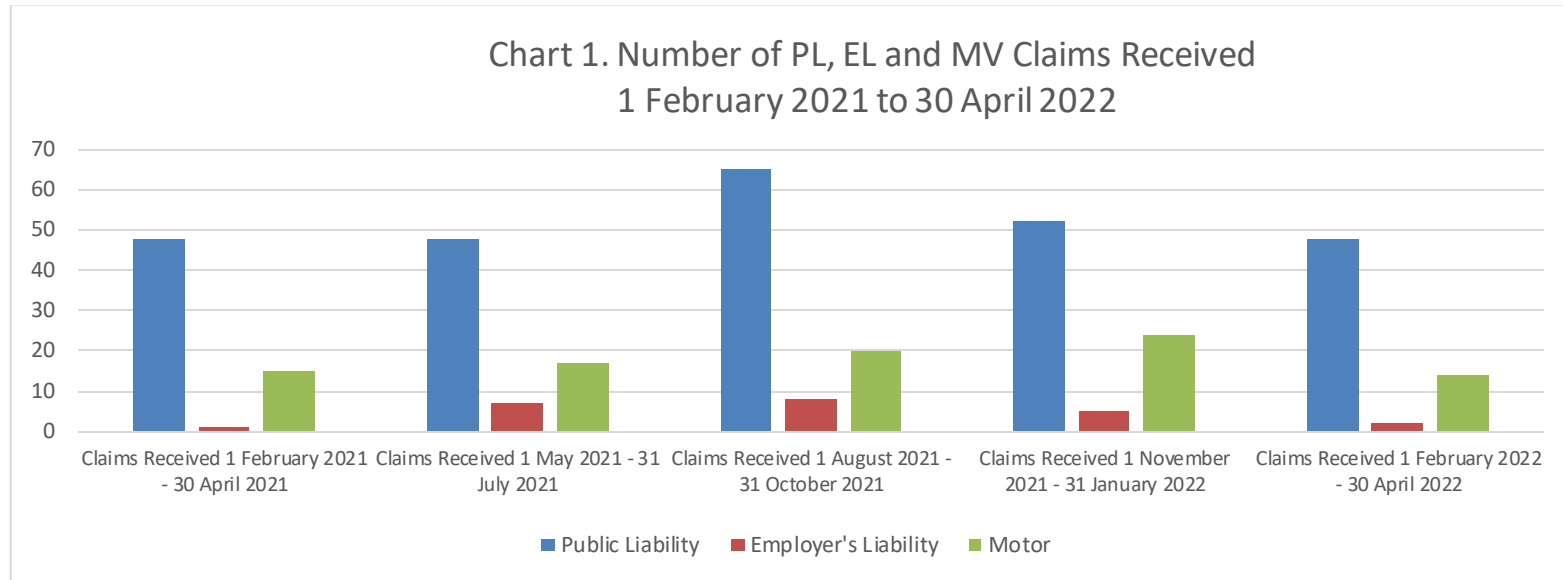
- The Team continues to work extensively with service areas to improve the management of insurable risk especially in areas where there are high numbers of claims or areas of concern. The Council generally has high defensibility rates, and such risk management activity will assist in maintaining and potentially improving the position further. With colleagues from the Health and Safety Team, a joint meeting was recently held with the Catering Team to assist with the understanding of capturing detailed information with documentary evidence on incidents and the surrounding circumstances as soon as possible after the event occurs. This will enable a fuller and fresher picture of events to be presented as soon as possible after a claim is received, and ultimately assist with defensibility. It should be noted that the Catering Team have not been singled out for any particular reason, and that similar work with other service areas is required and will hopefully be rolled out in the future.

5.2 Key Claims Data

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 February 2021 to 30 April 2022.
- Value of the reserves for PL, EL and MV claims received by Sefton Council for the period 1 February 2021 to 30 April 2022.
- The average reserve value for PL, EL and MV claims received by Sefton Council for the period 1 February 2021 to 30 April 2022.

The chart 1. below outlines the number of claims for PL, EL and MV received for the period 1 February 2021 to 30 April 2022.



PL claim numbers have decreased by 7% since the last quarter and, equalling the number received in the first and second quarters, represent the lowest number received for the overall reporting period and a 26% decrease from the middle quarter peak. Highways remains the service area with the majority of claims (60%) of which there were 62% received for personal injury and 38% property damage. A further 23% of all claims received relate to the Tree & Woodland Team (Green Sefton) – all of which are property damage, with three of these relating to the storms in February.

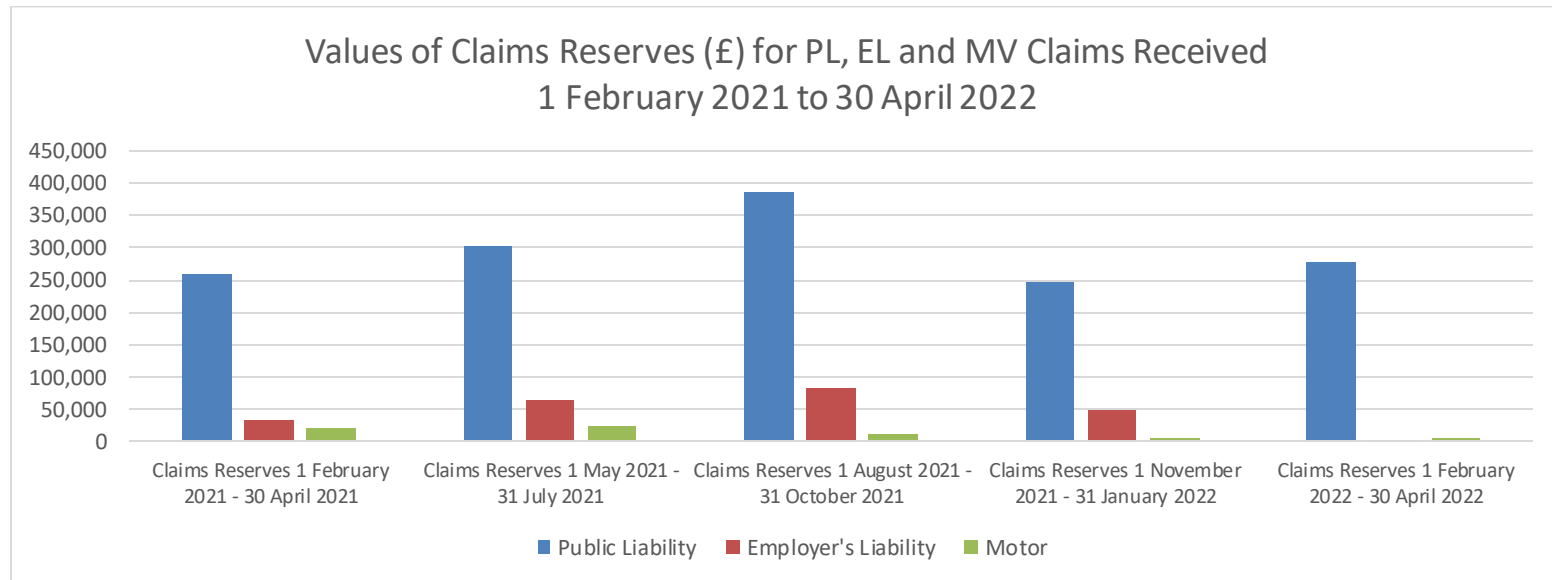
EL claim numbers for the last quarter are the second lowest of the overall period at a decrease of 60% from the fourth quarter and a more significant 75% decrease since the peak in the third quarter. Whilst slightly higher than the first quarter, they remain in line of being at an average for the size of the Authority's workforce.

Numbers of MV claims received have also decreased in number and stand at 42% lower than the last quarter to be the lowest number reported in the overall period. As would be expected, due to the number of vehicles within the Fleet, the Waste and Street Cleansing service area account for the majority of claims (35%), however all these claims relate to own

damage, with the exception of one where a third-party vehicle was damaged. As per the last report, it is pleasing to see that no claims for personal injury have been received from third parties.

The current profile in all three areas presents no cause for concern however claim numbers will be monitored for any changes in trend.

The Chart 2. below outlines the value of the reserves for PL, EL and MV claims received for the period 1 February 2021 to 30 April 2022.



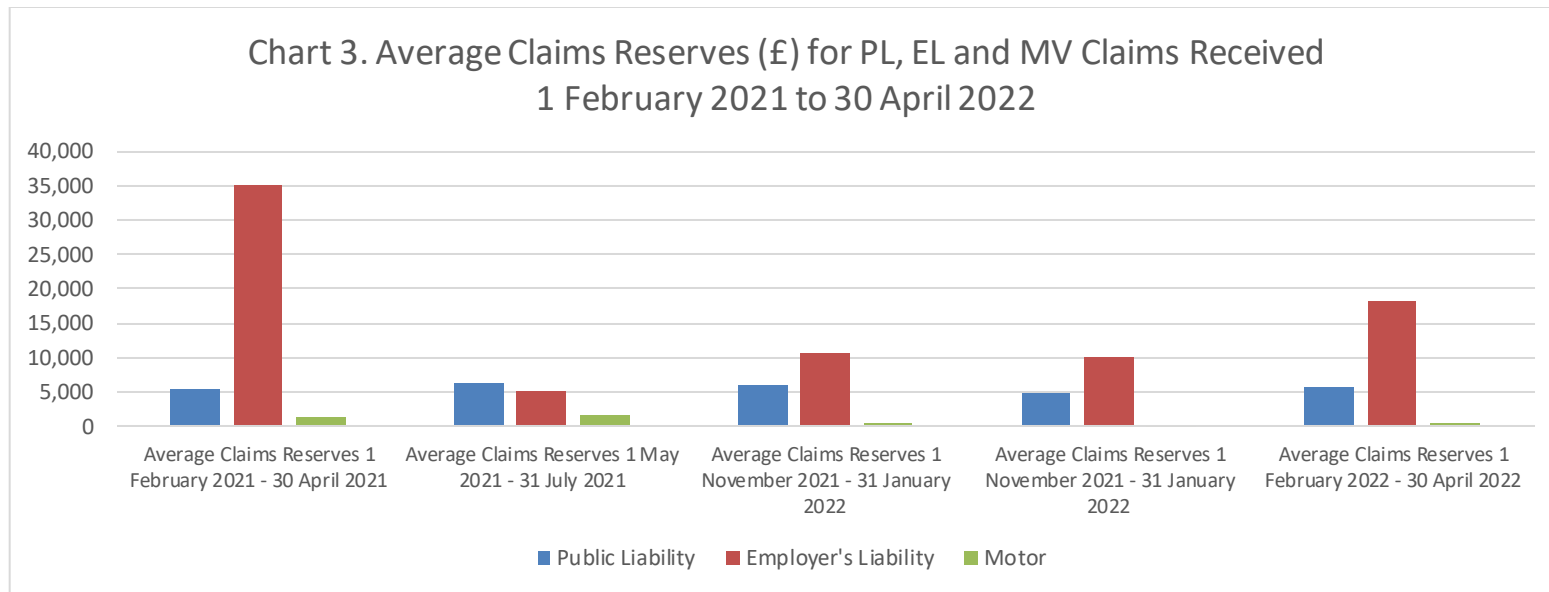
Claim reserves are allocated by the insurers and/or claims handlers independent of the Council and are determined by the type of injury sustained by the third parties and/or damage occasioned to their property.

Despite the number of PL claims being the lowest for the overall period, reserves for this quarter are the third highest and reflect the type of injury and/or damage sustained by third parties. A third of claims received in this quarter have individual reserves of £10k or more with all but one relating to personal injury.

Following the decrease in claim numbers, EL claims reserves have also decreased and stand at a 28% lower than the previous quarter, and at 57% lower than at the peak of the period in the third quarter. The reserves reflect the nature and type of injury sustained by the employees.

MV reserves have also decreased and stand at the lowest during the overall period, 18% lower than the last quarter and a significant 76% lower than the same period last year. As none of the claims relate to personal injury, and there have been no major damage claims, this has assisted in the reserves being kept at a low level.

The Chart 3. below outlines the average value of the reserves for PL, EL and MV claims received for the period 1 February 2021 to 30 April 2022.



Reflecting the increase in PL claims reserves, and despite lower claim numbers, the average reserve has increased by 21% from the last quarter, due to the type and complexity of injury and/or damage sustained by third parties.

EL claim numbers and reserves both decreased over the period, and the average reserve at the end of the period is low due to the nature and simplicity of injuries reported to Insurers.

Although the average MV claims reserve has increased by 40% since the last quarter, it remains the second lowest of the overall period and 74% lower than the first quarter.

Trends in claims performance will continue to be monitored.

5.3 Developments

- 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 is currently heavily involved in preparing for the upcoming renewal of insurances for the Council and its associated subsidiary companies of Sefton New Directions, Sandway Homes and Sefton Hospitality Operations Limited. Collaboration is underway with all service areas to ensure that Insurers are provided with details of all current and future (where known) risks and exposures. This will allow Insurers to present their views on cover, rates, and premiums prior to the renewal date of 29 September 2022. The ultimate outcome of renewal negotiations (the last of the current Long-Term Agreement) will be presented in a future update. The current insurance market continues to be challenging with insurers focused on technical pricing to ensure profitability over market share with varying appetites for risks which is leading to limited cover being available on some policy cover such as Directors and Officers.
- Following the recent soft market test to better identify and understand the required approach to undertaking the effective re-valuation of the properties not covered in the two previous re-valuation exercises, the Team are currently liaising with insurers to determine a general agreement to the principle of the methodology to be used and guidance as to what is an acceptable sample rate of properties to be visited before extrapolating across the specific property categories. A tendering exercise will then be undertaken to satisfy insurers needs and ensure the Council has assurance that it has the appropriate level of material damage cover in place for each Council building.
- In consultation with Health and Safety colleagues, the Team continue 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. Current ongoing use of these days relate to assisting the Highways Team with reviewing their Winter Service Plan and working alongside colleagues in the Tree & Woodland Team to undertake a Tree Risk Management Review. The objective of both is to conduct a critical examination of the adequacy of the risk management strategy and/or processes currently in place for reducing liability for any claims.

- 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 team have considered developments across the key areas of Business Continuity, Emergency Planning and Risk Management and an improvement plan has been produced.

A review of Business Continuity plans from each Service area is being undertaken by the team. As part of the regular reassessment, each plan is being revised to incorporate details of key IT systems used within the service, further identifying the timescales within which these systems need to be restored and the minimum number of staff requiring access. This is in recognition of the significant reliance we have on IT and the considerable changes we have experienced since the plans were initially produced. A document has been created to capture details of 'key suppliers' business continuity arrangements within each service. These documents have been shared with each service area and responses will be compiled to further enhance BC plans.

The Merseyside Resilience Forum (MRF) has resumed pre-pandemic working groups to deliver on the business plan for the coming year and the team continue to be engaged in various task and finish working groups to plan and deliver multi-agency programmes of work. The team were involved in developing the new MRF Human Aspects Framework which will shortly go out for consultation with forum member organisations. This document is for multi-agency use but predominantly acts as the overarching framework for how Merseyside councils can tailor their local arrangements for response to emergencies where human aspects issues arise e.g., evacuations, persons displaced from their homes, setting up reception /rest centres.

An awareness session was held for the council's Crisis Response Team in May at Crosby Lakeside Adventure Centre. (CLAC). This venue is also one of the local authority designated Reception / Rest Centre providers so was an opportunity for members of the team to familiarise themselves with the layout and facilities. Presentations were given from British Red Cross about their role in emergency response and how they and other voluntary sector agencies will support local authority teams at the time of an incident with some case studies and insight into their experience and capability. The Crisis Response Team Manager also gave some feedback from recent training she attended for Multi-agency Gold Incident Command. The session was well received, and the team were encouraged to feedback to enhance understanding of training needs for the next awareness session.

Following recruitment of new members to the Crisis Response Team, two colleagues attended Decision Loggist training in March hosted virtually by the Emergency Planning College (EPC). This is to ensure that the council has sufficient resources in the Decision Loggist role to support Emergency Duty Co-ordinators when required. Two further officers have since expressed interest in joining the Loggist team and will attend the next available EPC training course.

Following the Pandemic, more agile ways of working have been considered and this approach has also been applied to how the council could locate officers for a meeting of an Emergency Management Team in the event of a major incident. It will still be possible to use MS Teams to meet virtually but several agile spaces have also been identified across the geographical footprint of the borough where officers could meet physically in a larger space. We are now working with IT to assess requirements to provide the additional functionality needed for an effective emergency co-ordination facility.

The Council has a number of Executive Directors and Heads of Service who are new to the Emergency Duty Coordinator (EDC) role. In February 2022, three Officers attended Multi-Agency Gold Incident Commander (MAGIC) course. This training is hosted by the College of Policing and is accredited for those who complete the full 3.5 days. A further three Officers will attend the next planned sessions in October 2022.

In February 2022, Sefton council was alerted to an oil leakage from the operator of an off-shore oil and gas platform in Liverpool Bay. The leakage was from a breach discovered in a submerged pipeline. Early modelling from the operator and Maritime & Coastguard Agency (MCA) counter pollution team indicated that oil could beach at the Sefton coastline. Daily shoreline assessments were carried out by Green Sefton coastal officers and the Operator's clean up contractor for approx. six weeks and regular multi-agency Tactical Co-ordination Group (TCG) meetings convened to monitor landfall on the with Merseyside and other coastal local authorities on the North-West coast. During this period, minimal landfall was confirmed at a couple of locations on the Lancashire coast but none in Sefton.

Considerable time was invested by the team to co-ordinate the internal and cross-border response arrangements, TCG meetings and reporting requirements and situation reports as well as setting up response pages and information for the plethora of agencies involved via Resilience Direct.

The team organised an internal structured debrief in April and represented on behalf of Merseyside LRF at a multi-agency cross border debrief in May. A financial claim is being collated for submission as a joint agency claim with the MCA and other responders. This will go to the operator for consideration.

As a result of Storms Dudley, Eunice and Franklin which occurred around the same time, the team are developing an internal protocol around severe weather events which will support EDC knowledge and co-ordination of council capability and capacity.

The team have attended weekly Project, Operational and Multi Agency meetings to support the Council's response to the Homes for Ukraine scheme. Initial meetings were held to ensure that 24/7 arrangements were in place from each local authority to support Ukrainian guests arriving in the borough in case of problems transferring to their intended sponsors homes. The ongoing work is to ensure a risk register for the project is an accurate reflection of the continuing involvement of the Council to support this scheme.

Risk and Resilience Team Members continue to meet with Internal Audit colleagues to consider improvements and developments to the Risk Management system within the council.

The Team continues to work with service managers on review and improvement of operational risk registers. The team is currently reviewing these documents to ensure consistency in recording operational risks and confirm the risk escalation process is being adhered to.

The Corporate Risk Register has been reviewed and is due to be presented to the June Audit and Governance Committee for noting. 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 virtually to ensure ongoing improvement to risk management arrangements across the Council.

Action to draft the Council's risk appetite is currently underway with an external facilitator meeting Officers and Members to assist in drafting a Risk Appetite statement. The plan is for the draft risk appetite to be provided to Cabinet for approval and the Corporate Risk Management Handbook to be amended to reflect the changes. Initially the review of the Corporate Risk Handbook would be provided to the June Committee for approval however this is likely to be September 2022 now.

6.2 Developments

- Major incident plans and processes will continue to be reviewed and associated risk assessment of operational activities documented to ensure safe working for members of the team and colleagues, partners and stakeholders.
- Working with Public Health to provide assurance of arrangements in place via the Health Protection Forum on health risks associated with severe or extreme weather.
- Plans are being drawn up for undertaking a Business Continuity Exercise with members of SLB.

- Ongoing review of the business continuity plans and consideration of content for continual improvement.
- Further development of Operational Risk Registers from all teams, including an exercise to ensure escalation of Operational risks to Service Risk Registers where appropriate.

7. Assurance and Counter Fraud: Performance Update

7.1 Work Completed

As part of the Council's membership of NAFN (the National Anti-Fraud Network), NAFN has advised all members to inform the relevant teams across the Council to be vigilant when receiving any requests for change of bank account details whether those requests are internal or external to the organisation. Employee victims were found to have had a strong online presence, which suggests the fraudsters became aware of their employer, using online methods/social media. Whilst our payroll teams in Sefton are vigilant and kept updated on these scams, an alert to all staff members with the suggestion they remove any employment details from their online/social media profiles was shared on the Sefton intranet.

The Council continues to share NAFN alerts with its own ICT contractor and School and Academies.

Due to a high number the high number of Covid-19 Omicron Grant fraud reports that NAFN are receiving across the country they are collating incidents in one shareable Watchlist which is being circulated regularly to their members.

7.2 Developments

The Assurance Manager who has been responsible for the Council's counter fraud co-ordination and reporting retired from the Council on the 31 March 2022. There are 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. As a result, there will be limited progress on Counter Fraud until the resourcing issues are addressed.

The Council's Counter Fraud Strategy (draft) is to be consulted on with the Strategic Leadership Board during 2022. As part of the Counter Fraud Strategy the Council has already reviewed its arrangements against the latest Fighting Fraud and Corruption Locally (FFCL) Strategy (2020) which is the Local Government blueprint for tackling fraud in Local Government.

In September 2021 the Cabinet Office updated the Government Counter Fraud Professional Standards and Guidance- "Investigation Core Discipline". A self-assessment will be undertaken by Sefton against these standards.

Part of the Council's Fraud Strategy involves developing more capability and capacity within the Council to identify and punish fraudsters. During the early part of November 2021 in line with actions identified in the Annual Governance Statement, and to ensure compliance with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption, the

Council looked to recruit an Accredited Counter Fraud specialist on a fixed term basis to assist in the delivery of some key projects within the counter fraud work programme and play an active role in influencing and embedding an anti-fraud culture across the Council, liaising with operational managers on fraud risk controls etc. Regrettably, there was no response to that advertisement.

The three members of the Assurance Team continue to be seconded until end of June 2022 to the Business Grant Team to assist in the administration of the Liverpool City Region Grants. There are plans for two staff members of the Assurance Team to be seconded to Revenues and Benefits for a six-month period to provide additional capacity.

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.
- Define a draft risk management statement on appetite to be shared with Strategic Leadership Board.
- Continued delivery of the Internal Audit Plans for 2022/23, focusing attention on reviewing the key risks to the organisation, which will evolve as the Council changes particularly in light of Covid-19.
- Undertake limited testing of existing business continuity plans and refresh the existing BC plans.
- 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.
- Developing the Council's Counter Fraud approach firstly through rolling out the actions from the CIPFA Fraud Risk Assessment.
- Delivering on the service improvement plans for the Risk and Audit Team.

9. Conclusions

- 9.1 Internal Audit has made limited progress in the completion of the Internal Audit Plan 2021/22 due to difficulties in recruiting suitable internal audit staff. 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 2022/23 audit plan has been promising.
- 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 has been continuing to respond to the significant impact of Covid-19 helping to ensure that management put appropriate risk assessments are in place and provide guidance and support to colleagues.
- 9.4 The Council's insurance claims performance remains good.
- 9.5 Further work is planned to improve risk management within the Council by ensuring that a risk appetite is developed and ensuring 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 There are clear implementation plans in place across each of the service areas to deliver improvements which will result in improved services as well as an integrated risk and audit approach.