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Sefton Council 

MEETING: AUDIT AND GOVERNANCE COMMITTEE
DATE: Wednesday 20 March 2024
TIME: 3.00 pm
VENUE: Birkdale Room - Southport Town Hall, Lord Street, Southport, PR8 1DA

Member

Cllr. Dave Robinson (Chair)
Cllr. Michael Roche (Vice-Chair)
Cllr. John Joseph Kelly
Cllr. Catie Page
Cllr. Dr. John Pugh
Cllr. Simon Shaw
Cllr. Tom Spring
Cllr. Carla Thomas
Cllr. Anne Thompson
Cllr. Veronica Webster
Rachel Oakes

Substitute

Cllr. Susan Bradshaw
Cllr. Paula Murphy
Cllr. Leslie Byrom C.B.E.
Cllr. Laura Lunn-Bates
Cllr. Iain Brodie - Browne
Cllr. Gareth Lloyd-Johnson
Cllr. Sean Halsall
Cllr. James Hansen
Cllr. Paula Spencer
Cllr. Judy Hardman

COMMITTEE OFFICER: Amy Dyson Democratic Services Officer
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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.

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 - 12)

Minutes of the meeting held on 13 December 2023

4. Corporate Risk Management

(Pages 13 - 42)

Report of the Executive Director of Corporate Resources and Customer Services

5. ICT Acceptable Usage Policy - Yearly Review

(Pages 43 - 62)

Report of the Executive Director of Corporate Resources and Customer Services

6. Treasury Management Position to January 2024

(Pages 63 - 72)

Report of the Executive Director of Corporate Resources and Customer Services

7. Sefton Assurance Map

(Pages 73 - 90)

Report of the Executive Director of Corporate Resources and Customer Services

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|------------|---|----------------------|
| 8. | Risk and Audit Service Performance | (Pages 91 -
156) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 9. | Internal Audit Charter and Annual Audit Plan | (Pages 157 -
188) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 10. | Grant Thornton External Audit Progress Report and Sector Update - February 2024 | (Pages 189 -
214) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 11. | Review of Whistleblowing Policy and Review of Whistleblowing Referrals 2022 - 2023 | (Pages 215 -
230) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 12. | Review of Terms of Reference | (Pages 231 -
244) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 13. | Guidance for Council Appointed Directors | (Pages 245 -
274) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 14. | Audit and Governance Committee Self-Assessment 2023/2024 | (To Follow) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 15. | Audit and Governance Committee Member Training and Development | (To Follow) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 16. | Audit and Governance Committee Work Programme 2024-2025 | (To Follow) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 17. | Audit and Governance Committee - Work Programme Update Report | (To Follow) |

18. Exclusion of Press and Public

The following reports are *not* Exempt / Confidential but include appendices which contain exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A under Section 100A(4) of the Local Government Act 1972. Namely,

- **Item 19 Unrecoverable Debts over £10,000 –**
Appendices 1, 2, 3 & 4
- **Item 20 Write-off of irrecoverable retail-related arrears with balances over £10,000 - Appendix 1**

Members are therefore requested to consider whether or not they wish to discuss any matters referred to in the exempt appendices and accordingly, consider passing the following resolution:

That, under Section 100A(4) of the Local Government Act, 1972, the press and public be excluded from the meeting for any items of business which might involve the likely disclosure of exempt information as defined in Paragraph 3 of Part 1 of Schedule 12A to the Act. The Public Interest Test has been applied and favours exclusion of the information from the Press and Public.

19. Unrecoverable Debts over £10,000

(Pages 275 -
298)

Report of the Executive Director of Corporate Resources and Customer Services

20. Write-off of irrecoverable retail-related arrears with balances over £10,000

(Pages 299 -
314)

Report of the Executive Director of Place

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

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE ASSEMBLY HALL - BOOTLE TOWN HALL,
TRINITY ROAD, BOOTLE, L20 7AE
ON 13 DECEMBER 2023**

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

Councillors Catie Page, Pugh, Shaw, Thomas, and
Webster

ALSO PRESENT: Rachel Oakes (Independent Member)

30. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors John Joseph Kelly, Spring and Anne Thompson.

31. COMMITTEE'S TERMS OF REFERENCE – CHIEF INTERNAL AUDITOR

RESOLVED:

That the Committee were reminded of the provision in the Committee's Terms of Reference that allows the Committee to meet with the Chief Internal Auditor privately.

32. DECLARATIONS OF INTEREST

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

33. MINUTES

RESOLVED:

That the Minutes of the meeting held on 27 September 2023 be confirmed as a correct record.

34. CORPORATE RISK MANAGEMENT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided an update on the Corporate Risk Register as detailed in Appendix A to the report.

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The Chief Internal Auditor (CIA) presented the report indicating that the ownership of the content of the Corporate Risk Register rested with the Strategic Leadership Board.

The CIA indicated that since the meeting held on 6 September 2023, following a comprehensive review that sought to remove any duplication and place a clear focus on the key risks facing the Council, the 15 risks below were identified for de-escalation after rescoring and moved to the relevant Service Risk Registers as appropriate or removed as they were covered elsewhere:

- Sandway Homes – Financial sustainability beyond 2023/24
- Failure to adequately invest in the Highway network and associated assets
- Condition of Assets
- Impact of Cost-of-Living crisis on residents and demand for Council services
- Market failure of social Care provision across Adult and Children's Services
- Inflation and cost of care (Adult Social Care) impact on budget availability
- Climate Emergency – Strategic Risk
- Lack of SEND specialist placements for children and young people
- Requirement to work collaboratively with Sefton New Directions to review delivery model, in order to meet market requirements and promote financial sustainability; identify opportunities and future risk mitigation
- Education service not being able to meet statutory compliance at an acceptable level
- Adult Social Care contracted rates are no longer sufficient to secure placements
- School debts transferring back to the Council in the event of them being forced into academy status or closing
- Inability to recruit required Adult Social Care staff and retention of current workforce
- The provision of Children's Social Care is not financially sustainable
- Failure to adequately maximise the benefits of digital growth to the local community and businesses

The CIA informed the Committee that there were on-going initiatives to embed risk management within the Council including Assurance Mapping and implementing the three lines model.

Members of the Committee asked questions/commented on the following issues arising from the report and verbal update:

- Was there any particular threat from AI to the Council and were there any benefits?
- Feedback on Sandway Homes and its classification in regards the Corporate Risk Register

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- Concerns around market changes relevant to Adult and Children's Social Care
- MLEC Project Risk Register

Following consideration of the report, the Committee received a verbal update by the Executive Director of Corporate Resources and Customer Services on SEND and High Needs.

RESOLVED: That

- (1) the updated Corporate Risk Register, the nature of the major risks facing the Council and the controls and planned actions in place to mitigate these risks, be noted;
- (2) the progress on the embedding of risk management within the Council be noted;
- (3) the Executive Director of Corporate Resources and Customer Services be thanked for his verbal update; and
- (4) the Executive Director of Children's Social Care and Education be invited to a future meeting of the Audit and Governance Committee to discuss matters raised in relation to SEND and at the next meeting the Committee consider the risk in respect of market sustainability in the care market.

35. RISK AND AUDIT SERVICE PERFORMANCE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which detailed the performance and key activities of the Risk and Audit Service for the period 1 September 2023 to 30 November 2023.

The report covered the following areas:

- Internal Audit Performance Update
- Health and Safety Performance Update
- Insurance Performance Update
- Risk and Resilience Performance Update
- Assurance and Counter Fraud

The Committee discussed the insurance process for weather related events.

RESOLVED: That

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- (1) the progress on the revised 2023/24 Internal Audit Plan to 30 November 2023 be noted; and
- (2) 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 be noted.

36. FOLLOW UP OF AUDIT AGREED ACTIONS

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which summarised the current implementation position and arrangement for monitoring and reporting internal audit recommendations.

In accordance with Public Sector Internal Audit Standards, the Chief Internal Auditor must "establish and maintain a system to monitor the disposition of results communicated to management; and a follow-up process to monitor and ensure that management actions have been effectively implemented or that senior management has accepted the risk of not taking action."

For Sefton Council the follow up of agreed audit action plans included the monitoring of progress of audit agreed actions through internal audit and periodically reporting progress to the Audit and Governance Committee.

A review of the outstanding actions from all audits between 2018/2019 to 2022/2023 financial years indicated that on the whole most of the agreed actions had been addressed but that a small proportion of the agreed actions remained outstanding. Of note was the six High priority agreed actions from 2018/2019 where progress was still outstanding. However, the overall performance showed that significant efforts had been made to implement the agreed actions, with the implementation rate of 83% being above the industry standard benchmark (65%).

RESOLVED:

That the progress outlined in the report be noted.

37. FINANCIAL PROCEDURE RULES

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which sought approval for revisions to the Financial Procedure Rules.

As part of the annual review of the Council's Constitution, the Council's Financial Procedure Rules had been the subject of review. A number of key areas were reflected in the updated schedule:

- Commercial Activity

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- Loans to Third Parties and Acquisition of Third-Party Interests
- Collection of Income

RESOLVED: That

- (1) the revision to the Financial Procedure Rules set out in Appendix 1 be approved; and
- (2) the duly amended Financial Procedure Rules be referred to Council for approval.

38. INFORMATION GOVERNANCE AND COMPLIANCE – INTERNAL GUIDANCE AND POLICIES

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which sought approval of the revised internal information governance policy documents, namely:

- Information Risk policy
- Guidance on disclosure of information to Elected Members
- Freedom of Information policy and guidance

The Committee queried the schedule for reviewing policies and were informed that reviews would now take place annually.

RESOLVED: That

- (1) the contents of the report be noted; and
- (2) the revised internal policy documents be approved.

39. PROCUREMENT – NATIONAL PROCUREMENT POLICY AND CONTRACT PROCEDURE RULES

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which updated on national policy direction and gave a refresh of the Contract Procedure Rules for consideration.

The Committee discussed updated national guidance that was due to be published regarding the Contract Procedure Rules.

RESOLVED: That

- (1) the draft Contract Procedure Rules be approved; and
- (2) it be noted that a full rewrite of the Contract Procedure Rules will take

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place once the updated national guidance is published, and a further report will be submitted for consideration.

40. TREASURY MANAGEMENT POSITION TO SEPTEMBER 2023

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided Members with a review of the Treasury Management activities undertaken to 30 September 2023. The report was the second report of the ongoing quarterly monitoring provided to Audit and Governance Committee.

The report included an overview of:

- Investments Held
- Interest Earned
- Borrowing Strategy
- Interest Rate Forecast
- Compliance with Treasury and Prudential Limits

RESOLVED:

That the report be noted.

41. QUARTERLY WORK PROGRAMME UPDATE REPORT

The Committee considered the quarterly work programme update report of the Executive Director of Corporate Resources and Customer Services. The Audit and Governance Committee Work Programme had been developed to help ensure that all of the responsibilities of the Committee set out in the Audit and Governance Committee's Terms of Reference were discharged during the municipal year.

The report provided an update on reports listed for submission at the meeting of the Audit and Governance Committee held on 6 September 2023 and reasons for non-submission of some of the reports listed.

The reports considered at the meeting on 6 September 2023 were listed in the Work Programme for the 2022-23 Municipal Year which had been approved by Audit and Governance Committee on 15 March 2023.

RESOLVED:

That the Audit and Governance Work Programme update on reports listed for submission to the meeting held on 6 September 2023 be noted.

42. STATEMENT OF ACCOUNTS 2020/21, 2021/22 AND 2022/23

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The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided an update on the progress of the audit of the Statement of Accounts for 2020/21, 2021/22 and 2022/23.

RESOLVED:

That the progress of the external audit of the Statement of Accounts for 2020/21, 2021/22 and 2022/23, that is being conducted by Ernst and Young LLP, be noted.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
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 2023, the Corporate Risk Register has been reviewed and updated.

The ownership of the content of the Corporate Risk Register lies with the Strategic Leadership Board in accordance with the Corporate Risk Management Handbook approved by the Committee.

One new risk has been added to the Corporate Risk Register in the current quarter.

- Increase in Academisation of Schools in the Borough.

One risk has been de-escalated and will continue to be monitored on the appropriate Service Risk Register.

- Requirement to work collaboratively with Sefton New Directions to review delivery model.

A presentation on Market Failure of Social Care across Adults and Children's from the Corporate Risk Register will be provided to Members at the March meeting.

There are other on-going initiatives to embed risk management within the Council including assurance mapping and horizon scanning.

Recommendation(s):

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

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

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Reasons for the Recommendation(s):

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

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

None.

What will it cost and how will it be financed?

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

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

Implications of the Proposals:

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

There are no direct resource implications.

Legal Implications:

There are no legal implications.

Equality Implications:

There are no equality implications.

Impact on Children and Young People: Yes

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

Climate Emergency Implications:

The recommendations within this report will

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

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

Contribution to the Council's Core Purpose:

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7560/24) and the Chief Legal and Democratic Officer (LD 5660/24) 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:

- Corporate Risk Register March 2024

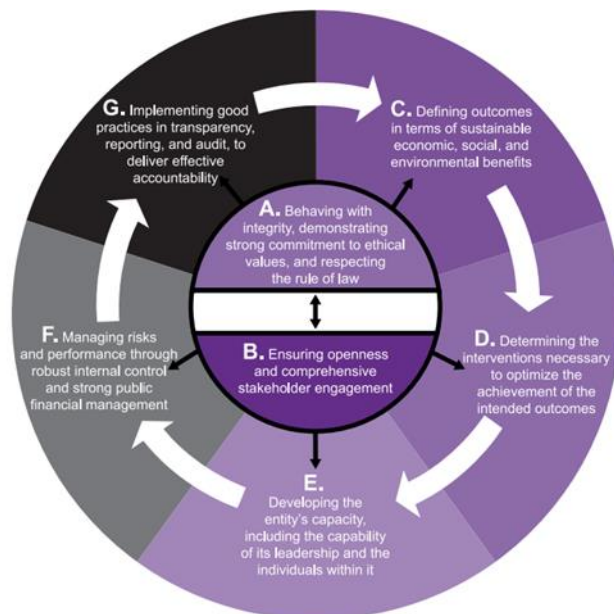
Background Papers:

There are no background papers available for inspection.

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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 Chartered Institute for Public Financial Accountant, the key regulator on governance for the Public sector outlines in the publication "Delivering Good Governance in Local Government: Framework" (CIPFA/Solace 2016), the approach to ensure that there is effective governance in place using a number of principles, detailed in the diagram below. One of the key principles is on risk management although risk is a cross cutting theme through the guidance.



- 1.3 Principle F – outlines that managing risk and performance through robust internal control and strong public financial management which reinforces that risk management is an integral part of good governance.
- 1.4 There are three sub principles which are:
- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.
 - Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
 - Ensuring that responsibilities for managing individual risks are clearly allocated.
- 1.5 Each year as part of the Annual Governance Statement a review of each of the principles from the above guidance is undertaken to produce the statement which is included in the Annual Accounts and is noted by the Audit and Governance Committee.
- 1.6 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:

- 1.6.1 “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.
- 1.6.2 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.
- 1.6.3 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.”
- 1.7 The responsibilities for risk management within Council are detailed in the Constitution within the Financial Procedural Rules section. 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 (Now referred to as Assistant Directors). 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.
- 1.8 Whilst the process of risk management is routinely undertaken within the Council in a number of areas, both at a strategic level and operationally, it is recognised that there is still scope, to develop a more integrated risk management approach. This report seeks to continue the process of formalising a system of robust Corporate Risk Management and embedding this further into the organisation. The Corporate Risk Management Handbook (CRMH) outlines that there should be

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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 19 plus. These are the key risks affecting the Council.
- Service Risk Registers (SRR)– risks scored between seven and 18 which are owned and managed by the Head of Service.
- Operational Risk Registers (ORR) – risks scored at six and below which are owned and managed by Service Managers.

1.9 An updated CRR is presented at each meeting of this Committee for Members to consider. The ownership of the content of the Corporate Risk Register lies with the Strategic Leadership Board. The CRR has been shared with and reviewed by senior officers to ensure that the risk register reflects the most significant risks facing the Council. The completion of a risk register also demonstrates that the Council has set out an approach to mitigate the risks that have been identified. The updated CRR is set out at Appendix A, using the revised scoring approved by Members in September 2022, for noting by the Committee.

1.10 The SRRs are owned and should be reviewed by the Assistant Directors on a quarterly basis and provided to the Risk and Audit team for information. The completed Service Risk Registers are used by Audit as an agenda item in the formal six-monthly meeting with the Assistant Directors and are also used for the monthly budget meetings that are held by Financial Management with the Service Management teams.

1.11 The Operational Risk Registers are owned and revised by Service Managers. The Risk and Resilience Team, assisted by the Internal Audit Team, work with the individual teams to facilitate regular reviews of the risk registers which will help to embed risk management at the centre of the Council's activities.

2. Key Developments

2.1 External operating environment

2.1.1 The external operating environment has continued to evolve over the past quarter building on a number of significant external events occurring in the previous 24 months. These events can affect existing risks by potentially increasing the impact and/or likelihood as well as create new risks which could potentially detrimentally impact on the achievement of the Council's strategic objectives.

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

- UK inflation although falling has been substantially greater than originally planned impacting on organisations and individuals.
- Energy costs whilst lower than 12 months ago are higher than before the invasion of Ukraine.
- Combination of significantly higher than planned inflation, food cost inflation and increased energy costs leading to a cost of living impact to households.
- Supply chain issues continuing post Covid-19 and complicated by Ukraine invasion and the restriction of the use of Suez Canal.
- Geopolitical tensions in the Middle East

- Bank of England interest rate increases raising bank lending interest rates higher than originally perceived.
- Heightened cyber security risks remaining following invasion of Ukraine.

2.2 Corporate Risk Register (CRR)

- 2.2.1 Since the December 2023 update to the Audit and Governance Committee, the CRR has been reviewed and updated. The main changes include:
- 2.2.2 One new risk has been added to the Corporate Risk Register in the current quarter.
- Increase in Academisation of Schools in the Borough.
- 2.2.3 One risk has been de-escalated and will continue to be monitored on the Service Risk Register.
- Requirement to work collaboratively with Sefton New Directions to review delivery model.
- 2.2.4 There have been several changes to the narrative within the CRR and a revised process has been agreed with the draft CRR being provided firstly to the Executive Leadership Team and then the Strategic Leadership Board for information before being provided to the Audit and Governance Committee for noting. The Corporate Risk Management Handbook will be updated with this revised process following the introduction of risk appetite on the Committee header sheet.

2.3 Service Risk Register (SRR)

- 2.3.1 The March 2021 update highlighted that the position on the completion of the quarterly updates on the SRRs, in line with the requirements detailed in the Corporate Risk Handbook, would be provided to the Committee indicating how many had been updated and shared with the Risk and Resilience Team on a rolling 12-month basis. A copy of the SRR from each Service Area is requested at the same time updates for the Corporate Risk Register are requested from members of Strategic Leadership Board. The following provides details of the outcome of the SRR response for a rolling five quarters.
- 2.3.2 A total of ten (100%) SRRs have been provided for Q4 2022/23.
- 2.3.3 A total of eight (80%) SRRs have been provided for Q1 2023/24.
- 2.3.4 A total of nine (90%) SRRs have been provided for Q2 2023/24
- 2.3.5 A total of nine (90%) SRRs have been provided for Q3 2023/24
- 2.3.6 A total of nine (90%) SRRs have been provided for Q4 2023/24
- 2.3.7 We have worked with all Service Areas to ensure that there is an updated Service Risk Register for this quarter including the Service Area that has not provided their updated Service Risk register. We are aware that changes have been made to the

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content however the completed SRR has not been provided at the time of writing the report.

- 2.3.8 Focus on work during the next quarter will be on ensuring that the SRRs are updated taking into consideration the risks within the Operational Risk Registers as well as ensuring that there is a 100% response to the quarterly request for an SRR. We are going to be looking qualitatively at the SRRs and provide feedback to the risk owners.

2.4 Operational Risk Registers (ORR)

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

2.5 Proposed actions from June 2021

- 2.5.1 In order to address the issues identified with the embedding of risk management in June 2021, all Assistant Directors were engaged, and the following actions identified and agreed to improve how risk management is embedded within the organisation. As previously reported a number of key actions have been completed with the exception of the following:
- 2.5.2 It is important that to properly embed risk management that risk is an agenda item on the Departmental Management Team in each of the Service Areas on at least a quarterly basis. *Guidance has been provided previously to Assistant Directors on the proposed agenda item and testing of agenda and minutes was undertaken in January 2023. Testing in June 2023 has confirmed a similar picture with all but one Service Area holding at least one formal agenda item each quarter on risk. Testing in September 2023 confirmed a similar position to June 2023 with the same Service Area not holding a formal agenda item on risk each quarter. We will undertake further testing for the June 2024 update.*
- 2.5.3 The sharing of the SRR with the relevant Cabinet Member will take place on a quarterly basis. Assistant Directors were requested to provide evidence in March 2022 that in the last quarters evidence was provided that the SRR had been shared with the relevant Cabinet Member. *Testing in April/ May 2022 as previously reported to the June 2022 Committee update, noted that there had been progress although it was not a consistent picture across all of the Service areas. Testing in June 2023 has confirmed that all but one Service Area has shared their SRR with the relevant Cabinet Member. Testing in September 2023 confirmed that two Service Areas had not or were not sharing their SRR with their Cabinet Member. We will undertake further testing for the June 2024 update.*
- 2.5.4 An e-learning package on risk management is to be launched across the Council during the next 12 months. *We had engaged a risk management provider to the*

Council, through the external Insurance Programme, to develop e-learning training content on risk management which was completed by end of November 2021. The e-learning content had been received and it was identified further enhancements were required to ensure that it was tailored for the right audience. We have refined the content, and the first part of the e-learning training was finished by the end of June 2022. We have road tested the contents with colleagues and are currently working with Learning and Development colleagues to revise the content and it is envisaged to transfer the content to the e-learning library before wider rollout to Members and colleagues from May 2024.

2.6 Risk Appetite

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

2.7 Next steps

2.7.1 Following on from the approval of the Sefton Assurance framework has been work on developing a Sefton Assurance Map detailing the assurance from each of the three lines against each key corporate risk in the CRR assessing the three lines of defence assurance each of the corporate risks. The work has been substantially completed and is currently with the Executive leadership Team for information.

2.7.2 As part of the insurance tender in September 2024 two insurers have included essentially free risk bursaries to enable the Council to improve its risk management practices.

- We are proposing one of the insurers reviews and provides assurance on the embedding of the Council's Risk Management Strategy during the 2023/2024 financial year.
- With the second insurer we are holding a horizon scanning session with Strategic Leadership Board/ Executive Leadership Team to identify and assess longer term risks which may impact on the achievement of the Council's objectives over the next three to five years. They will also review the Sefton Assurance Map to provide assurance on the work that has been undertaken and to provide highlight any proposed improvements.

3. External Risk Information

3.1 This section provides details of two recent publications published in January 2024 which provides context and background to the operating environment from two contrasting perspectives.

World Economic Forum (Davos)

3.2 Each year the World Economic Forum provides details of its top ten global risks for the next two years and the next ten years. The report for 2024 outlines that:

Agenda Item 4

- 3.3 The top ten risks for the next two years include five risks revolving around climate change from failing to plan effectively to unusual weather and environmental catastrophes. Other risks include heightened geopolitical tensions, cyber security and three risks surrounding cost of living, societal cohesion, polarization and large movement of migration.
- 3.4 The top ten for the next ten years includes the same risks as the next two years with the removal of cost of living, an additional climate change risk and all of the climate change risks being in the top five of the table.

Aon (Global Insurance Broker)

- 3.5 Each year Aon carry out a global survey of business leaders and provide results by segments in this case the UK for both current and future risks. The details of the risks are detailed below.

Current Risks ranked	Future Risks ranked
1. Cyber Attack or Data Breach	1. Cyber Attack or Data Breach
2. Failure to Attract or Retain Top Talent	2. Economic Slowdown or Slow Recovery
3. Economic Slowdown or Slow Recovery	3. Artificial Intelligence (AI)
4. Damage to Brand or Reputation	4. Climate Change
5. Failure to Innovate or Meet Customer Needs	5. Failure to Attract or Retain Top Talent
6. Business Interruption	6. Failure to Innovate or Meet Customer Needs
7. Regulatory or Legislative Changes	7. Geopolitical Volatility
8. Cash Flow or Liquidity Risk	8. Regulatory or Legislative Changes
9. Supply Chain or Distribution Failure	9. Cash Flow or Liquidity Risk
10. Climate Change	10. Environmental Social Governance (ESG) and Corporate Social Responsibility (CSR)

- 3.6 The report highlights that cash flow and liquidity risk is a recent addition which reflects the persistently high inflation and bank interest rates which have contributed to the cost of living crisis. The report notes that the tight UK labour market continues which aligned to sluggish growth make it difficult for organisations to pay higher wage costs to attract staff which in turn impacts on innovation and productivity.
- 3.7 Cyber-attack or data breach—another complex and continually fast-paced, evolving risk with close ties to business interruption, and damage to brand or reputation. As geopolitical volatility persists, cyber-attacks have become more frequent.
- 3.8 The UK was the only region surveyed in which respondents ranked climate change among their top 10 current risks, at number 10. Climate change has been affecting the UK via rising temperatures: 2022 was the UK’s hottest year on record, with an average year-round temperature higher than 10°C.

- 3.9 One Aon perceived underrated risk area given workforce shortages, intense competition for talent and expanded regulation around environmental disclosures and impacts, is environmental social governance (ESG) and corporate social responsibility (CSR). The report highlights that organisations seen as being forward-thinking, ready to embrace change, actively engaged in corporate social responsibility and vigilant about governance can have substantial competitive advantages over their peers, both in terms of ability to attract talent and in terms of shareholder expectations.
- 3.10 The Aon reported noted that Respondents from the UK ranked artificial intelligence (AI) as the number three future risk, higher than any other region surveyed. Indeed, the UK has been at the forefront of regulating the use of AI within the country, beginning with a policy paper on the topic published in July 2022 and followed up with a March 2023 white paper proposing a national AI regulatory framework based on five broad principles around safety, transparency, fairness, accountability and redress.
- 3.11 The report notes that AI risk is difficult to quantify. UK respondents are aware that AI will have major implications for business, but its practical applications and potential competitive advantages are largely ill-defined, and expert commentary on its potential dangers is both ominous and louder than any discussion about the benefits of AI. Effective strategies for assessing AI vulnerabilities will emerge over time.

4. Summary of the current position

- 4.1 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 to facilitate improvements. Recent work has been drafting the Sefton Assurance Framework and undertaking Assurance Mapping to inform the Annual Chief Internal Auditor's Opinion and the Annual Internal Audit Plan.
- 4.2 There is clear evidence of engagement by the leadership team in terms of regularly reviewing the CRR. To demonstrate that risk management is embedded at this level engagement should be universal and consistent over time as highlighted in the update. Improvements required include the consistent regular updating of SRRs, considering the outcome of the ORR's when looking at SRR and sharing the SRR with the relevant Cabinet Member and the Risk team when requested.
- 4.3 There has been an improvement in the updating of SRRs over the past 12 months although it is not fully embedded. ORRs remain an area to be improved across the Council and we are continuing to work with teams to facilitate this across the organisation.
- 4.4 The implementation of the Council's risk appetite, will help to further embed risk management within the Council and should improve corporate decision making. We are awaiting the redesign of the Committee agenda before this can be finally rolled out across the organisation.

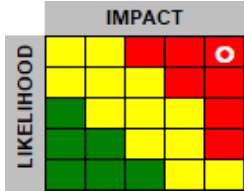
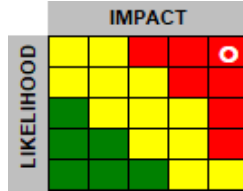
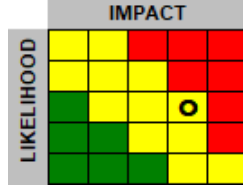
Agenda Item 4

- 4.5 There is further work planned to improve risk management within the organisation through the adoption of assurance mapping of key risks as well as horizon scanning for risks over the next three to five years. Work will be undertaken to assess the Council's risk management arrangements during 2024/25 using the Council's risk management bursary.

5. Presentation to the Audit and Governance Committee Meeting

- 5.1 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.
- 5.2 A presentation on Market Failure of Social Care across Adults and Children's from the Corporate Risk Register will be provided to Members at the March meeting.

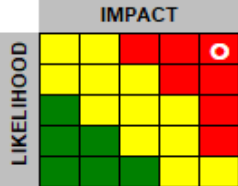
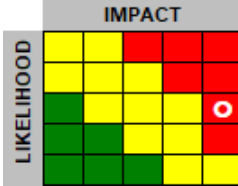
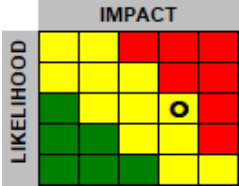
Appendix A - Corporate Risk Register March 2024

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

Appendix A - Corporate Risk Register March 2024

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

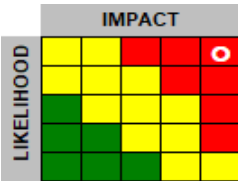
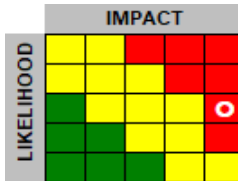
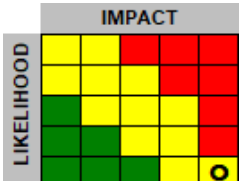
Appendix A - Corporate Risk Register March 2024

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

Appendix A - Corporate Risk Register March 2024

Proposed actions	<ul style="list-style-type: none">• Key financial risk for 2023/24 is delivery of savings and Children's Social Care delivering services within budget agreed with DCS - regular and rigorous financial management, monitoring and reporting is required by SLB to inform Cabinet decision making and this is in place.• Budget Package for 24/25 has been developed and will be presented to Budget council on 29 February 2024
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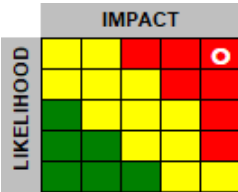
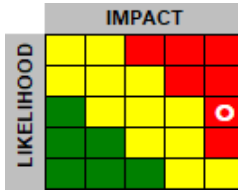
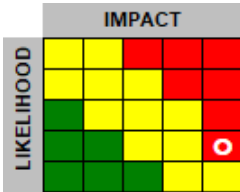
Appendix A - Corporate Risk Register March 2024

Risk Description	Previous risk score	Current risk score	Target risk score
The Council is the victim of a cyber-attack.			
Causes	Malware, ransomware, or another virus infects the Council's systems.		
Result	<ul style="list-style-type: none"> Services will not have access to systems and data as standard and will have to fall back on non-ICT delivery methods, albeit without access to key data. Data breach occurs. Financial impact of ransom. Reputational damage 		
Current treatment and controls	<ul style="list-style-type: none"> Cyberattack prevention measures are in place, including: <ul style="list-style-type: none"> - Upgraded Council firewalls and active SIEM monitoring service. - Anti malware tools - Acceptable use policy updated annually - LGA Stocktake completed/Cyber 360 completed - PSN Accreditation achieved and reviewed annually - New security standards for email encryption implemented - Further network security in place to reduce risk Back-up disaster recovery facility is in place at a separate site, for both cloud based and on premises systems. Agilisys has a Business Continuity-Disaster Recovery plan in place which covers an action plan for this priority restoration, and the subsequent restoration of all other systems. Ongoing monitoring in in place via ICT governance arrangements Anti-virus software is constantly updated across the estate. Communication to employees regarding the rise in malware attacks is in place, with an enhanced training offer in place. Review of Cyber Incident planning completed and revised policy released. Removal of unsupported systems from the network and segregation in place as required and work completed to bring all services into scope of the support contract. 		
Risk owner	ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> The ongoing ICT Transformation programme has seen most systems and data migrated to Microsoft Azure cloud hosting, which will reduce the overall risk; and improve Business continuity however further work is underway to improve the current security posture further. 		

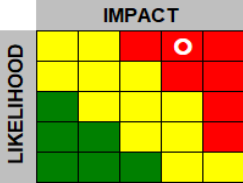
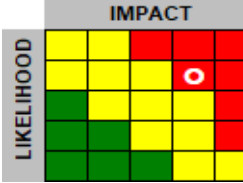
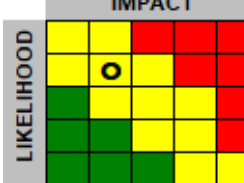
Appendix A - Corporate Risk Register March 2024

	<ul style="list-style-type: none">• Ongoing Cyber Security Improvement plan in place, including plans to bring all systems in the support of the existing ICT Contract• External validation and assurance ongoing linked to improvement plan.
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Appendix A - Corporate Risk Register March 2024

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Inadequate capability to prepare for and respond effectively to a Major Incident affecting the Council or occurring in Sefton as per the Council's responsibilities under the Civil Contingencies Act 2004.</p>			
Causes	A major incident occurs affecting the Council or the Borough		
Result	<ul style="list-style-type: none"> Loss of human life, illness, or serious injury Major damage or destruction to infrastructure, property and/or the environment Disruption or loss of critical services such as transport, communications, utility services Reputational or financial harm to the authority 		
Current treatment and controls	<ul style="list-style-type: none"> Emergency Response Manual and Major Incident Guidance in place. Revised Command and Control structure in place which defines Strategic and Tactical level officers. Emergency Duty Co-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 risk register completed and review on quarterly basis. Business Continuity Policy and strategy have been devised and approved. BC exercise completed in January 2023 for Senior Leadership Board Corporate BC plan drafted and endorsed by ELT in January 2024 		
Risk owner	CEX/ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> A Business Continuity Management System has been devised and is currently being implemented. This includes the following: Six monthly review of BC plans and activation exercise undertaken to confirm accuracy of contact details included. External provider to continually provide support in hosting regular BC exercises for all Exec/Assistant Directors. Review and update of BC manual ongoing 		


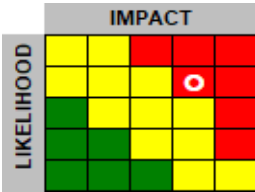
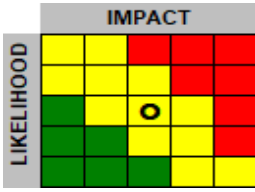
Appendix A - Corporate Risk Register March 2024

Risk Description	Previous risk score	Current risk score	Target risk score
Market Failure of Social Care Provision across Adults and Children's			
Causes	<ul style="list-style-type: none"> • Lack of national response to the Independent Review of Children's Social Care and report by the Competition and Markets Authority calling for action on the children's social care market • National and regional pressures in Social Work recruitment and available workforce • Sufficiency in children's residential provision • Inflation 		
Result	<ul style="list-style-type: none"> • Lack of alternative providers able to support social care. • Poor quality service provision and high costs • Increase in unmet needs of children and young people due to a fragile market that is not developing. • Inability to meet sufficiency duty. • Growing number of children placed out of borough with more LA's placing young people within Borough, placing additional pressure on ASC markets linked to transitions. • Reliance on high cost out of borough residential provision for children and young people 		
Current treatment and controls	<ul style="list-style-type: none"> • Market Position Statement and refresh of Children's Sufficiency strategy 22-25 allows market management. • Strengthen governance via actions and oversight of Executive Commissioning Group/Strategic Commissioning Group • Strategic Commissioning Team more permanent capacity to increase resource. • Implementation of Commissioning priorities improvement plan • Delivery of Health and Wellbeing Strategy 2020-2025 • Implementation of robust and timely Winter Planning/checklist • Regular review of supply chain contracts • Demand Management Programme embedded in adults and children's. • Recommissioning of Local Dynamic Purchasing system for Domiciliary Care • Mitigation of market failure by block purchasing arrangements to support hospital discharge. • Weekly escalation/ visibility of capacity and costs with AD, DASS and wider system • Maximising learning opportunities across C&M DASS group with key areas of focus • CQC Assurance preparation • Provider Failure Policy updated. • Regular Cost of Care exercises • Market Engagement Strategies in production to focus on relationship based market management. 		
Risk owner	DCS/DASCH		
Proposed actions	<ul style="list-style-type: none"> • Strengthened oversight of Quality Assurance (QA) with dedicated Senior Manager support will add the ability to refocus QA resources on identified areas of Market Risk. Gather intelligence to inform risks and ensure resilience and capacity. • Continue to focus on strategic plans to current contracts to ensure Value for Money and objectives are met. 		


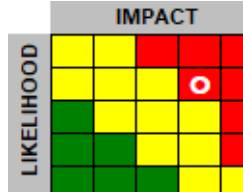
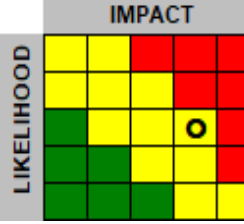
Appendix A - Corporate Risk Register March 2024

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| | <ul style="list-style-type: none">• Development of new opportunities through Sefton Place Based Partnership development• Children's High Risk/High-Cost Project, Commissioning priorities and full work plan• Recruitment campaign developed with Market with ongoing input from Sefton at Work - Workforce Strategy now developed, and subsequent Market Sustainability Plan roll out 2023/24. Work includes use of International Recruitment funding to be allocated to Providers.• Links maintained with LCR on key market risks (capacity, workforce, cost of living, ceasing of covid funding, demand)• New Procurement for Domiciliary Care completed.• Integrated commission arrangements will develop via new place arrangement. Market Sustainability Plan and Fair Cost of Care Exercise to be sent to Central Government mid Oct. National Government Market Sustainability funding applied to Dom Care and Care Homes 65+. Discharge funding now recurrent through the Better Care Fund. Work continues to mobilise a rapid reablement expansion. Linked to ND review. Work jointly with Health to develop approach to reduction of one to one requests. Cost of Care / fee setting work for 2024/25 is commencing, including Care Analytics being commissioned to support with 2024/25 fee setting work, including analysis of impacts of implementing RLW across all ASC sectors. SOP for fee setting in place. |
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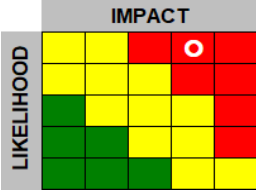
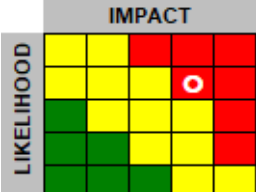
Appendix A - Corporate Risk Register March 2024

Risk Description	Previous risk score	Current risk score	Target risk score
Demand and Cost of Home to School Transport – Impact on the Financial Sustainability of the Council			
Causes	<p>Increasing expenditure is being driven by:</p> <ul style="list-style-type: none"> • Rising number of children and young people with an Education Health and Care Plan • Rising number of children and young people whose needs are not met in local mainstream provision and placed in educational provision outside the local area. • The rising cost of fuel and living. • Driver and escort shortages, competing for scarce resources. • Parental choice 		
Result	<ul style="list-style-type: none"> • Supply unable to match demand. • Increased waiting times for service users, impact on school attendance • Financial and reputational risks, financial sustainability of Council could be compromised, Budget pressure cannot be contained. • Capacity of the workforce to meet this demand. • Potential for poor service delivery • Negative socio-economic impact. • High level of media and public interest in the Council's actions • Loss of reputation 		
Current treatment and controls	<ul style="list-style-type: none"> • A comprehensive review of all systems, procedures and contractual arrangements and structures in relation to Home to School Transport has been launched by the council- this is an internal review that will aim to develop a sustainable model that supports children in the Borough 		
Risk owner	Assistant Director of Education		
Proposed actions	<ul style="list-style-type: none"> • The outcome of the comprehensive review of the system has commenced inc reviewing all commercial arrangements, key cost drivers and all decisions that impact cost over the next 6-9 months is the key activity currently being undertaken. 		


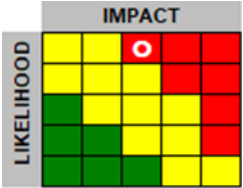
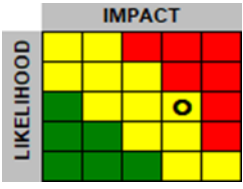
Appendix A - Corporate Risk Register March 2024

Risk Description	Previous risk score	Current risk score	Target risk score
Children's Services - Impact of Regulatory Framework Outcomes			
Causes	<ul style="list-style-type: none"> The Council's Children's Services are currently rated as Inadequate. As a result, the council is currently delivering its improvement with the support of a Commissioner and DFE advisor. 		
Result	<ul style="list-style-type: none"> Social work practice does not meet the standard required. Services are found to not adequately safeguard children. Reputational damage to the Council and Statutory partners Loss of confidence in partnership arrangements Workforce and financial pressures develop. 		
Current treatment and controls	<ul style="list-style-type: none"> Improvement board established under DfE improvement notice. DfE Advisor supporting Improvement Programme Regular reports to Overview & Scrutiny Committee Self-evaluation has been refreshed and updated. Comprehensive Performance dashboard developed based on required specification. Quality Assurance Framework in place Practice Standards in place Triangulation of evidence through audit and peer review, regular auditing, and monitoring of performance. Workforce strategy in place and delivering skilled and stable workforce. Financial plan in place based on DCS requirement. Accommodation in place for consolidated service. 		
Risk owner	DCS		
Proposed actions	<ul style="list-style-type: none"> Role of Improvement Board to provide oversight, guidance and support will continue and will meet bi-monthly. The council will continue to progress the delivery of recommendations made by Children's Commissioner and the Improvement plan. Report progress and risks to Overview & Scrutiny Committee each cycle in addition to Improvement Board. 		

Appendix A - Corporate Risk Register March 2024

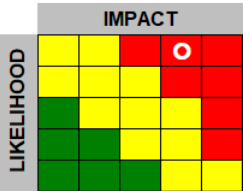
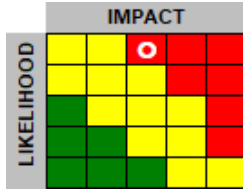
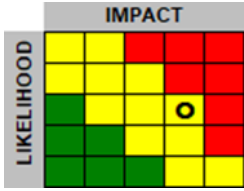
Risk Description	Previous risk score	Current risk score	Target risk score
Increase in academisation of schools within the borough			TBC
Causes	<ul style="list-style-type: none"> National Agenda DfE sponsored academies for schools in a category. Instability within LA 		
Result	<ul style="list-style-type: none"> Loss of SLA income Loss of LA ability to monitor educational standards. Overall effect on services will mean loss of services and jobs. Impact of timescales between notification of academy order and timing of Cabinet meetings Academisation of Rowan Park (removal of mobile classroom) may result in reallocation of 43 SEN children 		
Current treatment and controls	<ul style="list-style-type: none"> EE team continue to review offer. Engaging with academies to encourage purchase of SLAs. Promote "Sefton Family of Schools" image- working party established to support schools with decision making and to ensure compliance with academies act 		
Risk owner	Assistant Director of Education		
Proposed actions	<ul style="list-style-type: none"> Many of the decisions are out of council control 		

Appendix A - Corporate Risk Register March 2024

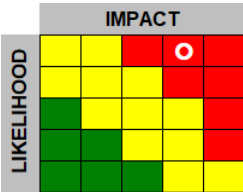
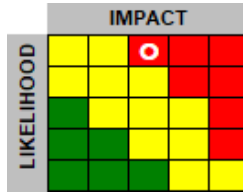

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to Comply with Sections 1 and 10 of the Freedom of Information Act 2000</p>			
<p>Causes</p>	<ul style="list-style-type: none"> • A person requesting information from a public authority has a right, subject to exemptions,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

<p>Proposed actions</p>	<p>SLB to ensure Appropriate resourcing, prioritisation and focus on information management and governance across the Council include the following:</p> <ul style="list-style-type: none">• Monthly reporting to Heads of Service of a list of any outstanding FOIA requests, to ensure appropriate action across their service.• Regular monitoring and review by IMGEG of compliance with statutory timescales associated with requests and numbers outstanding.• Set targets to ensure compliance with ICO recommendations (95% or more of requests are responded to within 20 working days = good, 90 to 95% of requests are responded to within 20 working days = adequate, fewer than 90% = unsatisfactory).• Regular reporting by IMGEG to SLB and Audit and Governance Committee, as necessary, as to the Council's compliance with the FOIA.• Maximise the opportunities from the Council's ICT Transformation to increase and embed effective information management and governance.
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Appendix A - Corporate Risk Register March 2024

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

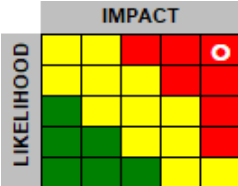
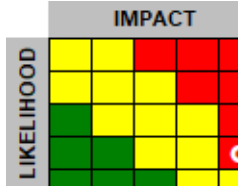
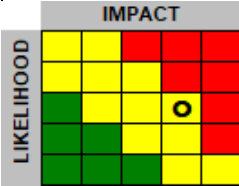
Appendix A - Corporate Risk Register March 2024

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Non achievement of our aim and ambition to secure the best outcome from a CQC assessment, against current local pressures and demands.</p>			<div style="border: 1px solid black; padding: 5px;">  This image cannot currently be displayed. </div>
<p>Causes</p>	<ul style="list-style-type: none"> Lack of sufficient preparedness for CQC Regulatory Visit and Assessment Strategic - Not having in place the right workforce targeted skills, experience, and resources to deliver such a significant programme of change, that delivers the best outcomes for Sefton residents. Workforce - insufficient resources and skills to effectively and responsively meet local demand and pressures across ASC. 		
<p>Result</p>	<ul style="list-style-type: none"> Reputational Damage - CQC rating for the Council will reflect requiring improvement or inadequate that impacts on Council reputation across its market and with partners. Operational - Unsatisfactory outcomes for individuals/Carers identified, impacting people who access and use services. Legal Compliance/ Regulatory - Service deemed to not be effectively discharging statutory duties for those adults with care and support needs in one or more areas of the assurance framework and under its Care Act legal duties and obligations meaning the SOS will intervene. Reputational - Loss of confidence with local residents, not yet known to ASC. Workforce - Impact on recruitment and retention of staff, resulting in service disruption. Financial - Impact of 'new' regulation on ASC budget with additional pressures. 8) The Cost of additional resources will impact budget. 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> Executive Assurance Board (EAB) and monitoring in place and ELT reporting and Monitoring in place. Part 1 Codesigned CQC Self-Assessment completed. HR and Learning Resource Plan in Place. Comms and Marketing Resource Plan in place. Sefton Safeguarding Board Resource and Plan in place Health and Social Care Community Partners Continued Engagement in Place Workforce Plan in place Finance Budget setting, reporting, and monitoring in place. Transformation programmes in place Workforce and Delivery Operational Assurance Groups in place, reporting to SMT/EAB/ELT with actions. Monthly Assurance Reporting to ELT Overview and Scrutiny Reporting and Monitoring in place National and Regional ADASS Assurance reporting and monitoring in place Application of the National ADASS/LGA Guide. 		

Appendix A - Corporate Risk Register March 2024

	<ul style="list-style-type: none"> • Monthly Practice Forums and feedback in place • Let's Chat Assurance and feedback in place. • ASC Policy Board and actions in place • ASC IT Systems Group and actions in place • Workforce Plan in place, leading positive culture of change. • LGA to Peer Review Safeguarding to take place. (Jan 24) • C&M Assurance Lead Workshops and Learning
Risk owner	Executive Director of Adult Social Care (ASC) and Health (DASS)
Proposed actions	<ul style="list-style-type: none"> • Governance - To review current EAB and consider implementation of an ASC Quality and Improvement Programme Board. • Resources - Identify corporate strategic resources to support programme of work over the next 12 months. • Improvement Plan Operational finalised and regular reporting in place. • ELT Data Reporting and Monitoring - To Review CQC Outcomes Data, ELT reporting and ensure Plans are robust. Regular reports to Overview and Scrutiny Committee • CQC Risk Reporting - To implement CQC Risk Reporting Framework across operational services regarding - Is the Council Safe, Effective, Responsive, Caring and Well-led. • Completion of Quality Statements and Local Account • Peer review for Safeguarding to be explored

Appendix A - Corporate Risk Register March 2024

Risk Description	Previous risk score	Current risk score	Target risk score
Inability to deliver the Requirements and Commitments for the Growth Program and its Associated Projects			
Causes	<ul style="list-style-type: none"> • Required Capital and Revenue funding not available to deliver the projects for Economic Recovery and Growth. This can be due to unavailability or timing of funds available. • External pressures affecting the construction sector, leading to challenges to project deliverability, affordability, or timescales. This includes inflationary cost pressures; insufficient market capacity, contractor availability and contractor capacity; insufficient availability of materials and/or labour; delayed lead-in times for materials or services; rising prices for services, materials, and equipment. • Insufficient internal staffing resource, hindering effective and timely delivery. 		
Result	<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 		
Current treatment and controls	<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. 		
Risk owner	ED Place		
Proposed actions	<ul style="list-style-type: none"> • Actively pursue all additional funding available in timely and at the earliest opportunity. • Create and make available Bid Team focused on and challenged with successful bids. • Establish Project Review forums and reporting mechanisms for early visibility of reporting of project progress and any emerging issues - on a project-specific and programme-wide basis. • Proactive external engagement with construction sector and key partners (e.g. LCR CA) to ensure visibility and understanding of risks to the sector and potential mitigants. • Develop and implement procurement strategy to ensure sustained competition, robustness of process and suitable partners for project delivery - Currently being actioned. • Further refine and strengthen capital project planning, delivery, and governance measures 		

Agenda Item 5

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	ICT Acceptable Usage Policy - Yearly Review		
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:

The purpose of this report is to obtain approval for revised security policy documentation relating to the Authority's ICT estate. The Policy Document is a yearly review of the ICT Acceptable Usage Policy reviewed and approved by the Audit & Governance Committee on 15th March 2023 and by Council on the 13th April 2023. Changes to the ICT Acceptable Usage Policy are highlighted in yellow and provide explicit guidance around Bring Your Own Devices (BYOD) for Council Officers and WhatsApp usage.

Recommendation(s):

Council is requested to approve:

- (1) The revised ICT Acceptable Usage policy documentation relating to the authority's ICT estate
- (2) The internal publication of the Acceptable Use Policy.

Reasons for the Recommendation(s):

To ensure that Sefton's ICT users are operating in line with industry standards for ICT Security Management.

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

Not to make any changes to existing documentation – rejected, as this would not be consistent with the requirements of the ICT Contract and Sefton would not be operating in line with leading industry practice, which could expose the organisation to increased risk of Cybercrime/Cyber Security or Information Breach.

Agenda Item 5

What will it cost and how will it be financed?

(A) Revenue Costs

Not applicable

(B) Capital Costs

Not applicable

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets):</p> <p>Revised policy documentation for review by all authorised users of Sefton ICT services</p> <p>IT changes and security infrastructure changes to be addressed within the ICT Contract Management</p>								
<p>Legal Implications:</p> <p>There are no legal implications</p>								
<p>Equality Implications:</p> <p>There are no equality implications</p>								
<p>Impact on Children and Young People: No</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>No</td> </tr> <tr> <td>Have a neutral impact</td> <td>Yes</td> </tr> <tr> <td>Have a negative impact</td> <td>No</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td>Yes</td> </tr> </table> <p>Approval of the ICT Acceptable Usage Policy will have no direct impact on the Council's Climate Emergency Implications.</p>	Have a positive impact	No	Have a neutral impact	Yes	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	Yes
Have a positive impact	No							
Have a neutral impact	Yes							
Have a negative impact	No							
The Author has undertaken the Climate Emergency training for report authors	Yes							

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Yes, the provision of a secure network will provide the foundation for any further developments of digital services for residents
Commission, broker and provide core services: Yes, provision of a secure ICT Environment
Place – leadership and influencer: Not Applicable
Drivers of change and reform: Yes, ICT is a key enabling programme to deliver the Framework for Change

Facilitate sustainable economic prosperity: Not Applicable
Greater income for social investment: Not Applicable
Cleaner Greener: Not Applicable

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7579/24) and the Chief Legal and Democratic Officer (LD.5679/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Immediately following the Committee / Council meeting.

Contact Officer:	Jamal Aslam
Telephone Number:	07702026983
Email Address:	jamal.aslam@sefton.gov.uk

Appendices:

ICT Acceptable Usage Policy

Background:

1.1 In 2017 the authority embarked on a radical programme of ICT Transformation, to improve the Council’s ICT provision to support both the Framework for Change Programme and to create a state of readiness for a new external ICT Provider. In addition, this enabled a step change in service delivery to support the delivery of interdependent PSR workstreams namely the Asset and Accommodation Strategy (PSR8) and Locality Teams (PSR2). The three key deliverables were:-

- 1.1.1** Services and staff – to improve the end user experience and support the introduction of new ways of working;
- 1.1.2** ICT Service – to deliver a new ICT Support service and associated services to improve reliability and functionality of ICT as well as supporting continual improvements/service transformation; and
- 1.1.3** ICT Infrastructure – to enable agile working, reduce the complexity of system delivery as well as providing the platform for Sefton to take full advantage of advances in technology moving forwards

Agenda Item 5

1.2 Alongside the delivery of a new technical and support infrastructure it is essential to align associated policies that govern both ICT Security operations and Acceptable Use of ICT to ensure the provision of a robust and secure network. These documents are as follows:-

1.2.1 Information Security Management System Policy, which governs the provision of contracted technology and telecommunications services to Sefton in line with the International code of Practice for Information Security Management ISO27001:2013;

1.2.2 The Initial Security Management Plan which describes how the external ICT Services provider (Agilisys) manages Information Security according to leading industry practice and specifies any additional or different application of controls to ensure a secure network; and

1.2.3 ICT Acceptable Usage Policy, which aims to provide clear guidance on the acceptable use of ICT for authorised users, to protect the security of the network and reduce the risk of a data breach.

2. Proposals for Approval

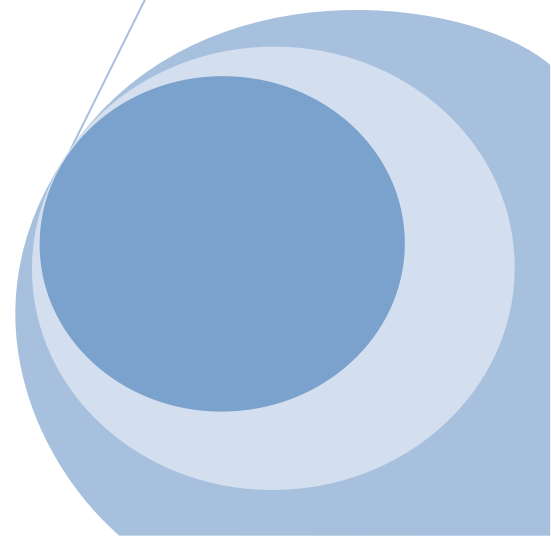
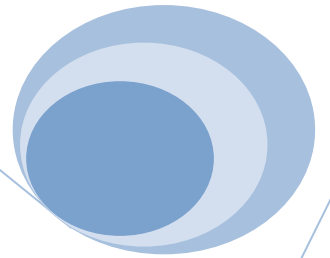
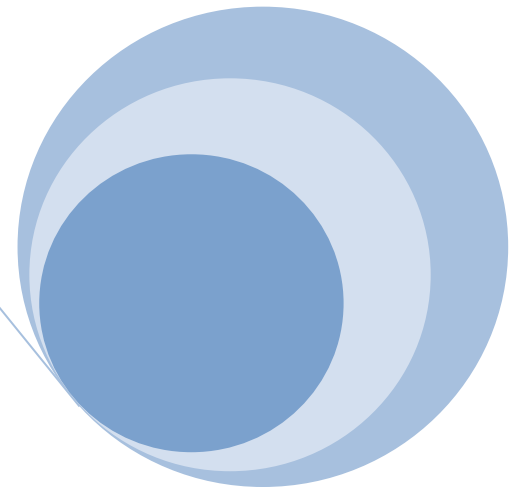
Given the fundamental changes in ways of working, the ICT Acceptable Usage policy has been reviewed and updated to ensure all personnel are taking the precautionary steps to protect the Council's ICT environment whilst working from remote locations as well as general changes in line with the National Cyber Security Centre guidance.

3. Conclusion

This report provides a single core policy document, to streamline the current guidance documentation available for all authorised users of Sefton's ICT environment, as well as ensuring the Sefton is operating in line with Industry Standards for ICT Security Management.

ICT Acceptable Use Policy

2024



Agenda Item 5

Summary Sheet

Document Information

Protective marking (Unclassified / Restricted Circulation / Confidential)	Unclassified
Ref	Acceptable Use ICT
Document Purpose	To ensure all users of Sefton's ICT are aware of guidance around acceptable use
Document status (Draft / Active)	Final
Partners (If applicable)	N/A
Date document came into force	TBC
Date of next review	March 2025
Owner (Service Area)	Sefton Council – ICT Client Team
Location of original (Owner job title / contact details)	Helen Spreadbury
Authorised by (Committee/Cabinet)	Audit and Governance Committee

Further documentation and supporting material can be found via the following page

<http://intranet.smbc.loc/our-council/data-protection-information-handling/policies.aspx>

Introduction

The purpose of this document is to ensure that all Users of Sefton Council's ICT (Information Communications Technology) Services feel confident in the use of ICT to complete their work. The aim of this policy document is to describe in plain English what is acceptable activity to ensure the security of Sefton's ICT network, to protect the disclosure of information and ensure we can prevent, as far as possible, cyber-attack or cybercrime.

The increasing use of Information and Communication Technology and the development of information strategies to support the process of providing effective services make it necessary to take appropriate action to ensure that these systems are developed, operated and maintained in a safe and secure manner.

Whilst the aim is to provide facilities for employees to use freely in pursuit of their job there are, however, management and legal issues, which should be borne in mind to ensure the effective and appropriate use of information technology.

Scope

This document applies to all authorised users of Sefton's ICT systems; including council employees, members, contractors, consultants, commissioned service providers and organisations that connect to or support any part of the IT Infrastructure

Individual Responsibilities

- All Elected Members must accept responsibility for maintaining ICT standards within the organisation.
- All Managers must accept responsibility for initiating, implementing and maintaining ICT standards including those outlined in the Starters, Movers and Leavers policy within the organisation.
- All non-managerial employees must accept responsibility for maintaining standards by conforming to those controls, which are applicable to them.
- The ICT Client Team, supported by Agilisys, is responsible for implementation of technical security solutions to protect the network.

Agenda Item 5

How to use this document

This document outlines what Sefton deems to be acceptable and unacceptable use of ICT, all colleagues as defined within the scope of this document must comply with this policy failure to do so may lead to disciplinary action.

If you do not understand the definitions and guidance in this document please do not hesitate to seek advice from either your manager, The ICT Client Team, or the IT Helpdesk.

User Accounts and Passwords

Access to Sefton Council's ICT systems and Information must be adequately protected. Whilst different business applications have varying security requirements, these individual requirements must be identified through risk assessments that will 'control the access' to the ICT systems and filing cabinets where the information is held in paper form.

Management Responsibilities

- Managers must ensure that all staff within their team have access rights to systems and IT services that are commensurate with the tasks they are expected to perform.
- All staff must have a unique login that is not shared with or disclosed to any other users along with an associated unique password that is requested at each new login.
- Employees must not make copies of computer software owned by the Council for private use.
- User's access rights must be reviewed at regular intervals by their manager to ensure that the appropriate rights are still allocated. System administration accounts must only be provided to users that are required to perform system administration tasks.
- Managers must ensure that all computer software and hardware is purchased via the ICT Client team, under no circumstances should any free of charge evaluation software be installed without prior approval from the ICT client team.
- All authorised users are required to comply with the Starters, Movers and Leavers Policy document found in Appendix A.
- Managers must ensure that all new employees must complete the Information Management and Governance and ICT Acceptable Usage Policy training on MeLearning within 7 days of their start date. Failure to complete the MeLearning courses will result in limitations being placed on the ICT account.

1. IT Device Management

As a principle, and to ensure value for money, there will be no more than one workstation asset allocated per user (desktop/laptop) In exceptional cases staff requiring multiple assets must provide a business case (signed by Head of Service) to the ICT Client team before an additional device will be purchased.

How you should use your device (key principles)

- All devices directly connected to the Sefton MBC Network (wired, wireless or access via VPN) must be approved, deployed and supported by the ICT Managed Service Provider
- The installation of any software and any required local configuration is managed and supported by the ICT Managed Service Provider, users should not install any software themselves.
- All devices are owned by Sefton MBC
- All mobile end user devices must be assigned a named individual within a team.
- If a person moves role within the organisation the device remains with the leavers team for reallocation to the new postholder, in cases where there is no new postholder it must be returned to the ICT Managed Service Provider
- All fixed desktops must be assigned to the departmental manager for that area.
- When a device is no longer in use then the device must be returned to the ICT Managed Service provider
- All devices must be listed within the team's equipment inventory.

Things you must not do

- **Connect any corporate resources (e.g. Email or Teams) to** personal devices or connect personal devices to the corporate network – Bring your Own Device (BYOD) is not permitted.
- Do not take your council devices outside of the United Kingdom without prior approval from the ICT Client Team
- Do not move or install devices without the support of ICT, all requests for installation, moves or changes to any device must be logged through the ICT Service Desk
- Do not dispose or reallocate any device without logging a call with the ICT Service Desk, any disposals must comply with WEEE Regulations 2017

2. User network and Applications Accounts

- Always use your own personal Sefton Council account to carry out your work.
- Only use your administration account to carry daily specific system administrator duties assigned to you by your manager (if relevant)
- All Sefton Council IT Accounts not accessed for longer than 30 days will be disabled.
- **Always use CTRL ALT DEL/Windows Key + L to lock your machine when unattended.**

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- Follow the password policy in Appendix B, a summary of what you shouldn't do is described below.

Things you must not do

- Never write passwords down
- Never send a password through email
- Never save passwords in your browser/s
- Never include a password in a non-encrypted stored document
- Never tell anyone your password or hint at the format of your password
- Never use your network password on an account over the internet which does not have a secure login, Secure web pages have addresses that start with https://
- Don't use common acronyms as part of your password.
- Don't use spaces, common words or reverse spelling of words in part of your password.
- Don't use names of people or places as part of your password.
- Don't use parts of your login name in your password.
- Don't use parts of numbers easily remembered such as phone numbers, NI numbers or street address.
- Never let someone see you type your password.

3. OneDrive and SharePoint

Access to OneDrive for Business is from a managed Sefton Council **Windows 10** device or a managed mobile device only.

OneDrive for Business is your personal area on the cloud, confidential to you, previously known as your H: Drive. OneDrive for Business requires an Office 365 license, once employment ends this data will be accessible to the user's manager and will then be archived in line with the data retention policy, please refer to Appendix D

SharePoint is a web-based collaborative platform that integrates with MS Office, used for sharing documents, this is where you will find all the documents migrated from your old G: Drive or team drive or Microsoft Shares.

How you should use OneDrive for Business and SharePoint

- All data stored in OneDrive for Business should be relevant to the user's role.
- All data that needs to be shared across teams/groups must be stored in SharePoint.
- Data should be stored in line with the retention schedule and deleted when no longer required.
- Managers are listed as SharePoint site owners, and they are responsible for providing and revoking access to staff when required in line with the Starters, Movers, and Leavers policy in Appendix A.

- Employees can also be delegated Owner permissions to a SharePoint site if a manager has granted that permission. Any owner of a SharePoint site is responsible for the administration of permissions to that sites data.
- The sharing of files to trusted third parties is permitted however this should only be done for valid business purposes, the basic configuration of this is supported by the ICT Service Desk however the Site Owner is responsible for providing and revoking access to the data within the site.

Things you must not do

- Personally identifiable data must not be kept in OneDrive.
- Personal/Copyright Pictures must not be stored in OneDrive or SharePoint
- Personal/Copyright Videos must not be stored in OneDrive or SharePoint
- Any pictures, music or videos that are stored will be deemed to be property of Sefton Council
- Do not save any documents/files which hold sensitive/personally identifiable data on your desktop.
- Your OneDrive must only be accessed with your own user account and users must not attempt to access another user's OneDrive without their prior expressed permission. Exemptions to this are;
 - Where a colleague or manager requires access to the OneDrive folder of a user who has left the organization or is on Long Term Absence
- If a manager requires access to another user's OneDrive folder as part of an investigation, then approval is required by HR in the first instance.

4. Internet Acceptable Use Policy

The Council recognises that it is not practical to define precise rules that cover the full range of Internet activities available and in general, it is adherence to the spirit and essence of the policy that will allow the Council as a whole, and employees in person, to productively benefit from access to this powerful technology.

All personal usage must be in accordance with this policy. Your computer and any data held on it are the property of Sefton Council and may be accessed at any time by the Council to ensure compliance with all its statutory, regulatory and internal policy requirements.

What you should use your Council Internet account for

Your Council Internet account should be used in accordance with this policy to access anything in pursuance of your work including:

- Access to and/or provision of information.
- Research
- Electronic commerce (e.g., purchasing equipment for the Council)
- Supported council applications which are hosted externally by the supplier.

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- Personal use in your own time (i.e.: during your lunchbreak), any personal use must not include any activity listed in the section below.

The Council is not however responsible for any personal transactions you enter, for example in respect of the quality, delivery or loss of items ordered. You must accept responsibility for, and keep the Council protected against, any claims, damages, losses or the like which might arise from your transaction for example in relation to payment for the items or any personal injury or damage to property they might cause.

The Council is not responsible for any losses or issues relating to personal use of the Council's internet facility.

If you are in any doubt about how you may make personal use of the system you are advised not to do so.

Things you must not do

- Browse non-work sites during working hours.
- Leave open live internet feeds to collect news, sports updates or to download images, video or audio streams for none work purposes.
- Download any copyrighted material without the owner's permission.
- Create, download, upload, display or access knowingly, sites that contain pornography or other "unsuitable" material that might be deemed illegal, obscene, or offensive.
- Subscribe to, enter or use peer-to-peer networks or install software that allows sharing of music, video or image files.
- Subscribe to, enter or utilise real time chat facilities such as chat rooms, text /image messenger or pager programs.
- Subscribe to, enter or use online gaming or betting sites.
- Subscribe to or enter "money making" sites or enter or use "money making" programs.
- Subscribe to, enter or use Free PDF Conversion websites.
- Run a private business.
- Download any software used for hacking or cracking passwords.
- Make repeated attempts to access any sites automatically blocked by the Council's filtering software.

The above list gives examples of "unsuitable" usage but is neither exclusive nor exhaustive.

5. Email Acceptable Use Policy

The email system is provided to allow electronic communication in pursuance of Council business between Elected Members, Council employees, individual Council service users and external organisations. All email sent and received via Sefton Council is owned by the council and should not be deemed personal. The Council will monitor your email account usage and may access your email content. Be

aware that Sefton MBC may be required to disclose your emails or responses to them, to third parties for legal reasons, which may include requests made under the UK GDPR, Freedom of Information Act or Environmental Information Regulations.

How you should use your email (key principles)

- Communication in connection with Sefton Council's business
- Users must exercise due care when drafting an email to ensure that their message maintains the standards of professionalism the Sefton Council expects of their position.
- Council Officers should not make statements on their own behalf or on behalf of the Sefton Council that do or may defame, libel or damage the reputation of Sefton Council or any person *Elected Members should refer to the Members Code of Conduct for further guidance.
- Limited personal use of email is allowed provided it is kept to a reasonable level, does not interfere with a user's performance in performing their duties, does not have a negative impact on Sefton Council in any way, is lawful and adheres to the principles contained within this email Policy.
- Sefton Council email / public folders and shared mailboxes not accessed (e.g., opened content) for longer than 30 days will be disabled.
- Sefton Council email / public folders and shared mailboxes not accessed for longer than 90 days will be archived except where otherwise directed by the relevant manager i.e.: for long term sickness, maternity or direct instruction from HR, see Appendix A
- All Sefton Council email / public folders and shared mailboxes must have an owner and if an owner leaves it must be reassigned or the mailbox will also be removed in accordance with policies above.
- The Sefton Council ICT Division will hold archived leavers data for 7 years, this data will only be accessed upon a formal request approved by a manager or HR.
- Sefton Council reserves the right to monitor and/or record individual email use for lawful business purposes. Users should therefore have no expectation of privacy whilst using Sefton Council equipment for the purposes of communicating via email.
- The contents of all email attachments, inbound and outbound, are scanned electronically to help implement this Mandatory Policy against the acceptable use policy and to prevent malware.
- Individual users are responsible for the day-to-day housekeeping of their account and must minimise their mailbox space.

Things you must not do

- Use the Council's email system to facilitate or operate any business/ commercial activity, other than that of the Council.
- Send business related email to large distribution groups without the permission of the ICT Client Team (over 250 recipients)
- **Email confidential, sensitive or personally identifiable information to other people (either internal or external) without ensuring that the data is secured and that the authority has the legal power or explicit consent to do so.**

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- Send confidential or third-party personal information from your work email account to your personal account for any reason.
- Provide your work email address as contact details to sites you have accessed for non-work purposes.
- Use personal web-based email from your work equipment i.e.: Google Mail
- Send files with non-business-related attachments (i.e., compressed files, video streams, executable code, video or audio streams or graphical images)
- Email must only be accessed via the user's personal user account and users must not attempt to access another user's mailbox without their prior expressed permission. Exemptions to this are;
 - Where a colleague or manager requires access to the mailbox of a user who has left the organization or is on Long Term Absence
- If a manager requires access to another user's mailbox as part of an investigation, then approval is required by HR in the first instance.
- Except where it is strictly and necessarily required for your work (for example, corporate advertising, IT audit activity or other investigation), you must not create, download, access, display, transmit or engage in the following:
 - full videos or clips
 - photographic or cartoon images
 - chain letters
 - jokes or 'joke' chains
 - conversational email
 - harassing or bullying content
 - entertainment software
 - other non-work-related software
 - advertisements
 - global emails (see paragraph 13 below)
 - game
 - gambling
- Again, except where it is strictly necessary and required for your work (as defined above) you must not create, download, access, display, transmit or engage in the following
 - material that is obscene, offensive, sexually explicit, pornographic, racist, sexist, ageist, defamatory, hateful, or homophobic in nature, incites or depicts violence, or describes techniques for criminal or terrorist acts.
 - derogatory remarks or express derogatory opinions regarding the Council, its Officers or Members or communicate extreme views that could be to the detriment of the Council or its reputation or bring the Council into disrepute.

If you receive an unsolicited "unsuitable" email please inform your manager and notify the ICT Service Desk.

6. Telephones

For the purpose of this policy the term 'Phones' refers to Council 8x8 Cloud Telephony System landlines and mobile telephony devices, including pool phones. Users are expected to exercise due care when making telephone calls and using mobile messaging, to ensure that they maintain the standards of professionalism the Council expects of their position. Managers have the responsibility to inform the ICT Service Desk when a mobile phone is no longer required, e.g., a member of staff has left, and the phone is not being passed on, so that the contract can be cancelled.

Sefton reserves the right to monitor and record/log individuals' use of the mobile device systems for its lawful business purposes. Sefton's employees, secondees and workers must not expect privacy whilst using Council equipment for the purposes of communicating. Sefton MBC may be required to disclose voice recordings to third parties for legal reasons, which may include requests made under the UK GDPR or Freedom of Information Act.

How you should use your Telephone (key principles)

- In connection with normal business
- Use of personal mobile phones in work for short conversations/messages provided it is kept to a reasonable level, does not interfere with a user's performance in carrying out their duties, does not have a negative impact on Sefton Council in any way, is lawful and adheres to the principles contained within this Policy.

Things you must not do

- Allow the use of Council Phones by unauthorised person(s)
- Use a Council phone for personal calls (this includes the use of SMS text messages/internet use) except in an emergency.
- Use your Councils mobile data package (mobile phone or MiFi device) for non-work purposes.
- Incur international roaming costs unless pre-authorised by your manager (or Democratic Services Manager, for members)
- Use phones in a manner that could bring Sefton Council into disrepute.
- Send SMS or MMS messages that could contain discriminatory, abusive, racist, pornographic, obscene, illegal, offensive, potentially libellous or defamatory content.
- Send personal and/or sensitive data using SMS or MMS messages without verifying that the Council has the legal powers or explicit consent to do so.
- Use a Sefton Council number to promote any external private business.
- Use a Sefton phone to contact premium rate numbers.
- Remove the Council SIM card for any purpose (unless explicitly told to do so by a member of the ICT Service Desk as part of fault diagnosis/repair)
- Transfer the SIM Card to any other device.
- Use internet-based voice & chat applications such as WhatsApp on your council phone without submitting an authorisation form found on the intranet (Appendix C). Please note the ICT Client Team may suggest internal applications such as

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Microsoft Teams instead of WhatsApp when these forms are submitted depending on the use case.

If you receive any harassment via telephone, do not attempt to contact a person who has left you an unpleasant, suspicious, or threatening message. Do not engage in conversation with a person making an unwanted call. Remain calm and try not to show emotion.

Put the handset to one side for a few minutes then replace it. Record the date and time of the call as well as the details even if they were unanswered or silent calls. Write down and save any text messages and the time they were received. In the first instance users should inform their line manager and contact HR for further advice.

7. Security

All computer equipment should be placed in suitable physical locations that

- Reduce risk from environmental hazards, for example, heat, fire, smoke, water, dust and vibration.
- Reduce the risk of theft.
- Facilitates workstations handling personal data being positioned so that the screen cannot be seen by unauthorised personnel.
- All items of equipment must be maintained on a departmental inventory.
- When working in an agile way, users are responsible for the security of device(s), some key general guidance notes are provided below
 - Ensure the device is logged out of the network when not in use and correctly shutdown.
 - Devices must not be left unattended in a public location.
 - Conceal when transporting on leaving i.e.: in the boot of a vehicle instead of the back seat.
 - Do not leave devices in parked cars overnight, even if they are concealed.
 - Place in a safe place if the device is to be stored at home/away from the office e.g., away from windows
- All Council devices and accounts are protected by Microsoft Intune and thus the Microsoft 365 Conditional Access policies apply, the conditional access policies will prevent you from
 - Logging into any device from a country other than the UK
 - Logging into the Sefton network via a non-council device (unless previously authorised in line with member usage)
 - Accessing Council resources until your device is security compliant.
- You must ensure any WiFi access point you connect your Council device to is appropriately secured e.g., with a password. Public WiFi that you would find in a Café, Hotel or Restaurant is unsecure and should not be used in any case.

Reporting Information Security Events and Weaknesses

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Security events, for example a Data Security Breach or a virus infection could quickly spread and cause data loss across the organisation. All users must be able to identify that any unexpected or unusual behaviour on the workstation could potentially be a software malfunction. If an event is detected users must:

- Note the symptoms and any error messages on screen.
- Disconnect the workstation from the network if an infection is suspected (with assistance from IT Support Staff)

All security events should be reported immediately to the ICT Service Desk on ext. 4999.

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Appendix A – [Starters, Movers, Leavers Policy](#)

Appendix B – [Password Policy](#)

Appendix C – [WhatsApp Policy](#)

Appendix D - Data Retention (IT Systems)

This document does not replace the authorities Retention Schedule but outlines the core principles of how data will be managed on the IT Infrastructure, this document only relates to electronic files, paper files are not included in this policy.

- User data for confirmed leavers is to be archived after 90 days this includes data and information stored in **OneDrive** and **Email**. The Sefton Council ICT Division hold a backup of the archive for 7 years, this data will only be accessed upon a formal request approved by a manager or HR.
- Managers are responsible for ensuring the removal of electronic information from systems once retention periods are expired.
- It is expected that business information required for regulatory purposes will be stored in the relevant business document management systems. For example, finance data must be stored in Oracle or finance server not in user's email.
- Where an end user device is a desktop the saving of information will be restricted, where the device is mobile then that device will have approved encryption methods enabled and are not to be circumvented. Usage of approved and encrypted devices for storage of information while conducting daily work activities is permitted. Such devices include Council tablets and other smart devices; however, users must upload content to the appropriate systems (e.g., planning photographs) and remove it from the device.
- Unauthorised use of any cloud storage or online file transfer sites e.g., drop box or We Transfer is prohibited by the policy and using any cloud storage not authorised may result in disciplinary action.

Appendix E – Monitoring (IT Systems)

ICT and application usage/information is logged, this information may be subject to FOIA, Subject Access Requests or HR/Legal investigations. A non-exhaustive list of what is logged are listed below;

- **User login information**, e.g., start and end time over VPN
- **User access to O365**: e.g. accessing files, editing, adding or deleting further information can be found here - [Understanding the User activity logs report - Microsoft Support](#)
- **Email activity** including full access to email if required in line with HR/Legal procedures (named officers only)
- **Internet activity**: sites accessed, any transactions.
- **Application specific usage**: audit logs on most applications includes who, what, when was access and edits made including deletions.
- Number of Teams meetings attended, how many calls made/received, how many minutes spent in calls, how many messages have been sent/received, duration on status (i.e., inactive, away, busy etc)
- **Mobile telephony**: Number of calls made/received, number of text messages sent/received as well as the phone numbers used.
- **Canon Printing**: Name of documents/files that have been sent to print and released by user, number of prints, scans and copies completed.
- **8x8**: Login and log off times, number of calls made/received, number of minutes spent on calls, phone numbers contacted. Call recordings are also captured for some users based in the Contact Centre and Sefton Arc.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	Treasury Management Position to January 2024		
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 January 2024. This document is the third 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 January 2024, 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 apprised of the treasury activity undertaken to 31st January 2024 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

The financial position on the external investment budget to the end of January indicates a surplus to the end of the period. The forecast to the end of the financial year also shows that investment income will exceed the level set in the budget.

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(B) Capital Costs

None.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): A surplus in investment income has been forecast for 2023/24 financial year due to prevailing market conditions.								
Legal Implications: The Council has a statutory duty under the Local Government Act 2003 to review its Prudential Indicators and Treasury Management Activities.								
Equality Implications: There are no equality implications.								
Impact on Children and Young People: No								
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>N</td></tr></table> The Council has during 2023/24, 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. 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.	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 (FD5700/24) is the author of the report.

The Chief Legal and Democratic Officer (LD7600/24) 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 revised 2021 Code of Practice on Treasury Management in Public Services, the Council's Treasury Management Policy and Strategy document for 2023/24 (approved by Council on 2nd March 2023) included a requirement for regular updates to be provided on the investment activity of the Authority. This report is the third of such reports for the year and presents relevant Treasury Management information for the period ending 31st January 2024.
- 1.2. 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

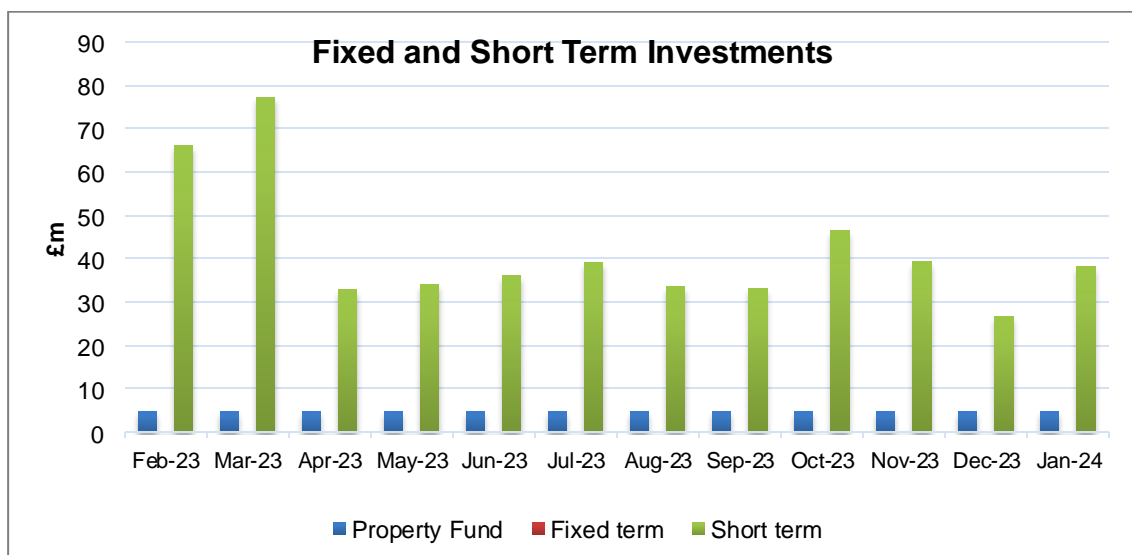
- 2.1. Investments held at the 31/01/2024 comprise the following:

Institution	Deposit £m	Rate %	Maturity	Rating
Money Market Funds:				
Aberdeen	4.34	5.22	01.02.24	AAA
Aviva	4.34	5.32	01.02.24	AAA
Blackrock	4.34	5.24	01.02.24	AAA
BNP Paribas	4.34	5.31	01.02.24	AAA
Goldman-Sachs	3.20	5.21	01.02.24	AAA
HSBC	0.49	5.20	01.02.24	AAA
Invesco	4.34	5.31	01.02.24	AAA
Morgan Stanley	4.34	5.27	01.02.24	AAA
Federated	4.34	5.34	01.02.24	AAA
Insight	4.34	5.29	01.02.24	AAA
Total	38.41			
Property Fund:				
CCLA	5.00	4.94	n/a	n/a
Total	5.00			
TOTAL INVESTMENTS	43.41			

- 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 2023/24. The balance of investments is therefore expected to fall over the coming months as the income is fully expended.

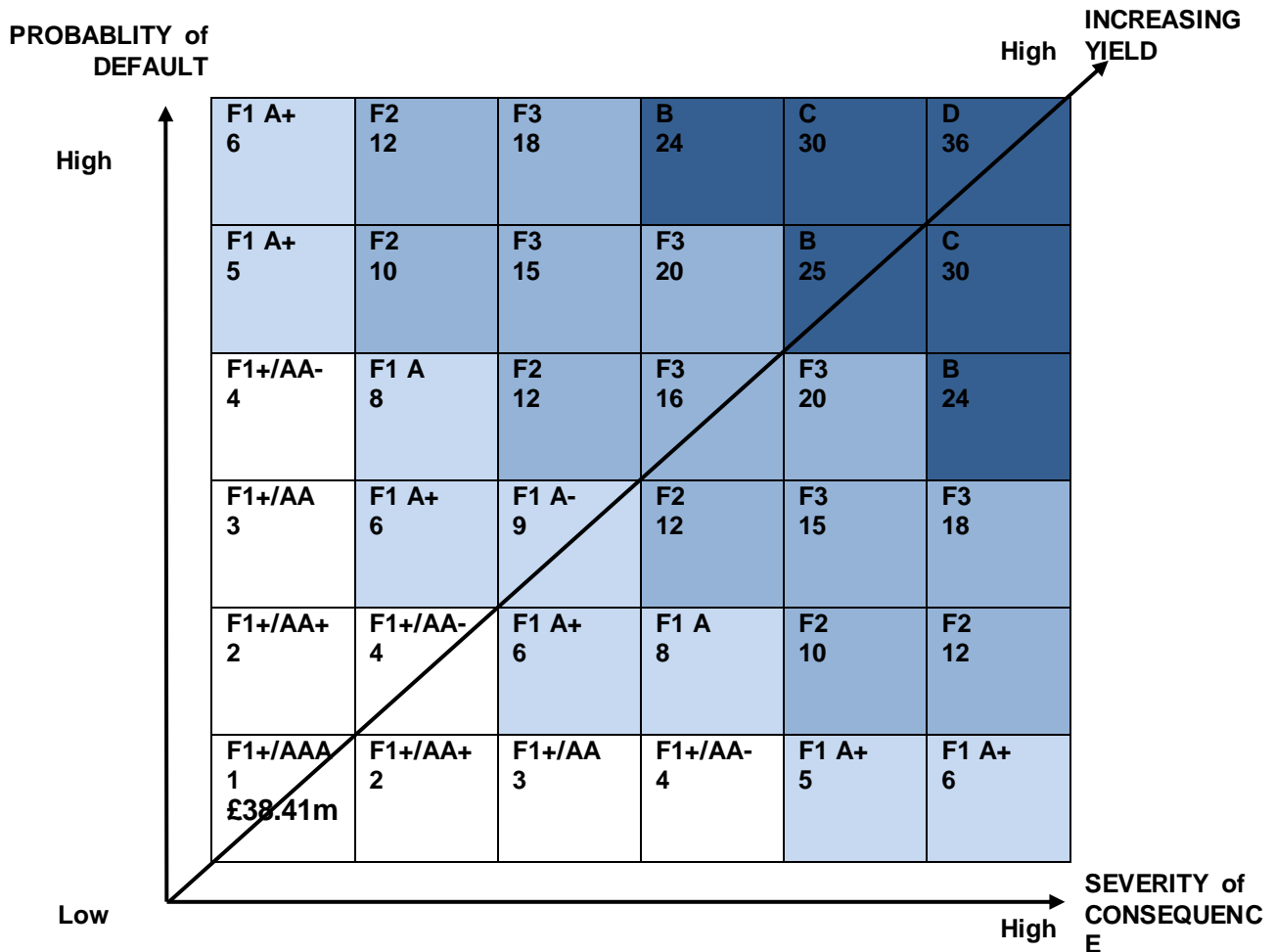
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- 2.3. All of the investments made since April 2023 have been with organisations on the current counterparty list. The maximum level of investment permitted in the Treasury Management Strategy in any one institution, or banking group, is currently £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 decreased over a 12-month period to January 2024 from 289.43p per unit to 277.86p per unit, a decrease of 4%. The fund is considered to be a long-term investment and fluctuations in value are to be expected with this type of asset. The situation will continue to be monitored closely however, and advice taken from the Council's treasury advisers should its position in the fund need to be reviewed. The income yield on the Property fund at the end of January 2024 was 4.94% which is above the level of returns received in the past.
- 2.7. The ratio of overnight deposits (short term) to fixed term investments and the property fund is shown below:



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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	£38.41m
LOW - MEDIUM	5 - 9	Investment Grade	£0
MEDIUM	10 - 20	Investment Grade	£0
HIGH	21 - 36	Speculative Grade	£0

2.9. The Council will continue to maximise any investment opportunities as they arise but given that the Council's cash balances are typically lower towards the end of the financial year is not envisaged that any substantial increase in returns can be achieved during the final quarter. Cash balances available for investment will be held in overnight deposits to allow the council to respond to any exceptional demands for cash as they arise. The possibility for making long term deposits at potentially improved rates will be reviewed in the first quarter of 2024/25 as new grant allocations begin to be paid to the Council and cash increases.

3. Interest Earned

3.1. The actual performance of investments against the profiled budget to the end of January 2024 and the forecast performance of investments against total budget at year end is shown below:

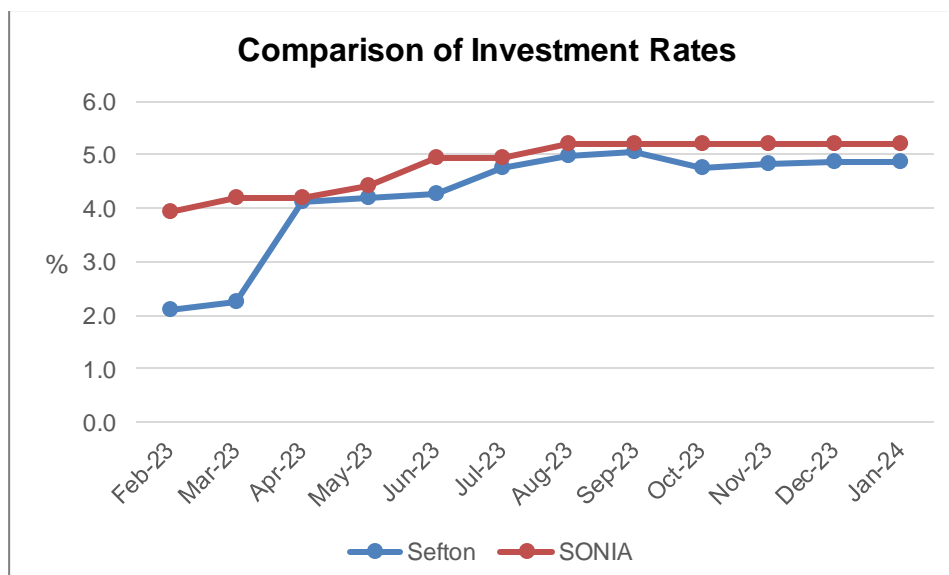
	Budget £m	Actual £m	Variance £m
January-24	1.079	1.957	0.879

	Budget £m	Forecast £m	Variance £m
Outturn 2023/24	1.317	2.217	0.900

3.2. The forecast outturn for investment income shows the level of income to be above target against the budget for 2023/24. Investment rates have increased in the past 12 months (see 3.4. below) largely in response to rises in interest rates. The forecast income for 2023/24 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 increased rates will lead to a significant improvement in the forecast income from investments for the remainder of 2023/24 as cash balances are diminishing and held in short term deposits. A prudent approach has therefore been taken when forecasting returns for the rest of the year.

3.4. The Council has achieved an average rate of return on its investments of 4.89%. The chart below shows the average rate of return plotted against the SONIA benchmark.



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3.5. As can be seen from the chart above, Sefton’s investments have slightly underperformed (by 0.3%) compared to SONIA to the end of January 2024, although the investment income received is above target as per the 2023/24 budget as shown in paragraph 3.1 (above).

4. Borrowing Strategy

4.1. As outlined in the Treasury Management Strategy approved by Council in March, the Authority’s chief objective when borrowing has been to strike an appropriately low risk balance between securing lower interest costs and achieving cost certainty over the period for which funds are required, with flexibility to renegotiate loans should the Authority’s long-term plans change being a secondary objective. The Authority’s borrowing strategy continues to address the key issue of affordability without compromising the longer-term stability of the debt portfolio.

4.2. There has been a substantial rise in the cost of taking out new loans, both short- and long-term, over the last 18 months. The Bank Rate rose by 1% from 4.25% at the beginning of April to 5.25% at the end of September 2023. The Bank Rate was 2% higher than at the end of September 2022.

4.3. The Council has PWLB loan maturities of £11.9m scheduled during 2023/24 comprising several historic loans. The Council pursues a strategy of internal borrowing as per the Treasury Management Strategy approved by Council. Cash balances have therefore been reduced to replace maturing loans where possible and when interest rates on deposits remain lower than PWLB borrowing rates.

4.4. The Council may opt to reverse its internal borrowing position at any time by taking out additional borrowing from the PWLB. This option has been exercised in February 2024 and an additional £15m in borrowing from the PWLB was undertaken on a fixed term basis following consultation with the Council’s treasury advisers. The new loans are fully affordable within the existing planned budget provision.

5. Interest Rate Forecast

5.1. Arlingclose, the Council’s treasury advisors, have provide the following economic and interest rate view as at February 2024:

	Current	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26
Official Bank Rate													
Upside risk	0.00	0.25	0.25	0.50	0.50	0.50	0.50	0.50	0.75	0.75	1.00	1.00	1.00
Central Case	5.25	5.25	5.25	5.00	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00
Downside risk	0.00	-0.25	-0.50	-0.75	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00	-1.00

Underlying assumptions:

- UK inflation and wage growth remains elevated, although on a likely downward trend over the first half of 2024. Core and services inflation is likely to remain in excess of target throughout this period, so policymakers will be cautious when it comes to easing monetary policy, despite growing downside risks. UK growth rates will remain low as increasingly restrictive monetary policy dampens activity.

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- In February, the language in the MPC minutes moved to a more neutral position, despite two members continuing to vote for a further rise in Bank Rate. The focus is now on assessing how long Bank Rate needs to remain at 5.25% before reducing, with the projections in the Monetary Policy Report suggesting that market expectations for rate cuts are not far from the mark.
- UK activity data remains relatively weak, although there has been some evidence of recovery in the services sector and housing market. Consumer confidence is low but on an improving trend; household spending on goods, though, remains under pressure.
- Employment demand continues to ease, although remaining relatively resilient given the soft economic backdrop. Anecdotal evidence suggests lower pay growth, and we expect unemployment to rise, which will lead to some deterioration in consumer sentiment. Household and business spending will therefore remain weak.
- Inflation rates will move lower over the next 12 months. By April, the headline CPI rate will likely be at or below the 2% target, but with upside risks from geo-political issues. With policymaker fears around the persistence of underlying inflationary pressure, we believe Bank Rate will remain unchanged until August and initially reduce slowly.
- Maintaining monetary policy in restrictive territory for so long, when the economy is already struggling, will require substantial loosening in 2025 to boost activity.
- Global bond yields will remain volatile. Investors' expectations of near-term US rate cuts have been dealt a severe blow by the continued strength of the US economy, particularly labour markets. Investors' positioning for the timing of US monetary loosening will continue to influence movements in gilt yields.
- Moreover, there is a heightened risk of fiscal policy, credit events and/or geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in February.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by late 2025.
- The risks around Bank Rate are initially balanced before shifting to the downside due to on-going soft UK economic activity and the resulting dampening effects on inflation. Upside risks to inflation remain, but the likelihood of further rises in Bank Rate are low.
- Long-term gilt yields have moved higher since the start of the year, largely due to stronger US data. Arlingclose's central case is for yields to be volatile around a relatively narrow range, reflecting the likelihood for monetary loosening in the Eurozone, UK and US.

6. Compliance with Treasury and Prudential Limits

- 6.1. As at the end of January 2024, 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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Agenda Item 7

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	Sefton Assurance Map		
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 sets out Internal Audit's and the Risk and Resilience Team's assessment of the sources of assurance for the Audit and Governance Committee on the management of the Council's strategic risks.

The report describes the approach to the work and the outcomes, including recommendations for improvement.

Appendix A highlights the overall assessment against each of the strategic risks. It should be noted that the overall assessment is based on the level of assurance that Members can rely on from each line of defence. A 'low/red' level therefore highlights where there are gaps in evidence of active/ targeted actions / activity rather than an assessment on the management of that risk.

Recommendation(s):

- (1) Members note the outcome of the Sefton Risk Assurance Map at Appendix A.
- (2) Members consider the implications for the Internal Audit annual plans in 2024-25.

Reasons for the Recommendation(s):

Approval of the recommendations will facilitate Members' understanding the key sources of assurance for the highest scoring risks facing the Council.

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

Not undertaking the assurance mapping, which would be against good practice.

What will it cost and how will it be financed?

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(A) Revenue Costs – There are no direct financial implications arising from this report.

(B) Capital Costs - There are no direct capital cost implications arising from this report.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no direct resource implications from the report	
Legal Implications: There are no legal implications.	
Equality Implications: There are no equality implications.	
Impact on Children and Young People: No There are no direct implications from the report although the effective management of risks, there are a number of Children’s related risks in the Corporate Risk Register, will be more likely to lead to the outcome of more positive outcomes to Children and Young People.	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes
The report has no direct climate emergency implications.	

Contribution to the Council's Core Purpose:

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations - The Executive Director of Corporate Resources and Customer Services (FD.7574/24) and the Chief Legal and Democratic Officer (LD.5674/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations - None

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

Contact Officer:	David Eden
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Appendices:

The following appendices are attached to this report:

- Appendix A - Risk Assurance Map
- Appendix B – Sefton Assurance Framework – September 2022

Background Papers:

The following background papers, which are not available elsewhere on the Internet can be accessed on the Council website <http://smbc-modgov-03/documents/s122305/CIPFA%20-%20Developing%20an%20effective%20assurance%20framework%20in%20a%20local%20authority.pdf>

:

- Chartered Institute of Public Finance and Accountancy - Developing an effective assurance framework in a local authority

1. Introduction/Background

1.1 CIPFA has long provided standards and guidance on good practice in governance and public financial management for local authorities, including the role of the audit committee. CIPFA also sets internal audit standards for the local government sector in the UK.

1.2 CIPFA states an assurance framework supports the authority's leadership team and all those in governance roles, enabling them to make informed decisions, agree priorities and take remedial action where required. CIPFA defines an assurance framework in the following way: *The means by which leaders, managers and decision makers can have confidence that the governance arrangements that they have approved are being implemented, operating as intended, and remain fit for purpose.*

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- 1.4 CIPFA has produced guidance on assurance framework “Developing an effective assurance framework in a local authority” in November 2023.
- 1.5 A Sefton Council Assurance framework was developed and approved by the Audit and Governance Committee in September 2022 (Appendix B). The framework describes the sources of assurance that are provided to Cabinet and the Audit and Governance Committee. The framework is generic and doesn’t currently provide an assessment of how assurance is provided on the key risks to the achievement of the Council’s strategic objectives detailed in the Corporate Risk Register.
- 1.6 As a result it was agreed that Internal Audit would prepare, through an assurance mapping exercise, an assurance map to list the sources of assurance through the three lines model to each key risk using the Corporate Risk Register for March 2024. The aim of the assurance map is to:
- give senior management and elected/committee members comfort that there is a comprehensive risk and assurance framework with no duplicated effort or potential gaps;
 - ensure that Internal Audit plans are targeted to address the key risks facing the Council and where assurance gaps remain;
 - identify any potential areas of overlap or duplication of assurance.
- 1.7 Appendix A provides a summary of the Council’s strategic assurance map, which follows the three lines model issued by the Global Institute of Internal Auditors. The Assurance Map is based on the three lines model detailed in the Table below:

First line	Second line	Third line
The first level of the defence is the control environment - the business operations that perform day to day risk management activity.	Oversight functions such as the Executive Leadership Team (ELT) and individual committees set directions, define policy and provide assurance	Internal and external audit, and any other scrutiny or regulatory body, offer independent challenge to the levels of assurance provided by business operations and oversight functions

- 1.8 The assurance map details where the Audit and Governance Committee can gain assurance against the monitoring and management of strategic risks.

2. Findings

- 2.1 The table below summarises the assessment against each strategic risk in the Corporate Risk Register.

No	Strategic Risk	Residual Risk Score March 2024	Assurance Assessment
1	Dedicated Schools Grant High Needs Funding for Special Educational Needs is inadequate to meet requirements.	22	Green

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No	Strategic Risk	Residual Risk Score March 2024	Assurance Assessment
2	Financial sustainability beyond 2023/24	22	Green
3	The Council is the victim of a cyber-attack.	22	Green
4	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.	21	Green
5	Market Failure of Social Care Provision across Adults and Children's	21	Green
6	Demand and Cost of Home to School Transport – Impact on the Financial Sustainability of the Council	21	Green
7	Children's Services - Impact of Regulatory Framework Outcomes	21	Green
8	Increase in academisation of schools within the borough	21	Red
9	Failure to Comply with Sections 1 and 10 of the Freedom of Information Act 2000	20	Amber
10	Ability of the Council to Recruit to its Workforce in order to Deliver its Core Purpose.	20	Amber
11	Non achievement of our aim and ambition to secure the best outcome from a CQC assessment, against current local pressures and demands.	20	Green
12	Inability to deliver the Requirements and Commitments for the Growth Program and its Associated Projects.	19	Green

- 4.2 The Assurance Map has identified that for the risk “Increase in academisation of schools within the borough” there may be an apparent discrepancy between the level of risk identified, and the assurance provided to the various governance bodies. This reflects in part that this is a new risk in the Corporate Risk Register.
- 4.3 There is an assurance gap on the “Failure to Comply with Sections 1 and 10 of the Freedom of Information Act 2000” due to there being limited assurance, an annual report only, provided to Members on progress to address as well as no regular third line assurance.

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- 4.4 There is also an assurance gap on the “Ability of the Council to recruit to its workforce in order to deliver its Core Purpose” risk where there is limited assurance provided to Members on the progress to address the issue outside of Children’s Services.
- 4.5 Audit has carried out assurance mapping to provide a map of external assurance which is then used to develop the internal audit plan and input into the Chief Internal Auditor’s Annual Opinion. The external assurance mapping has been used to provide assurance for areas where the team has limited expertise to assess, for example cyber security and the Children’s regulatory framework. The external assurance has been frequent and undertaken by independent qualified competent expertise.
- 4.6 The remaining areas where assurance has been assessed as “amber” or where internal audit assurance has not taken place will be taken into account in developing Internal Audit plans for 2024-25.

5. Conclusion

- 5.1 Overall, the report and its appendices highlight that a strong assurance framework is in place across the Council. This is the first occasion that the Council has undertaken this exercise, and it is to be expected that there will be gaps and that further work is required.
- 5.2 This exercise has been used to highlight areas for improvements to the assurance framework, to ensure that the Audit and Governance Committee understand how risks are managed and mitigated across the Council.
- 5.3 The map highlights that further clarity is required on monitoring the “Increase in academisation of schools within the borough that remain with the Council” risk through the scrutiny 2nd line. Further work is also required on improving monitoring to provide holistic monitoring on the two amber risks.

Risk No.	Risk Title	Current Risk Score	First Line	Second Line	Third Line	Assessment
1	Financial sustainability beyond 2023/24	22	<ul style="list-style-type: none"> • Financial Procedure Rules • Scheme of Delegations • Financial Policies • Annual Budgets • Budget Monitoring • Service Planning linked to budget. • Quarterly budget meetings • Medium Term Financial Plan <p>Reporting:</p> <ul style="list-style-type: none"> • Budget Management reporting Monthly • Financial Risks considered at Budget Working Group 	<ul style="list-style-type: none"> • Approval of Budget by Cabinet • Budget update reports to Cabinet • Overview and Scrutiny Committee (Regulatory Compliance, Corporate Resources) Updates on budget setting, budget performance, treasury management • Budget and Budget monitoring to SLB and ELT 	<p><u>Internal Audit Plan 23/24</u></p> <ul style="list-style-type: none"> • ASC Debt Management Follow-up (Partial – implementation of recommendations in progress) • CSC – Agency Staff (Limited) • Grants Management (Partial) • LCR Grant Certifications (Substantial) • Petty Cash – WIP • Commissioning – ‘Living Well Sefton’ - WIP <p><u>External Reviews</u></p> <ul style="list-style-type: none"> • External Audit Annual review of accounts 	There is a range of assurance sources across the three lines of defence.
2	Dedicated Schools Grant High Needs Funding for Special Educational Needs is inadequate to meet requirements.	22	<ul style="list-style-type: none"> • Agreed Financial Budget • SEN Sufficiency Statement • Engagement with Special Schools. • Medium Term Financial Plan • Early Years Team • Early Years Working Group • SEN Sufficiency plan • SEN Team • Commissioning Team involved in placements • Involvement of Finance Schools Finance • Work programmes • Council’s Capital Programme 	<ul style="list-style-type: none"> • Budget to Cabinet/ Council • Regular reports to ELT/Lead Member (Cllr Roscoe)/IPC and Cabinet. • Quarterly update to Cabinet on Finance and SEND • Regular meeting with S151 and several work programmes in place to monitor. • Overview and Scrutiny (Childrens and Safeguarding) Annual 	<p><u>Internal Audit Plan 23/24</u></p> <ul style="list-style-type: none"> • High Needs Funding Audit 23/24 - WIP <p><u>External Reviews</u></p> <p>Annual review of accounts</p> <ul style="list-style-type: none"> • Delivering Better Value Programme (CL) • Capital Sufficiency Program (SVA) • Ofsted – review (Lynda Pool) 	There is a range of assurance sources across the three lines of defence.

Risk No.	Risk Title	Current Risk Score	First Line	Second Line	Third Line	Assessment
			Reporting: <ul style="list-style-type: none"> Budget monitoring to School Governors Advise Schools Forum on budget/ Early Years Working Group 	update on SEND <ul style="list-style-type: none"> High Needs Funding 23/24 quarterly monitoring to Cabinet. Budget to Overview and Scrutiny Committee (Regulatory Compliance, Corporate Resources) 		
3	The Council is the victim of a cyber-attack.	22	<ul style="list-style-type: none"> ICT Acceptable Usage Policy. NHS Data Protection Toolkit reviewed. Mandatory Information Governance Training Operational Procedure and Guidance notes Data privacy impact assessments ICT Systems risk assessments. The Investigation into breaches and incidents Reporting: <ul style="list-style-type: none"> Security Steering Group - monthly ICT Operational Board- monthly 	<ul style="list-style-type: none"> Annual Report to Audit and Governance Committee Annual Report to Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Resources) Quarterly Cabinet Member Report to Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Resources) Ad-hoc reports to ELT 	<u>Internal Audit Plan 23/24</u> <ul style="list-style-type: none"> No internal audits <u>External Reviews</u> <ul style="list-style-type: none"> PSN report LGA review Microsoft review Cabinet Office – PSN Microsoft CSAT assessment (cybersecurity assessment) Local Government Association - Cyber 360 One Compliance Cyber Limited - ICT Health check 	No internal audit coverage providing assurance although external reviews undertaken.
4	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.	21	<ul style="list-style-type: none"> Emergency Duty Co-ordinator Emergency/ Major incident guidance and associated plans Volunteers/ loggists Training offered. Involvement in the MRF Resilience Direct MRF test of multi-agency plans BC Policy 	<ul style="list-style-type: none"> Quarterly report to Audit and Governance Committee/ shared ELT/SLB Quarterly Cabinet Member Report to Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Resources) 	<u>Internal Audit Plan 23/24</u> <ul style="list-style-type: none"> Emergency Planning Document review undertaken by Gallagher Bassett (Partial on documents) <u>External Review</u>	There is a range of assurance sources across the three lines of defence.

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Risk No.	Risk Title	Current Risk Score	First Line	Second Line	Third Line	Assessment
			<ul style="list-style-type: none"> BC Strategy BC Manual BC Plans BC E-learning Corporate, Services and Operational BC Plans EP Handbook EDC training 	<ul style="list-style-type: none"> SLB periodic reports 	<ul style="list-style-type: none"> Annual BC exercise and commentary on Business Continuity system provided to Audit and Governance Committee 	
5	Market failure of Social Care provision across Adult and Children's	21	<ul style="list-style-type: none"> All Age Commissioning and Strategic Commissioning Team ASC Service Plan Commissioning Priorities Improvement Plan Market Engagement Strategies in production to focus on relationship based market management. Market Sustainability Plan Health and Wellbeing Strategy 2020- 25 Provider Failure Policy Procurement for Domiciliary Care completed. Weekly escalation/visibility of capacity and costs with AD, DASS and wider system Work jointly with NHS to develop approach to reduction of one to one requests. Cost of Care/ fee setting work for 2024/25 is commencing, including Care Analytics being commissioned to support with 2024/25 fee setting work, including analysis of 	<ul style="list-style-type: none"> Weekly ASC Senior Management Team (SMT) and Monthly Executive Assurance Board (EAB) meetings Monthly Business Intelligence (BI) Reports and Budget Reports to ASC Strategic Finance and Performance Assurance Group meetings Executive Strategic Commissioning Group/Strategic Commissioning and Market Shaping Group SC SRR and Heap Maps and regular internal review and update with quarterly submission to Risk and Resilience Team ASC and SC Groups have Risk Registers, escalation, consideration of new risks as Standing Items on Agenda 	<p><u>Internal Audit Plan 23/24</u></p> <ul style="list-style-type: none"> Review of controls to mitigate risk of market failure of ASC provision. Review of controls to mitigate risk of market failure of CSC provision. (Not started) <p><u>External Review</u></p> <ul style="list-style-type: none"> ASC- Local Government Association- Preparation for Assurance Peer Challenge CSC – Ofsted - Monitoring visits 	There is a range of assurance sources across the three lines of defence.

Risk No.	Risk Title	Current Risk Score	First Line	Second Line	Third Line	Assessment
Page 82			<p>impacts of implementing RLW across all ASC sectors. SOP for fee setting in place.</p> <ul style="list-style-type: none"> • Development of new opportunities through Sefton Place Based Partnership development • Market Engagement Strategies in production to focus on relationship based market management. • Regular review of supply chain contracts • Links maintained with LCR on key market risk • Strengthened oversight of Quality Assurance (QA) with dedicated Senior Manager support will add the ability to refocus QA resources on identified areas of Market Risk. Gather intelligence to inform risks and ensure resilience and capacity • CQC National Assurance Assessment Work • Other day to day management and operational controls in Strategic Commissioning • IT corporate access and security controls • ASC Policies Board • Weekly ASC Senior Management Team (SMT) and Monthly Executive Assurance Board (EAB) meetings • Monthly Business Intelligence (BI) Reports and Budget Reports to ASC Strategic Finance and Performance Assurance Group meetings 	<ul style="list-style-type: none"> • ASC and SC SRRs linked to CQC National Framework Themes and ASC Business/Assurance Groups • Early Help and Prevention Group weekly meetings in Place • Quarterly review and Corporate reporting on ASC Service Plan • ASC Systems Group (IT) • Draft ASC Business Continuity Plan • ED and AD Annual Governance Assurance Statements • Council's IT, Anti Fraud and Whistleblowing Policy and Code of Conduct 		

Assurance Mapping February 2024

Risk No.	Risk Title	Current Risk Score	First Line	Second Line	Third Line	Assessment
6	Demand and Cost of Home to School Transport, impact on the financial sustainability of the Council	21	<ul style="list-style-type: none"> Engagement with SEND On demand Review of in house fleet and post 16 charging policy Monthly finance reports to Management Personal Travel Budgets Report to Education Leadership Team 	<ul style="list-style-type: none"> Approval of Budget by Cabinet Budget update reports to Cabinet Overview and Scrutiny Committee (Regulatory Compliance, Corporate Resources) Updates on budget setting, budget performance, treasury management Overview and Scrutiny (Children Services and Safeguarding) Cabinet Member report 	<p><u>Internal Audit Plan 23/24</u></p> <ul style="list-style-type: none"> High Needs Funding Audit 23/24 - WIP <p><u>External Reviews</u> Infrequent ad-hoc Ofsted reports</p>	There is a range of assurance sources across the three lines of defence.
83	Impact of regulatory framework outcomes (CSC)	21	<ul style="list-style-type: none"> Improvement Board established. DFE advisor supporting programme. Self-evaluation refreshed. Performance dashboard developed. Quality Assurance Framework established. Practice Standards in place Triangulation of evidence through audit and peer review. Workforce strategy in place Financial Plan in place based on DCS requirements Additional support from Strategic Support 	<ul style="list-style-type: none"> Regular reports including Ofsted reports to Overview and Scrutiny (Childrens and Safeguarding) Improvement Board meets bi-monthly. 	<p><u>Internal Audit Plan 23/24</u></p> <ul style="list-style-type: none"> No internal audits <p><u>External Reviews</u> Ofsted – Inspection Childrens Focused Visit (March 2021 and March 2022) Monitoring visits to Sefton children’s services March 2023, July 2023 and November 2023.</p>	No third line coverage providing assurance although external reviews undertaken.
8	Increase in academisation of schools within the	21	<ul style="list-style-type: none"> EE team continue to review offer Engaging with academies to 	<ul style="list-style-type: none"> Approval of Budget by Cabinet 	<p><u>Internal Audit Plan 23/24</u></p> <ul style="list-style-type: none"> Financial risk of 	Lack of clarity about

Assurance Mapping February 2024

Risk No.	Risk Title	Current Risk Score	First Line	Second Line	Third Line	Assessment
	borough		<ul style="list-style-type: none"> encourage purchase of SLAs Promote "Sefton Family of Schools" image- working party established to support schools with decision making and to ensure compliance with academies act. Schools focused SLA intranet page Annual review of SLA costs Annual SLAs for Schools 	<ul style="list-style-type: none"> Budget update reports to Cabinet Overview and Scrutiny Committee (Regulatory Compliance, Corporate Resources) Updates on budget setting, budget performance, treasury management Overview and Scrutiny (Children Services and Safeguarding) Cabinet Member report 	<p>academisation in 23/24 audit plan.</p> <p><u>External Reviews</u> None</p>	<p>monitoring of risk by scrutiny function as no information provided directly Internal audit reporting mechanism to be clarified for 2024/25</p>
Page 84	Failure to comply with sections 1 and 10 of the Freedom of Information Act 2000	20	<ul style="list-style-type: none"> FOI Policy and procedures Bespoke software with automated reminders to staff Reminders to staff and management on the approach Regular performance information on progress - Monthly report to Ads Quarterly report to ELT (Nov 2022) Monthly reporting to IMGEG 	<ul style="list-style-type: none"> Annual report to Audit and Governance Committee and SLB Overview and Scrutiny Committee- Cabinet Member update 	<p><u>Internal Audit Plan 23/24</u></p> <ul style="list-style-type: none"> No internal audits <p><u>External Reviews</u> Ad-hoc Enforcement or Practice Information published on ICO website</p>	<p>Mainly in place however limited assurance provided to Members on progress to address. No current third line assurance</p>
10	Ability of the Council to recruit to its workforce in order to deliver its Core Purpose	20	<ul style="list-style-type: none"> Workforce Strategy Plan Recruitment Policy Use of apprentices, social work academy and graduate programmes Work with other LAs across LCR region attract talent and training programmes Action plan for Work place Strategy Full review of pay and benefits for 	<ul style="list-style-type: none"> Overview and Scrutiny Committee (Adult Social Care and Health) Cabinet Member Reports Overview and Scrutiny Committee (Regulatory Compliance, Corporate Resources) Cabinet Member reports Overview and Scrutiny Committee (Children 	<p><u>Internal Audit Plan 23/24</u></p> <ul style="list-style-type: none"> No internal audits <p><u>External Reviews</u> Ofsted – Inspection Childrens Focused Visit (March 2021 and March 2022) Monitoring visits to Sefton children’s services March 2023, July 2023 and November 2023.</p>	<p>Mainly in place however limited assurance provided to Members on progress to address. No external reviews to develop holistic Council wide</p>

Assurance Mapping February 2024

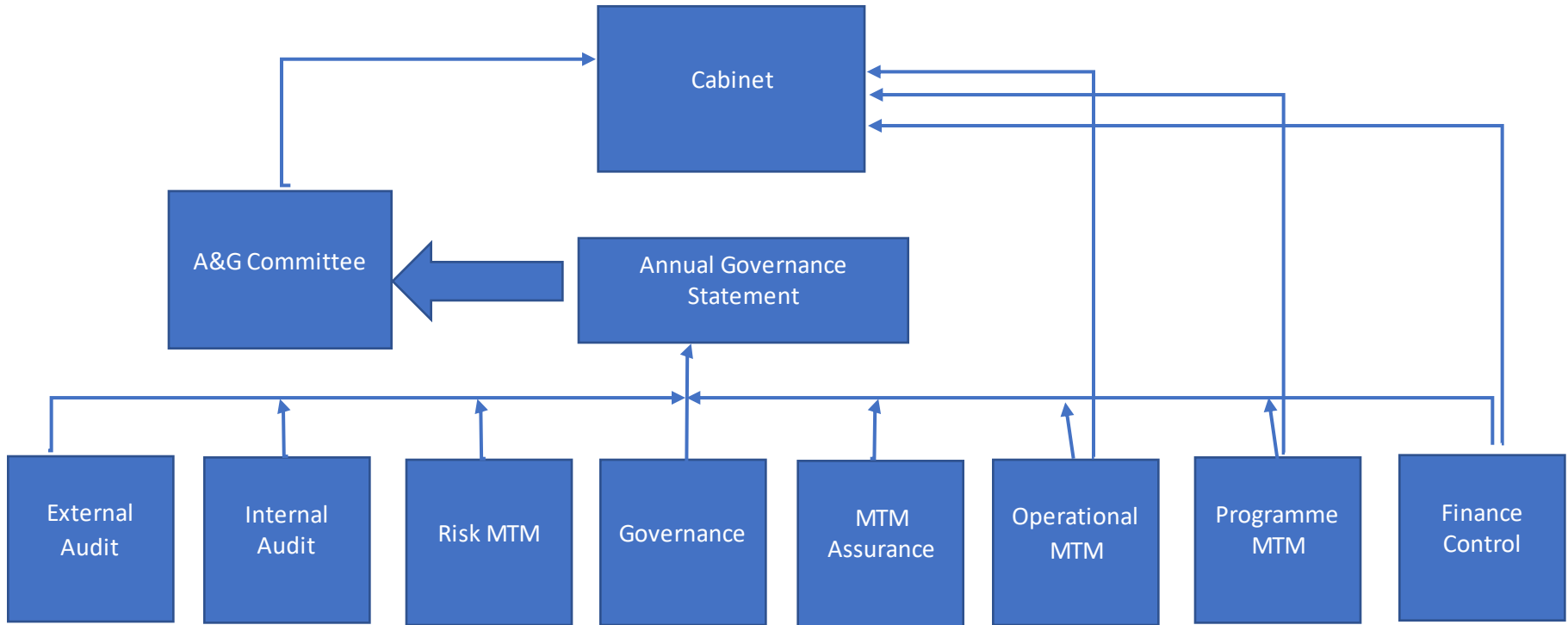
Risk No.	Risk Title	Current Risk Score	First Line	Second Line	Third Line	Assessment
			<p>CSC and development of Social Care Academy.</p> <ul style="list-style-type: none"> Pathways from John Moores Uni for graduates to join Council 	<p>Services and Safeguarding)</p> <ul style="list-style-type: none"> Cabinet report Corporate Plan, Workforce Plan 22/26 and E&D Inclusion plan. 		<p>approach rather than Children's Services focused.</p>
11	Non- achievement of our aim and ambition to secure the best outcome from a CQC assessment against local pressures and demands.	20	<ul style="list-style-type: none"> Social Care Executive Assurance Board Reporting to ELT PART1 Code signed CQC self-assessment completed HR and Learning Resource Plan in place Comms and Marketing Resource Plan in place Sefton Safeguarding and Resource Plan Workforce Plan Budget setting, reporting and monitoring Transformation programmes in place Operational Assurance Groups in place. Reporting to SMT/ ELT with actions Assurance Leads and Champion. Performance framework and dashboard Lets chat Assurance in place Action plan linked to peer review. Quality Assurance Framework SMT Governance and Assurance completed. 	<ul style="list-style-type: none"> Reports to Overview and Scrutiny Committee (Adult Social Care and Health) 	<p><u>Internal Audit Plan 23/24</u></p> <ul style="list-style-type: none"> ASC Inspection preparation review. (WIP) <p><u>External Reviews</u></p> <ul style="list-style-type: none"> LGA Adult Social Care Preparation for Assurance Peer Challenge Historical CQC assessments of the Council's ASC provision 	<p>There is a range of assurance sources across the three lines of defence</p>
12	Inability to deliver the requirements and	19	<ul style="list-style-type: none"> Growth Programme and associated Governance and project controls. 	<ul style="list-style-type: none"> Cabinet approval prioritisation of existing 	<p><u>Internal Audit Plan 23/24</u></p> <ul style="list-style-type: none"> Major Construction 	<p>There is a range of</p>

Assurance Mapping February 2024

Risk No.	Risk Title	Current Risk Score	First Line	Second Line	Third Line	Assessment
	commitments for the Growth Programme and its associated Projects		<ul style="list-style-type: none"> Bid process and expertise applied to all existing and new funding opportunities. Constant and consistent evaluation and use of Growth Budget. Opportunities in respect to Capital receipts from asset disposal. 	and new projects <ul style="list-style-type: none"> Cabinet monitoring of projects 	Projects. (WIP) <u>External Reviews-</u> <ul style="list-style-type: none"> <u>None</u> 	assurance sources across the three lines of defence

Assessment Key

Green – Substantial assurance in place assessed as adequate / effective and in proportion to the risks
Yellow - Some areas of limited assurance in proportion to the risks
Red - Limited assurance coverage in proportion to the risk



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-Page 88 :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		

Action operated local KPIs – We are launching a standard performance dashboard for all services within the next two months.

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Agenda Item 8

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	Risk and Audit Service Performance		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report details the performance and key activities of the Risk and Audit Service for the period 1 December 2023 to 29 February 2024.

The report also discusses the resourcing position across the Team as well as in particular the Internal Audit Team, the response and the actions planned for the rest of the financial year. There is an update on the actions from the Corporate Governance Review including progress on the Significant Governance Issues.

Proposed change to the Annual Audit Plan to reflect work completed on the factfinding within Children Services.

Recommendation(s):

Members are requested to:

- (1) Note the progress on the revised 2023/24 Internal Audit Plan to 29 February 2024.
- (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
- (3) Approve the revised Annual Audit Plan

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

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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 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):

The report outlines the current recruitment activity across the Risk and Audit Team to appoint to existing positions.

Legal Implications:

There are no specific legal implications from the report.

Equality Implications:

There are no equality implications.

Impact on Children and Young People:

There are no direct implications in the report for Children and Young People.

Climate Emergency Implications:

The recommendations within this report will

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

The Risk and Audit Team has been working mainly from home with exception of the Health and Safety Team who undertake periodic inspections of Council buildings to provide guidance and support.

The working from home has reduced the teams commuting and therefore carbon footprint. The revised working practices will continue with the Council's agile working policy although the footprint will slightly increase at this point as staff move back to the office at an agreed frequency.

We are currently exploring with the Council's insurers and broker their actions to reduce Climate Change which we will respond on in future reports following renewal when the information is available. One of the audits within the 2022/23 approved audit plan as well as 2023/24 is Climate Change which will provide assurance on the Council's response to the Climate Emergency.

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.7573/24.) and the Chief Legal and Democratic Officer (LD.5673/24) 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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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 2023/24 (as approved by this Committee on 15 March 2023).
- Revised Internal Audit Plan 2023/24 (as approved by this Committee on 6 September 2023).

1. Introduction

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

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

1.3 The Service has the following objectives:

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

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

- Internal Audit
- Health and Safety

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- Insurance
- Risk and Resilience
- Assurance

1.5 This report summarises the main aspects of the performance of the Service during the period 1 December 2023 to 29 February 2024, 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
20 March 2024

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

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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 1 December 2023 to 29 February 2024.

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

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

1.3 The report highlights the following key points:

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

2. Introduction

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

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

1.4 This report summarises the main aspects of the performance of the Service for the period 1 December 2023 to 29 February 2024, 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 Amendments to the Audit Plan 2023/24

The audit team has dedicated an unforeseen total of 50 days to conduct an extensive review into Children’s Social Care, a task that was not originally accounted for in both the original and revised Audit Plans. The budgeted days available for contingency in the revised plan has been exceeded. In March 2024, one of the team will not be available for two weeks for paternity leave and we now believe it is not possible to complete the audit plan in its entirety. We have reviewed the audit engagements where work has not commenced and have identified one audit where we would request removal from the current audit plan and for it to be considered for inclusion in 2024/25 audit plan.

During the quarter we have received two requests from senior officers for Audit Engagements to be completed. To accommodate these new management requests, we would like to gain approval for amendments to the 2023/24 audit plan.

Audit Engagement	Service Area		Days
High Needs Funding	Children’s Social Care	New	15
Early Help and Aiming High - Commissioning	Children’s Social Care	New	15
Total additions			30
CSC – Market Sustainability	Children’s Social Care	Remove and consider in 24/25	15
Highways inspection - public sector equality duty	Highways and Public Protection	Remove	15
Severe Adverse Weather Policy Compliance	Highways and Public Protection	Remove	15
Total Removed			45

3.2 Completion of Audit Plan

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

Audit Engagement	Audit	Recommendations	Current Audit Engagements
------------------	-------	-----------------	---------------------------

	Opinion	High	Medium	Low	Draft	Final	Progress since last update
Birkdale Primary School	Minor	0	1	3	13-12-23		Following discussions with the school, revised draft report issued.
St Robert Bellarmine School 2022/23	Moderate	0	4	0	19-09-23	28-02-24	Final Report issued
Our Lady Star of the Sea	Moderate	0	2	2	26-02-24		Draft Report issued
Freshfield Primary	Moderate	0	1	3	26-02-24		Draft Report issued
St John Bosco Primary	Moderate	0	3	2	26-02-24		Draft Report Issued
Crosby High School	Moderate	0	2	3	26-02-24		Draft Report Issued
Our Lady of Compassion	Moderate	0	3	1	26-02-24		Draft Report issued
Woodlands Primary	Moderate	0	5	0	23-08-23	13-12-23	Final Report Issued
St Edmund and St. Thomas	Moderate	0	4	2	29-09-23	26-02-24	Final Report Issued
St Nicholas Primary	Minor	0	0	1	28-02-24		Draft Report Issued
Pupil Place Planning	Minor	0	1	2	26-02-24		Draft Report Issued
Governance Assurance Statements	n/a	n/a	n/a	n/a	n/a	23-02-24	Summary table issued
Public Health Commissioning - Living Well	Minor	0	0	1	28-02-24		Draft Report Issued
Tree Management (External Review)					Following up with Management to ensure that recommendations from the review will be addressed. Historically there has been a fragmented approach to tree management corporately which the review has identified and tried to address. The Risk and Audit		

Audit Engagement	Audit Opinion	Recommendations			Current Audit Engagements		
		High	Medium	Low	Draft	Final	Progress since last update
					<p>Team have produced a joint report with Green Sefton, that was presented to ELT for discussion in December 2023. The outcome is that the Assistant Director of Operational In-House Services will co-ordinate the development of a corporate framework for tree risk and maintenance management. The framework will incorporate both the existing approach to management of highway tree assets and trees on land under the existing Green Sefton portfolio and provide guidance in relation to the management of trees on other Sefton Council owned property, land and education assets as appropriate.</p> <p>The report has been shared with the aim that this is included within the proposed workplan to implement a scoping project to formalise tree management across all Council owned land.</p>		
Risk Management					<p>Arrangements have been made for an audit by Gallagher Bassett during March 2024. Interviews with key stakeholders have been arranged.</p>		
Social Value Outcomes					<p>Fieldwork in progress.</p>		
ASC – Inspection Preparation					<p>Fieldwork in progress.</p>		
ASC – Controls to mitigate market failure					<p>Fieldwork completed and Draft Report reviewed. One query outstanding prior to issuance.</p>		
Petty Cash					<p>Draft report prepared.</p>		
Leisure Centres					<p>Fieldwork in progress</p>		
Waste management					<p>Fieldwork in progress</p>		

Audit Engagement	Audit Opinion	Recommendations			Current Audit Engagements		
		High	Medium	Low	Draft	Final	Progress since last update
Sefton New Directions 22/23					Draft report prepared		
Major Construction Projects					Fieldwork in progress		
Climate Emergency					Fieldwork underway		
SHOL					Fieldwork completed and draft report prepared. Finalisation delayed due to changes in management.		
Consultancy / Management Support – Children’s Services					Finalising revised draft reports for fact finding exercise regarding contract expenditure, procurement of agency workers; Code of Conduct and mandatory training.		
High Needs Funding					Initial planning work completed.		
Early Help and Aiming High - Commissioning					Initial planning work completed.		

Grants Certified	Value Certified
Southport Eastern Access Corridor 2023/24 - Q3 Claim	£107k
Maritime Corridor 2023/24 - Q3 Claim	£158k
Bootle Area Action Plan 2023/24 - Q2 Claim	£12k
Bootle Area Action Plan 2023/24	£5k
RSTS Highways and Non-Highways Maintenance Work 2023/24 - Q3 Claim	£1.89 million
Crosby Lakeside Adventure Centre 2023/24 – Q2 Claim	£357k

Grants Certified	Value Certified
Crosby Lakeside Adventure Centre 2023/24 – Q3 Claim	£251k
Supporting Families Q4	£81k

3.3 High Priority Recommendations

There are no high priority recommendations made in the reports issued since the last update to the Committee.

3.4 2023/24 Resources and Performance

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

Description and Purpose	Target	Actual	Variance and Explanation
<p>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>Percentage of revised Audit Plan completed.</p>	<p>See graph below.</p> <p>92%</p>	<p>See graph below and narrative.</p> <p>78%</p>	<p>14% variance.</p> <p>The variance is due to a combination of the unplanned Children’s Social Care work, on boarding of a new team member, the time taken to complete the review of schools by more junior staff has taken longer than anticipated, and work to improve assurance mapping framework has impacted on delivery of the plan.</p>

Description and Purpose	Target	Actual	Variance and Explanation
<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>	100%	100%	<p>One client survey received during quarter.</p> <p>Comment “The report has been very helpful as it resulted in detailed surveys of 3 premises, staff training and findings which we will now action.”</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>	100%	100%	No variance

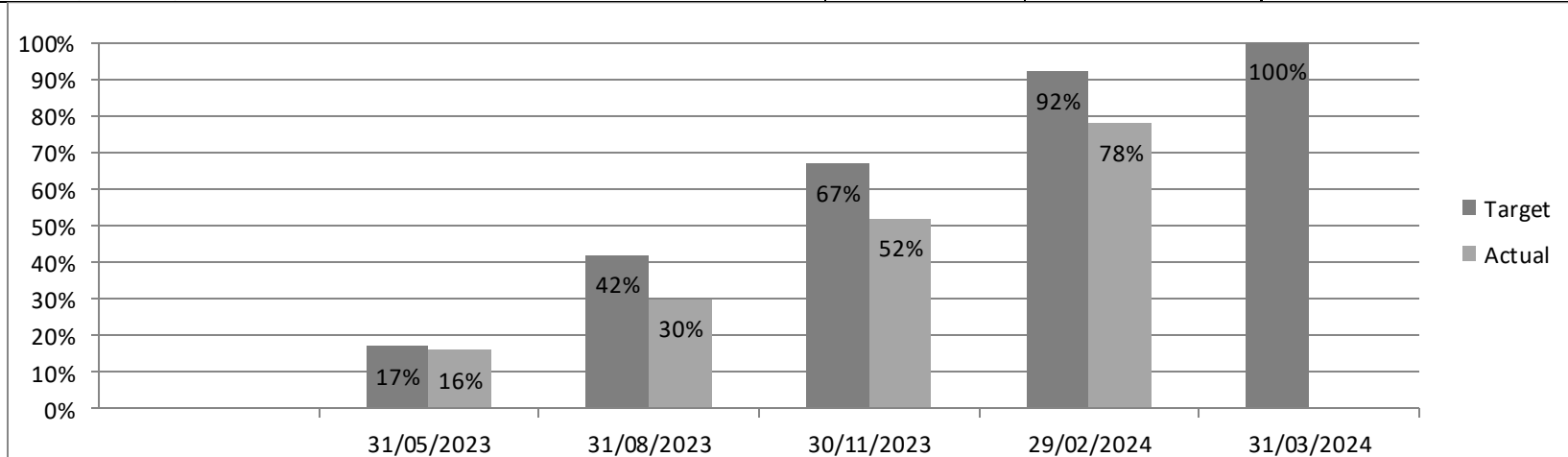


Fig 1: Percentage of the Internal Audit Plan 2023/24 completed. Performance in May and August measured against Original Audit Plan, performance in November and February against revised plans.

Figure 1 above shows the percentage of the audit plan completed during the year with 78% of the revised plan completed after eleven months.

On 8 January 2024, a Principal Auditor joined the team and so the team now comprises Audit Manager, three Principal Auditors, a CIPFA trainee and a part-time trainee ICT-Auditor.

- The CIPFA trainee joined the team from Financial Management at the end of January 2023 and is now expected to return to Financial Management in April 2024. On return to her role in Financial Management a new CIPFA trainee will join the Audit team and there will a period where they provide support to each other to ensure a smooth handover of responsibilities.
- Financial Management in February 2023 as part of the audit planning process had proposed that a newly qualified CIPFA former apprentice (one Full time Equivalent (FTE)) would join the Internal Audit team from July 2023 for two years. The 2023/24 Audit Plan was presented to and approved by this Committee based on this assumption. Finance subsequently confirmed that Audit would not receive this resource as there was no newly qualified CIPFA former apprentice available to transfer.
- In practice, there is a lead time for new members of the team before they are 100% productive in the delivery of audit engagements. During this time, they complete their formal induction, all the necessary mandatory training courses, learn the Internal Audit process (there are similarities and differences between organisations) and are also starting two or three audits engagements which can be fragmented. New starters will not be in the normal ebb and flow of the audit process for several weeks and we estimate there to be approximately ten development days where new starters are not delivering to their full capacity. This in addition to a slight delay in the start-date compared to the revised has resulted in an additional lost 2% of audit days.

A revised Audit Plan for the year was approved by the Committee in September 2023 to better reflect the resources available.

3.5 **Public Sector Internal Audit Standards (PSIAS)**

In March 2018 the Internal Audit Service was externally evaluated against the PSIAS and was found to generally comply. We report annually to the Committee on our progress and develop an Improvement Plan to further enhance our systems and processes. During 2022/23, the planned external assessment could not be conducted, due to resourcing issues, which has impacted our five-year planning cycle and as a result the service no longer complies with the PSIAS. Despite this, we have

completed our annual self-assessment, which will inform our ongoing improvement efforts. Some of the improvements are reported below in 3.10. We are now scheduling an external validation for Q1 2024/25 to ensure compliance with the standards.

3.6 Institute of Internal Auditors International Professional Practices Framework

Internal audit professionals around the globe rely on the International Standards for the Professional Practice of Internal Auditing (Standards) and the International Professional Practices Framework (IPPF) to help navigate the complex world of risk management, governance, and control. For more than a generation, these documents from The Institute of Internal Auditors (IIA), which flow through to the UK Public Sector Internal Audit Standards, have guided practitioners in providing internal audit assurance and advice that is independent, objective, effective, efficient, ethical, and of the highest quality.

We reported in December 2023 that the IIA had released a draft that dramatically changes how the *Standards* and other elements of the IPPF are presented and explained. The new *Global Internal Audit Standards*TM more clearly articulate the keys to effective internal auditing by grouping the *Standards* into five domains:

- Domain I: Purpose of Internal Auditing
- Domain II: Ethics and Professionalism
- Domain III: Governing the Internal Audit Function
- Domain IV: Managing the Internal Audit Function
- Domain V: Performing Internal Audit Services

In January 2024, the Global Internal Audit Standards were issued which will replace the 2017 International Standards for Professional Practice. The 2017 Standards remain in effect for a 12-month transition period until 9 January 2025. The standards apply to any individual or function that provides internal audit services. The Chief Internal Auditor is accountable for the internal audit function's implementation of and conformance with all principals and standards. All internal auditors are responsible for conforming with the principals and standards relevant to performing their duties. There will likely be a revised Public Sector Internal Audit Standard although the timing remains unclear at present.

3.7 Follow up of Audit Agreed Actions

At the last meeting on 13 December 2023 Members were presented with a report which provided an update on the Follow up of Audit Agreed Actions from all audits between 2018 to 2023 financial years. During the follow up exercise, the Audit team were unable to obtain a response for 20 (3%) of the overall agreed actions from the Service Areas.

Members agreed that a further update would be provided at the March Meeting with the Audit Team attempting to follow up with the Service Areas once more to obtain a response.

During the second phase of the follow up exercise, all of the Service Areas responded to provide an update. From the 20 outstanding agreed actions, 17 (85%) have been implemented and closed, three (15%) have been set with a new implementation date.

3.8 Corporate Governance 2022/23

The following two tables outlines the progress against the Significant Governance Issues identified in the final audit report issued in October 2023 and the other findings and recommendations in a separate table below.

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Timescale	Lead	Progress Update
1	<p>A full OFSTED inspection of Sefton’s Children’s Services was completed in February 2022 and the judgement was graded as ‘inadequate’ across all areas.</p> <p>Following the inspection, the Department for Education (DfE) appointed a Children Commissioner to review the Council capacity and capability and oversee improvement within the Council. An Improvement Plan was devised and submitted to OFSTED, containing 22 recommendations which focuses on the following four main themes:</p> <ul style="list-style-type: none"> Improving quality. 	GAS Review	<p>Work will continue during 2023/24 to implement the recommendations within the Commissioners Improvement Plan.</p> <p>Further OFSTED monitoring visits will take place during 2023/24 in line with the OFSTED Framework.</p> <p>The progress made regarding the Implementation Plan and the outcomes of monitoring visits will be reported through the Councils governance structure.</p>	31 March 2024	Chief Executive and, Executive Director of Children’s Services	<p>February 2024 - Executive Director of Children’s Services</p> <p>A refreshed and focussed Improvement plan has been launched which focusses on 5 clear priorities. We have started to see improvements in staff stability, practice and reduced numbers in assessments and strategy meetings.</p>

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Timescale	Lead	Progress Update
	<ul style="list-style-type: none"> Implementation of learning. Improving tools. Improving strategic partnerships. <p>OFSTED completed a monitoring visit to Children’s Services in February 2023. The headline findings in the monitoring report stated “there has been insufficient progress in improving the response to children in need of help and protection. The pace of improvement is too slow, and most practice weaknesses identified at the inspection in February 2022 remain today”.</p>					Monitoring visits have continued as part of the OFSTED framework. The most recent visit has highlighted “steady progress”.
2	<p>Sefton Council’s High Needs budget continues to face severe cost pressures from increasing numbers of children being diagnosed with complex and life-long SEND related issues.</p> <p>The High Needs cumulative budget deficit was £12.4m at the end of 2021/22 and is forecast to be over £18.5m by the end of 2022/23. The budget report presented to Cabinet in April 2023 forecasts a further deficit of at least £6.5m for 2023/24 resulting in an overall High Needs budget deficit of between £24m and £30m by the end of 2023/24.</p> <p>Central government has announced that the ringfencing of this deficit will continue until the end of 2025/26, however the position after this point is uncertain. At this stage there is no evidence to suggest this</p>	GAS Review	<p>Strategic and Operational Plans will be developed during 2023/24 with the aim of delivering the service within the annual allocation and reducing the accumulated deficit. The support of the Department for Education led ‘Delivering Better Value Programme’ will support this process.</p> <p>Monitoring of the Strategic and Operational Plans will be a key feature of the quarterly reports presented to Cabinet and Council during 2023/24.</p> <p>In addition to engaging in the DFE led Delivering Better Value programme the council will engage directly with DFE and Treasury to inform, lobby and seek to influence the future of this budget.</p> <p>The council is piloting a new approach to address the number of inappropriate</p>	31 March 2024	Executive Director of Children’s Services and Assistant Director Children’s Services (Education)	<p>February 2024 - Executive Director of Children’s Services</p> <p>The DBV plan was submitted in July 2023 and grant approved in Sept 2023. The workstreams identified within the DBV are underway and identified teams are focussing on the delivery of their specific areas. Most recent activity include.</p> <ul style="list-style-type: none"> Staffing has been recruited and staff in place within some posts. Refresh of the

Significant Governance Issue (SGI)	Source	Action to Address the Issue	Timescale	Lead	Progress Update
<p>deficit will be met from central government.</p> <p>If the deficit is not reduced annually between 2023/24 and 2025/26, it will ultimately need to be met from either the Dedicated Schools Grant (DSG), which would impact on funding available for the education sector or the Council. A deficit of over £20m cannot be met from the Council based on the resources that are available or the reserves that are held. As such, this would be a major risk to the Council's financial sustainability.</p>		<p>EHCPs, with a focus on earlier intervention. The team around the school model will take a multi-agency approach to intervene more effectively to support families without the need of EHCP. The pilot will begin in September 2023 and run for one academic year.</p>			<p>Graduated Approach and toolkit has commenced with input from health and social care colleagues to ensure a holistic approach.</p> <ul style="list-style-type: none"> - A comprehensive training package running has been developed and will be rolled out from April 2024. <p>It has been recognised that the DBV project will only be part of a bigger plan by the council to have the most impact on the High Needs Deficit. Therefore, additional initiative will run alongside the DBV project. These include.</p> <ol style="list-style-type: none"> 1. Maintained Special School Sufficiency Project. 2. Revised High Needs Funding Framework for Schools. 3. Reviewing of PFA Transitions at Post 16, 19 and 21.

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Timescale	Lead	Progress Update
						<p>4. Ensuring Partner agencies are contributing to provision costs.</p> <p>The Team around the School initiative continues to progress positively, and we have seen some improvements in relation to outcomes for Children. The model is currently focussed on 5 clusters of schools which covers approximately 25% of the schools in Sefton. The pilot will continue to the end of the school year when a decision on extension and implementation will be made.</p>
3	<p>The Children's Services budget between 2020/21 and 2022/23 has been overspent each year, with a significant overspend occurring for 2022/23, resulting in a risk to the financial sustainability of the Council.</p> <p>The Council is currently working on a range of options to address the overspend, including the development of a five-year Medium Term Financial Plan (MTFP) aligned to the Commissioners Improvement</p>	GAS Review	<p>Development of the five-year MTFP aligned to the recommendations of the Commissioners Improvement Plan for Children's Services.</p> <p>Financial management responsibilities will be defined across Children's Services.</p> <p>The Children's Services Scheme of Financial Delegation will be reviewed and updated.</p>	31 March 2024	Executive Director of Children's Services	<p>February 2024 - Executive Director of Children's Services</p> <p>All actions are in progress with a clear scheme of delegation in motion with regular financial oversight as proposed.</p> <p>Financial training was</p>

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Timescale	Lead	Progress Update
	<p>Plan for Children’s Services.</p> <p>The financial management arrangements within Children’s Services will need to be robust, given the volatility and budget pressures that are likely to continue during 2023/24.</p>		<p>Financial management training will be rolled out to relevant staff within Children’s Services.</p> <p>Monthly budget monitoring will take place, the identification of remedial actions to address budget variances.</p> <p>Quarterly reports presented to Cabinet and Council will include updates regarding the Children’s Services financial management.</p> <p>There will be a focus for 12-months on an Invest to Save approach. This recognises that resource used at an earlier stage benefits families with potential to create significant long term cost savings.</p>			<p>delivered via the corporate team and the current DCS receives regular challenge meetings.</p>
4	<p>In the 2020/21 and 2021/22 Corporate Governance Internal Audit Review, it was recommended that partnership agreements are reviewed by Assistant Directors to provide assurances in line with the Council’s Financial Procedural Rules (FPRs) for access for Internal Audit.</p> <p>A revised version of the FPRs was approved by Council on 19 January 2023. This included a review of how the Council will deal with its partnership arrangements and the inclusion of new provisions and high-level responsibilities of Executive Directors and Assistant Directors.</p>	GAS Review	<p>The draft guidance regarding partnership arrangements will be subject to internal review by the relevant officers before it is finalised and issued to Executive Directors and Assistant Directors.</p> <p>Executive Directors and Assistant Directors will carry out their responsibilities regarding partnership arrangements in line with the FPRs and evidence will be made available to provide assurance that partnership arrangements are being adhered to.</p>	31 March 2024	Executive Director, Corporate Services and Customer Services and all ED’s and AD’s.	<p>February 2024 - Executive Director, Corporate Services and Customer Services</p> <p>This issue has been communicated to AD’s and Executive Directors as part of the AGS work in 2023 but it is clear that further work is required to ensure compliance- a further note reflecting turnover of staff at AD level will go out in January</p>

Significant Governance Issue (SGI)	Source	Action to Address the Issue	Timescale	Lead	Progress Update
Guidance has since been drafted to support Executive Directors and Assistant Directors fulfil their new responsibilities, including the development of a checklist of all necessary requirements before entering into a partnership, during it and following its cessation. However, the guidance has yet to be issued and the new partnership arrangements are yet to be fully embedded in operation.					2024.

Other Findings

In addition to the SGIs detailed above, other findings were also identified in the Action Plan for 2022/23 at Appendix A. These are not categorised under the criteria for reporting as SGIs at this stage but will be kept under review. The leads who are detailed in the Action Plan at Appendix A will be responsible for implementing the recommendations relating to the actions. Regular follow up progress on the will be provided to the Audit and Governance Committee.

Three of the ‘other findings’ recommendations in Appendix A were reported as an SGI in the 2021/22 AGS and have been downgraded due to the progress made during 2022/23 to address the SGI (recommendation 1, 4 and 9). These will be kept under review during 2023/24 to ensure that the associated actions are fully implemented. Recommendation 3 and 5 are reiterated from the 2021/22 report due to the recommendation not being fully implemented. Recommendation 2, 6, 7 and 8 are new recommendations for 2022/23. Any recommendation not implemented by 31 March 2024, will be considered for including as an SGI in next year’s review.

Appendix A: Management Action Plan – Other Findings, Risks and Recommendations

Recommendation Priority Levels	
High	A matter that is fundamental to the system under review. The recommendation should be addressed as a matter of urgency.
Medium	A matter that is significant to the system under review.

Recommendation Priority Levels

Low	A matter that requires attention and would improve the system under review.
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No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
1	High	<p>CIPFA's Better Governance Forum guidance on Local Authority's Corporate Codes of Governance recommends that these are reviewed and approved annually by the Audit Committee. The Council's Code of Corporate Governance was last reviewed in 2019.</p> <p>This matter was raised in the 2021/22 Corporate Governance Internal Audit Review and a review of the Council's Code of Corporate Governance was subsequently scheduled for 2022/23. However, this review did not take place during 2022/23 and has been re-scheduled for July 2023.</p> <p>Risk</p>	The Code of Corporate Governance is reviewed and approved by the Audit and Governance Committee at the earliest possible opportunity.	The Council's Code of Corporate Governance is scheduled to be reviewed and submitted to the Audit and Governance Committee for 19 July 2023.	Chief Legal and Democratic Officer (Monitoring Officer)	19 July 2023	<p>February 2024 - Chief Legal and Democratic Officer</p> <p>The revised Code of Corporate Governance was submitted to the Audit and Governance meeting on 6th September 2023 and approved.</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		<p>The Council's Code of Corporate Governance is not updated and becomes outdated.</p> <p>Potential Implications Governance arrangements do not reflect good practice and current legislation.</p>					
2	High	<p>Insufficient funding available to local government coupled with continued pressure on the demand led budgets within the Council and investment in Children's services in recent years, has resulted in limited investment in other areas of the Council. This has resulted in capacity constraints across multiple services, compromising delivery of the Corporate and Service Plans during 2022/23. This includes adhering to national guidelines and best practises like mandatory counter fraud activities stipulated by the CIPFA</p>	<p>Capacity issues within services are reflected in Service Plans and remedial action considered as part of the annual budget setting process.</p>	<p>The capacity issues and how resources allocation has been prioritised across all services within the council are known.</p> <p>During the financial year 2023/24, if available funding is identified then this will be used to fund the business requirement-similarly all Assistant Directors and budget holders have been directed to identify if funding can be redirected or released to meet pressure within</p>	<p>Executive Director, Corporate Services and Customer Services and, Chief Internal Auditor</p>	<p>31 March 2024</p>	<p>February 2024 - Executive Director, Corporate Services and Customer Services</p> <p>The finance outlook for local government continues to be challenging with insufficient funding being available to support services. In Sefton an updated MTFP was presented to cabinet and council in September that set out revised MTFP assumptions and budget gap. This work has been undertaken with investment on both demand and inflation being focussed on ASC, CSC, and Home to School Transport. For next year the vacancy freeze and management programme will come to an end therefore services across the council will</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		<p>Code of Practice on 'managing the risk of fraud and corruption'.</p> <p>Risk Corporate and Service Plans are not delivered resulting on lack of service provision and increased chances of fraud occurring within the Council due to a reduction on pro-active and reactive counter fraud activity.</p> <p>Potential Implications Fraud is undetected within the Council resulting in breaches of the Council's Code of Conduct and financial loss to the Council.</p>		<p>services.</p> <p>In addition, as part of the budget setting process for 2024/25 to 2026/27 and the budget meetings and understanding of growth requirements is to be a feature with detail requested on whether this can be met from existing resources or additionality is required. if existing resources can be used this is a simple exercise however if additionality is required that is more difficult as corresponding savings will be required to meet that cost.</p>			<p>be able to recruit to all budgeted posts in addition the H&S team have another 2 posts there has been recent recruitment to the internal audit team that will see it as full establishment and there is a proposal to fill the counter fraud post.</p> <p>February 2024 - Chief Internal Auditor</p> <p>During 2022/23 and 2023/24 there has been a recruitment freeze with very limited ability to recruit to vacant positions. In Q3 of 2023/24 we have undertaken planning for a re-structure of the Risk and Audit Team which will seek to address a number of resourcing issues including Counter Fraud the outcome of which has provisionally been accepted by Finance. Further work will take place during Q4 to refine the re-structure, seek advice from Personnel and obtain formal approval from Finance and Personnel before it is implemented.</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
3	High	<p>As part of the Council's Corporate Governance Framework Review for 2022/23 members of the Senior Leadership Board (SLB), including the Chief Executive, have been asked to provide formal assurance in respect of their role and responsibilities, through the completion a Governance Assurance Statement (GAS). The GAS is based upon the seven principles of Corporate Governance laid out in the CIPFA/SOLACE Framework: Delivering Good Governance in Local Government (2016 Edition).</p> <p>A deadline for return of the GAS was set for 14 April 2023 and reminders were issued from Internal Audit and Executive Director, Corporate Services and Customer Services. However, seven of the 14</p>	The Chief Executive should e-mail SLB to remind them of their obligation to submit their GAS and on a timely basis and in line with the deadlines for the production of the Council's AGS.	Assistant Directors and Executive Directors during the discussion and Strategic Leadership Board will be reminded of their responsibilities in respect of the return of each GAS and the need for it to be accurate and robust to inform the overall assessment - if required follow up direction will be provided a week before the deadline.	Chief Executive	31 March 2024	<p>February 2024 – Chief Executive</p> <p>This will be completed to support the start of the AGS exercise in Q4 of 2023/24.</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		<p>GAS returns were received after the deadline of 14 April 2023 with the final GAS received on 8 June 2023.</p> <p>In addition, following discussions with Children's Services a joint GAS between the ED and two Ads was submitted rather than individual submission. This approach was agreed by the Executive Director, Corporate Services and Customer Services for 2022/23.</p> <p>Risk Not all assurances have been received in a timely manner for the annual review of the Council's Corporate Governance framework.</p> <p>Potential Implications Non-compliance with guidance CIPFA/SOLACE Framework: Delivering Good Governance in Local</p>					

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		Government (2016 Edition) caused by a lack of assurances which may result in reputational damage to the Council.					
4	Medium	<p>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 each local authority is required to detail how it meets these standards and what improvements are required in order to ensure compliance.</p> <p>The Council's Finance Service completes an annual self-assessment of compliance with the Code that includes input from the Strategic Leadership Board to reflect that</p>	Progress against the implementation of the FM Code Action Plan is monitored and reported to Council meetings.	The council will continue to take annual updates to Audit & Governance Committee to provide assurance on continued compliance and progress against the action plan. The next report will be taken to the July 2023 meeting of the Committee.	Executive Director, Corporate Services and Customer Services	31 March 2024	<p>February 2024 - Executive Director, Corporate Services and Customer Services</p> <p>This was completed with the report being presented and approved at Audit and Governance committee in July 2023.</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		<p>financial management and good practice needs to be embedded across the Council and at all levels of the organisation.</p> <p>The output from the most recent review was presented to Audit and Governance Committee on 22 June 2022 and this highlighted that many areas of good practice in financial management are evident across the organisation. An action plan to further improve compliance with the Code was also presented to Audit and Governance Committee.</p> <p>This matter was raised as an SGI in the 2021/22 Corporate Governance Internal Audit Review and has been downgraded due to the progress made during 2022/23.</p> <p>Risk The FM Code action plan</p>					

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		is not fully implemented. Potential Implications Systems and processes that do not comply with the requirements of the CIPFA FM Code.					
5	Medium	In 2022/23, SLB actions embedded the risk management framework. The Audit and Governance Committee (AGC) approved the Corporate Risk Management Handbook last in September 2022, with a review planned after risk appetite work completion. The Corporate Risk Register is updated regularly and presented to the AGC post SLB approval. A Risk Management e-learning package is under development, with the Workforce Learning Team handling its conversion. The risk appetite framework statement received SLB's approval in	Completion and Implementation of the e-learning package. The Risk Appetite training to be developed for DMT and rolled out during the summer. Agreement on the inclusion and format of the risk appetite framework within the Committee papers is required before the training can be implemented. The Corporate Risk Management Handbook to be updated to reflect the Risk Appetite and presented to Audit and Governance Committee for approval. Implementation of the Risk Management Audit agreed	The work has substantially been completed however the initial review of the draft training has identified concerns that the content has moved from the original brief. We are currently working with Workforce Training to resolve these issues. Risk Appetite training has been developed, piloted in two Service Areas and is currently being rolled out across the remaining DMTs. Risk Team are currently working with the Democratic	Executive Director, Corporate Services and Customer Services and Chief Internal Auditor	31 March 2024	February 2024 - Chief Internal Auditor A draft e-learning package was developed in the early part of the year however further refinement is required to ensure that the training is appropriate for all users. We have reviewed this in Q4 2023/24 and have shared our comments with Workplace Learning colleagues. We have developed risk appetite training and delivered to all of the Service Area Departmental Management Team attendees during Q2/2023/2024 financial year. We are awaiting on Democratic Services to develop a revised Committee Header to include risk appetite before finishing the roll out of risk appetite across

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		<p>February 2023 and AGC's in March 2023.</p> <p>The April 2023 Internal Audit review pinpointed two enhancement areas: the Risk Management Team's role and boundaries, and the improvement of training and information sharing. Plans include improving risk management within the organisation through the adoption of the Three Lines of Model and Assurance Mapping of key risks.</p> <p>Risk The Corporate Risk Management Framework will not be fully embedded within the Council.</p> <p>Potential Implications Lack of compliance with the Council's Corporate Risk Management Handbook. This may compromise or prevent the achievement of Council</p>	<p>actions</p>	<p>Services Team to include the risk appetite section which is considering further changes to improve the reports.</p> <p>The Corporate Risk Management Handbook has been altered to reflect the risk appetite and the revised version was approved in July 2023.</p> <p>The actions from the Risk Management Audit which in part, training, risk appetite training and Corporate Risk Management Handbook, are duplicated above will be implemented.</p>			<p>the Council.</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		aims and objectives and result in the inadequate monitoring of associated controls and/or mitigations.					
6	Medium	<p>In March 2018, the Internal Audit Service was externally assessed by CIPFA as “generally complies” with the Public Sector Internal Audit Standards.</p> <p>Each year the Internal Audit Service develops and implements an Improvement Plan to enhance systems and processes. Vacancies with team and recent recruitment challenges have meant that the Improvement Plan has not been fully implemented.</p> <p>A further CIPFA assessment was due to take place in quarter four 2022/23 but did not take place due to resource issues within the team. The assessment has been</p>	<p>A self-assessment of the Public Sector Internal Audit Standards is undertaken and identified gaps are incorporated in the Improvement Plan.</p> <p>Regular monitoring and reporting of the Improvement Plan.</p>	There are plans to complete the review during second half of 2023/24.	Executive Director, Corporate Services and Customer Services and Chief Internal Auditor	31 March 2024	<p>February 2024 - Chief Internal Auditor</p> <p>A self-assessment was undertaken in Q3 2023/24, and an improvement plan drafted. The outcome of the self - assessment and the improvement plan has been shared with the Audit and Governance Committee in December 2023.</p> <p>Planning for the external assessment to be undertaken in Q1 2024/2025 has started.</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		<p>re-scheduled for 2023/24.</p> <p>Risk The Internal Audit Service are assessed as not compliant with the Public Sector Internal Audit Standards.</p> <p>Potential Implications Reputation damage to the Council.</p>					
7	Low	<p>The external audit of the draft statement of accounts for the years ended 31 March 2021 and 31 March 2022 has not yet been completed by the Council's external auditor, Ernst and Young LLP (EY), due to delays caused by new guidance on infrastructure assets and EY's new digital approach and resourcing issues.</p> <p>EY have made it clear that the delay is a cross sector issue and no concerns have been found during the audit testing stage. Regular meetings have</p>	<p>Monitoring of EY progress in line with the proposed external audit engagement timetable and frequent reporting to Audit and Governance Committee.</p> <p>A progress update will be provided to Members at the July meeting of the Audit and Governance Committee.</p>	<p>Regular meetings are continuing to take place with EY to monitor progress (both at a "local" level with our audit manager / team as well as strategic level with the partners). Verbal updates have previously been provided to A&G – report presented to most recent A&G (see below).</p> <p>Update to A&G in July outlined that 20/21 audit will hopefully be</p>	Service Manager – Finance.	30 September 2023 Completed 19 July 2023	<p>February 2024 - Service Manager – Finance</p> <p>Regular meetings have continued to take place with EY to monitor progress (both at a "local" level with our audit manager / team as well as strategic level with the partners).</p> <p>Updated Statement of Accounts (SoA) for 20/21 and 21/22 were presented to the Audit and Governance Committee on 27th September 2023 alongside the 22/23 draft SoA for 22/23. A further report covering all three audits was presented to the Committee on 13th December</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		<p>taken place between the Council and EY and a letter was sent to EY on 20 June 2023 requesting the completion of the audit.</p> <p>Whilst this situation is allowed for by Regulation 10, paragraph (2a) of the Accounts and Audit Regulations 2015, the delays caused by EY mean the Council has been unable to publish the audited 2021/22 final statement of accounts in line with the deadline of 30 November 2022.</p> <p>Risk Unidentified material misstatements that could be exacerbated in future years putting pressure on the revenue account.</p> <p>Potential Implications Reputational damage to the Council and delays in commencing future years audits.</p>		completed by end of July 2023 (for approval by Chair who has delegated authority) and 21/22 by early September 2023.			<p>2023.</p> <p>The audit of the 20/21 SoA is now complete. The audit of the 21/22 SoA is currently in abeyance whilst EY await direction from the Government of actions to resolve outstanding local government audits – this guidance is expected in the next few months. For the same reasons the audit of the 22/23 SoA has yet to properly commence. However, some initial work has been undertaken by EY, mainly on their Value for Money responsibilities.</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
8	Low	<p>The Cost-of-Living report presented to the Cabinet meeting in September 2022 states:</p> <p>“People across Sefton, like many across the country, are living with and facing further challenges in light of the mounting national cost of living crisis. The combination of changes to the welfare system, soaring domestic energy and fuel prices, rising prices in the shops due to inflation has hit households hard”.</p> <p>A Cost-Of-Living Member Reference Group has been established and no significant concerns have been raised to date. However, the continuation of negative external factors will likely impact the demand for the Council’s services and the Council will need to be pro-active and responsive in delivering necessary</p>	<p>Continual review of the impact of the cost-of-living crisis on financial sustainability.</p> <p>Demand for Children’s Services, Adult Social Care and Communities will be escalated as appropriate.</p> <p>Identify necessary pro-active activities in terms of support and report</p>	<p>The cost-of-living MRG focussed on impact on residents, businesses, and council services.</p> <p>A comprehensive overview was provided over a series of meetings covering all of these aspects and several actions were taken as a result.</p> <p>In June 2023, the Chair agreed to stand down the MRG on the grounds that the Welfare Reform and Anti-Poverty MRG continued to pursue this agenda.</p>	<p>Executive Director, People, Executive Director of Adult Social Care and Health, Executive Director of Children Services</p>		<p>February 2024 – Executive Director, People</p> <p>The Welfare Reform Member Reference Group continues to meet and to discuss all aspects facing residents during the cost of living crisis and has a particular focus on the implementation of the child poverty strategy.</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		<p>support programmes.</p> <p>Risk The Council does not adequately respond to the challenges presented by external factors and the cost-of-living crisis.</p> <p>Potential Implications Suitable cost-saving / income generating actions are not identified which impacts the financial sustainability of the Council and residents are unable to access the services they require due to the cost-of-living crisis.</p>					
9	Low	<p>Sefton Council declared a 'Climate Emergency' on 18 July 2019. The Council has a target to achieve net zero carbon by 2030 for Council operations and has set out a strategy and Action Plan to achieve this goal.</p> <p>Work has progressed during 2022/23 and the Council are coming to the</p>	<p>Progress against the implementation of the Phase 2 Action Plan is monitored and reported to Council meetings.</p> <p>The financial implications continue to be monitored and formally reported upon, including the availability of internal or central government funding.</p>	<p>The Officers' Working Group will continue to meet on a monthly basis and the Member Reference Group chaired by the Cabinet Member for Regulatory, Compliance and Corporate Services will meet regularly during 2023/24.</p>	<p>Executive Director, Corporate Services and Customer Services and Executive Director, People</p>	<p>31 March 2024</p>	<p>February 2024 - Executive Director, Corporate Services and Customer Services</p> <p>Work continues on the programme as set out with monthly officer meetings and the member reference group continuing to meet as set out.</p> <p>During the last period the following work has been</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		<p>end of Phase 1 delivery (2020–2023) of the Climate Change Emergency strategy / Action Plan.</p> <p>The Phase 2 Action Plan (2023-2026), outlining interim targets and the work required to meet the committed net zero targets over the next three years, was approved by Cabinet in April 2023.</p> <p>The successful implementation of the strategy is dependent upon funding of approximately £35m being made available either through the councils MTFP, grant funding or from central government. Due to the current economic climate, there is uncertainty around whether external funding will be available and therefore any shortfalls in funding would need to be met by the Council. This</p>		<p>The next annual report will be presented to June 2023 cabinet and July 2023 council meetings.</p> <p>The Council's next MTFP will include details of the financial cost of reaching the objectives of the climate emergency as set out in the implementation plan.</p>			<p>completed: -</p> <ul style="list-style-type: none"> • Work continues on the LED street lighting project. • A review of communications has been undertaken and a microsite has been set up which will be supplemented by newsletters to all interested parties. • A bid has been submitted together with city region partners to the government's decarbonisation programme – if successful the council will be able to commence one of its 2 remaining major projects (the other being fleet replacement) which will see all of its major buildings decarbonise in accordance with the surveys undertaken in the last 18 months. <p>It remains the case that central government funding is crucial to the delivery of the programme.</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Lead Officer(s)	Completion Date	Progress Update
		<p>will be continually reported via the councils MTFP process.</p> <p>This matter was raised as an SGI in the 2021/22 Corporate Governance Internal Audit Review and has been downgraded due to the progress made during 2022/23.</p> <p>Risk Phase 2 of the Climate Change Emergency strategy / Action Plan is not implemented.</p> <p>Potential Implications Climate Change Emergency strategy and net zero targets will not be achieved resulting in financial implications and reputational damage to the Council.</p>					

3.10 Developments and Improvements

We reported in December 2023 that an improvement plan for Internal Audit had been developed. Since the last Audit and Governance Report, Internal Audit has:

- Developed and shared guidelines for use of AI to assist in the planning stages of audit engagements.
- Updated the document retention policy.
- Continued to monitor staff wellbeing during the prolonged period of home working maintaining frequent regular contact with all team members.
- Completed induction process for one new Principal Auditor.
- Completed two recruitment cycles to recruit two Principal Auditors for fixed terms.
- Continued to implement dedicated team office days to further strengthen our already strong team dynamics.
- Started on the implementation of the Audit improvement plan.
- Team is now focused on delivering the revised 2023/24 Audit Plan.
- Continued with engagement with Risk colleagues to help understand and define how the Three Lines Model could be integrated in with the Assurance Mapping and Risk Management.
- Completed audit planning process for 2024/25 including meetings with Executive Directors and Assistant Directors.
- Started the Assurance Mapping process.
- Trialling shorter weekly update meetings with the team.
- Joint working with the various Risk and Audit Teams on project work. In addition to providing useful project outcomes, it is hoped this will strengthen knowledge and cohesion between teams.

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

- Roll out a proposal to management to develop the three lines of model recommended by the Institute of Internal Auditors
- Continue with preparations for upcoming Public Sector Internal Audit External Assessment due in coming year.
- Finalise recruitment of two Principal Auditors to fixed term posts.
- Work with Financial Management to ensure a smooth handover of responsibilities when the CIPFA trainees transfer between teams.
- Continue with the implementation of the Internal Audit Improvement Plan.
- Review the approach to school audits.

4. Health and Safety: Performance Update

4.1 Progress

- 4.1.1 Following the departure of a permanent member of the Corporate Health and Safety team (the team) on the 30 June 2023 there followed a significant recruitment drive to fill the vacancy. Following a prolonged process, we offered the position to a candidate who began duties in January 2024. The recruitment process proved difficult in attracting suitably qualified and experienced interviewees for the role. A further candidate has been offered a Health and Safety role and is due to start on 4 March 2024. The increase will allow a more proactive approach in tackling safety issues.
- 4.1.2 Despite the addition of a further staff member, the team continues to be extremely busy in meeting the demands of the Council. The team supports nearly 8,000 staff (including maintained school staff and schools with a Service Level Agreement in place) in day-to-day health and safety, advising on accidents, incidents and investigations as well as playing the lead role in seven Health and Safety Sub Committees and the Corporate Health and Safety Committee. This also includes advice relating to agency staff, contractors and volunteers working on behalf of the Council. The team is also involved in advising upon events (internally led and external) that occur on council land, as well as overseeing the authorisation process of school visits where they are of an adventurous, overseas, or residential nature.
- 4.1.3 The team continues to deliver a range of services across all departments and schools, which can generally be divided into three main areas:
- Policy and communication
 - Operational reactive and proactive response
 - Active monitoring.
- 4.1.4 Health and safety objectives and key performance indicators have been aligned to the Councils 'Vision 2030' and 'One Council' initiatives and core values. These are continually reviewed and drive the programme of work, not only for the team but for services areas through the health and safety sub-committees.

- 4.1.5 Health and safety consultation arrangements remain in place, with the Corporate Health and Safety Committee playing a key role in conjunction with the Departmental Health and Safety Sub-Committees. The next scheduled corporate meeting will take place in March 2024. The sub-committees are held ahead of the main meeting where points raised feed into the main meeting for further discussion and consideration. The structure provides a good avenue for the dissemination of information relating to that particular department and the wider dissemination via the full Committee.
- 4.1.6 The team has undertaken a thorough review of asbestos management both in its council buildings and the schools. This has involved inspecting premises and their accompanying documentation, as well as close liaison with Building Services. A report has been provided for Property Service's information. Asbestos training is currently being given to all maintained and voluntary controlled schools with a view to bringing about better day to day management. This is being delivered by a third party in Environmental Essentials and is conducted in two parts – part one being online and part two, via virtual classroom. Whilst most schools undertook the training without issue, we are working with some schools to reinforce the message that the training is mandatory and a legal requirement.
- 4.1.7 The under reporting of accidents, incidents and near misses continues in some parts of Sefton. Whilst we are not unique in experiencing this, there remains room for improvement, and we are continuing to promote the issue. The team continues to encourage managers to ensure all accidents, incidents and near misses are reported to ensure safety management is improved and to ensure the Council is protected as best as it can in the event of future claims. This will also aid compliance with its legal duty to report accidents under the Social Security (Claims and Payments) Regulations.
- 4.1.8 The reporting system has been made more accessible to greater numbers, with access now being available directly from the intranet's front page. Reporting rights are no longer just restricted to managers but also available to first line supervisors to relieve administrative burdens and increase information flows. All Service Areas have been approached to provide details of their first line supervisors and we have refreshed the user lists on the software issuing new log ins. Departments are being approached and advised directly where there is strong evidence of under-reporting. The team is about to work with the Comms Teams to produce a package of communication to staff members from regular emails, updates on the intranet and a video from senior management. The Incident Reporting procedure is currently under review to ensure all current issues, including reporting mechanisms for third party contractors working on behalf of the Council's undertaking, are covered.

- 4.1.9 The team continues to review the quality of incident reporting and provides comments in most cases so the inputter is aware that the report has been received and any further action that they should take. A small number of incidents continue to be reported under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) when they should not be the case. It is believed that the number of RIDDOR reports submitted each year can be reduced, thereby only allowing genuine ones to be forwarded to the HSE. We are continuing to educate managers on the criteria for reporting RIDDOR incidents.
- 4.1.10 The team are active members of Sefton Event Safety Advisory Group (SESAG) advising other stakeholders on the Group, as well as event organisers in relation to their responsibilities and best practice. During 2023/24 brought about a full schedule of events held across Sefton's parklands and other associated sites, which included everything from music to comedy, to food, drink, flowers, fireworks, and air displays. All of these have boosted tourism and rejuvenated some of our more disadvantaged neighbourhoods. Whilst most events are relatively low risk in nature, some of the activities incorporated within may be deemed higher risk and requiring further consideration. Fair rides, inflatables and daredevil stunts are examples of activities that can raise the risk levels of an event and thereby attract the attention of the team. The volume of documentation that can be submitted for such events can be significant.
- 4.1.11 The Team has recently reviewed the Council's procedures when dealing with event applications, to ensure a more coordinated approach across Service Areas and enhancing systems that are currently in place. They are currently working with other teams and departments to ensure the recommendations are implemented ahead of the spring / summer season of 2024. The need for improved and coordinated responses is heightened by the forthcoming legislation relating to Martyn's Law, especially in relation to security arrangements at some of our larger events. The team has been involved in considerations and advice around this proposed legislation.
- 4.1.12 Visits to schools with a Service Level Agreement (SLA) in place continued throughout the quarter. A significant minority of maintained schools abstained from receiving a health and safety audit in 2023/24. The team will therefore be conducting audits on a selection of those schools up until the summer closedown to ensure that their safety management remains in place. Visits that have been conducted in willing schools have been well received and the team intends to build upon this success for the 24/25 period. A review of the schools' health and safety SLA was undertaken to maximise the effect of the service, retain current customers and stave off approaches from third party competitors. Instead of a full inspection occurring each year that

tied the school and our inspecting team member up for a full day (putting some schools off), audits will now be limited to half a day and run over a three-year cycle.

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

4.1.14 The team continues to work alongside other Service Areas to review existing practice and establish best practice. Examples of such cross - departmental work include:

- Property Services in relation to:
 - fire marshal and first aid provision,
 - PAT testing,
 - security and aggression in public facing council buildings,
 - asbestos management,
 - asbestos training
 - building etiquette and the
 - review of corporate buildings risk assessments.
- Workforce Learning and Development in relation to the establishment of a new health and safety training programme.
- Various parties on the re-establishment of the Workforce Wellbeing Group.
- Adult Social Care in relation to better accident / incident reporting measures.
- Operational In-House Services in relation workers working in excessive heat, hand – arm vibration and working in or near water.
- Operational In-House Services and Communities on managing open water spaces and beach environments.

- Various teams regarding a Zero Tolerance of Violence Policy.

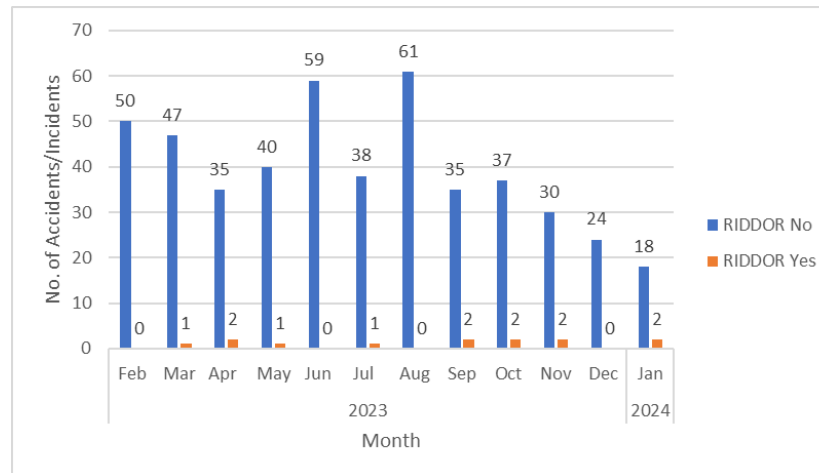
4.1.15 Along with some of the broader projects, the team remains busy with more specific / individual enquiries from both the schools and corporate side. These cover such areas as:

- DSE and Ergonomic issues including the purchase of relevant chairs.
- School's struggling to access the CLEAPSS and Evolve systems.

4.2 Key Incident Data

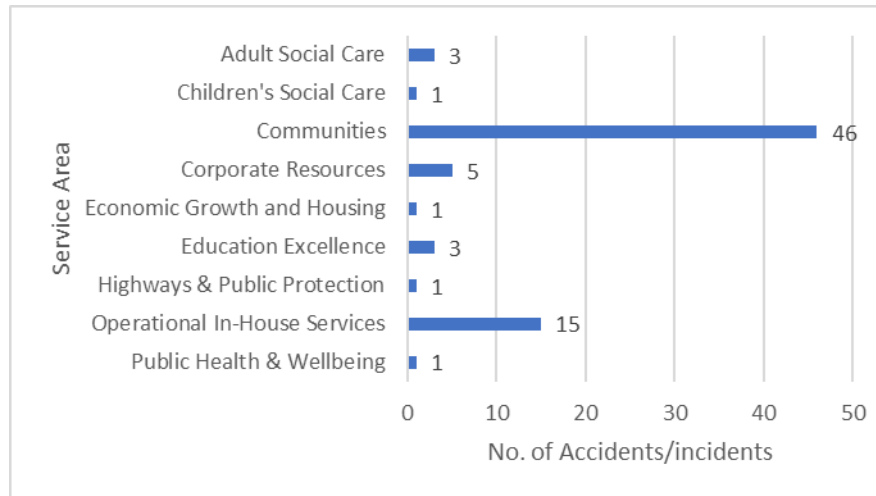
4.2.1 The Health and Safety Team continue to manage the Council's incident reporting system which records work-related accidents and incidents involving employees, agency workers, contractors, volunteers, and members of the public.

Graph 1 below shows the number of RIDDOR against Non - Reportable accident and incident data for the Council from 1 February 2023 to 31 January 2024 over the past 12 months.



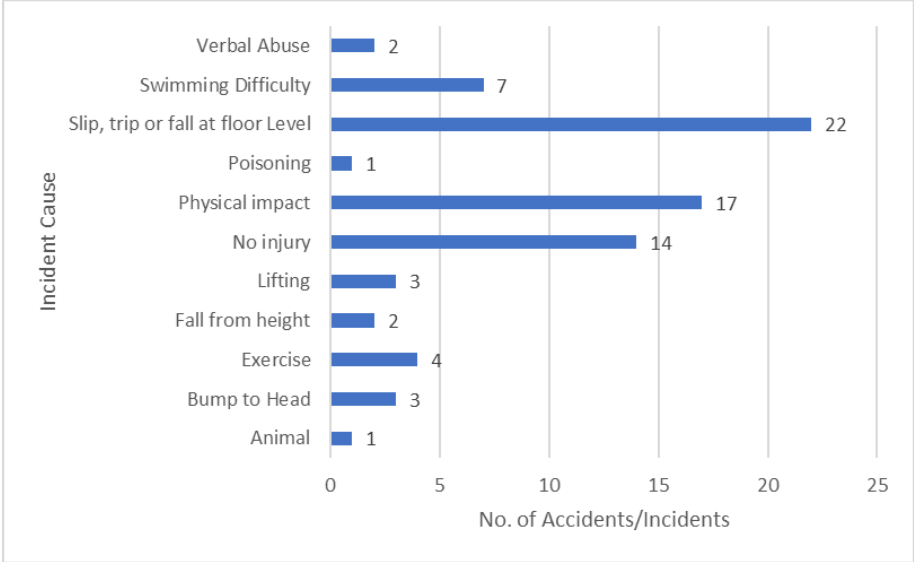
4.2.2 The above are corporate figures, excluding some of the playground bumps and falls of the schools. This shows a total of 474 accidents incidents across the 12-month period, with a further 13 being reported as RIDDOR. These collective figures mask some of the previous zero returns submitted by some departments. Spikes over the summer have tailed off since. This is understandable for the Christmas period with shut down's, however, the figure of 18 appears very low for January. This may be due in part to extended leave in the first week. With these figures, there is an average of 39.5 reported accidents per month.

Graph 2 shows Accident and incident data comparisons for Service Areas between 1 Nov 2023 and 31 Jan 2024



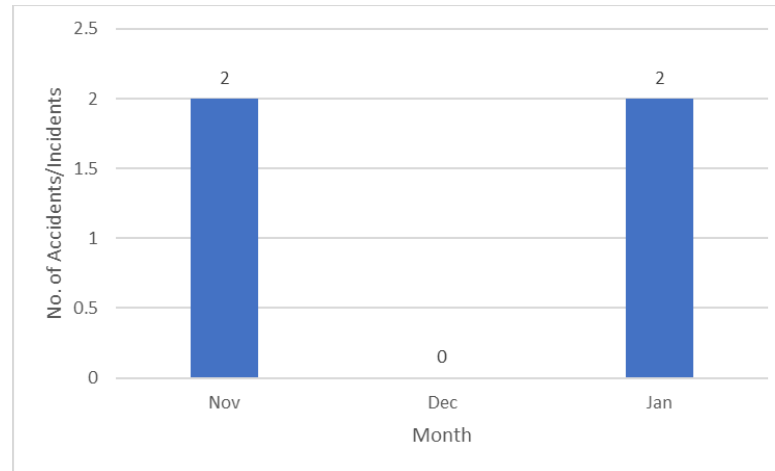
4.2.3 This graph demonstrates some of the figures from the last quarter and apart from the submissions from Communities and Operational In-House Services, reveals some of the low submissions across the organisation as a whole. On a positive, there are no zero returns in this quarter, which hopefully demonstrates better understanding of the requirement to report.

Graph 3 Reported causes of accidents/ incidents reported across Sefton Council from 1 Nov 2023 and 31 Jan 2024



4.2.4 No injury incidents tend to be near misses, which are important considerations as they usually manifest into full accidents at a later stage. Appropriate action is therefore required at the ‘near miss’ stage to avoid resultant future accident. Slips and trips at floor level are again the top cause of injury, with a notable increase in the number of trips that are completely avoidable. Usually, this is in relation to items being left or stored upon a floor. There is no excuse for poor housekeeping and this matter will be raised in the forthcoming health and safety committee meetings.

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



4.2.5 RIDDOR reports generally relate to more serious incidents or where a staff member has been injured and is subsequently absent from work for more than seven days due to a work-related injury. This is the key part in any RIDDOR consideration - that the injury stems from a work-related injury and not just merely from it occurring in work. This misunderstanding leads to a number of invalid submissions for which again, the team continues to work with relevant teams to improve understanding. Something that the team has requested over recent quarters is that accidents which are deemed to be RIDDOR's are first discussed with the team. Unfortunately, very few are and RIDDOR's therefore continue to be submitted without the team's input. In the four RIDDOR's submitted in this period, two are not believed to meet the criteria, with one being borderline. The fourth staff member sought advice from the team and subsequently submitted following that advice.

4.3 Developments

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

4.3.2 The Corporate Health and Safety Team will:

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

5. Insurance: Performance Update

5.1 Work Completed

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

5.1.2 Working with colleagues in Tourism, the Team have secured cancellation insurance for two major Council events to be held in Southport later this year – the Southport Airshow (13 - 14 July 2024) and the British Musical Fireworks Championships (20 – 21 September 2024).

5.1.3 As previously advised, cyber insurance policies are being considered using the Council's Insurance Brokers. The exercise launched with schools produced a very limited response in appetite, however quotes are currently waited for those that did show interest. In addition, indicative premiums for similar cover have been received for the Council which are currently being considered by the ICT team.

5.1.4 To determine if the Insurance Fund has sufficient reserves to fund current and future claims that may be presented, following a procurement exercise an external contractor has now been instructed to undertake an Actuarial Report on the Council's insurance claims. The Report is due back with the Council by 30 April 2024 and the outcome will be reported in a future update.

5.1.5 The Council continues to defend cases robustly to protect the public purse and, where necessary, will enlist the assistance of Weightmans, the Council's liability insurance solicitor, to provide litigation support for appropriate claims. No court trials have taken place since the last update.

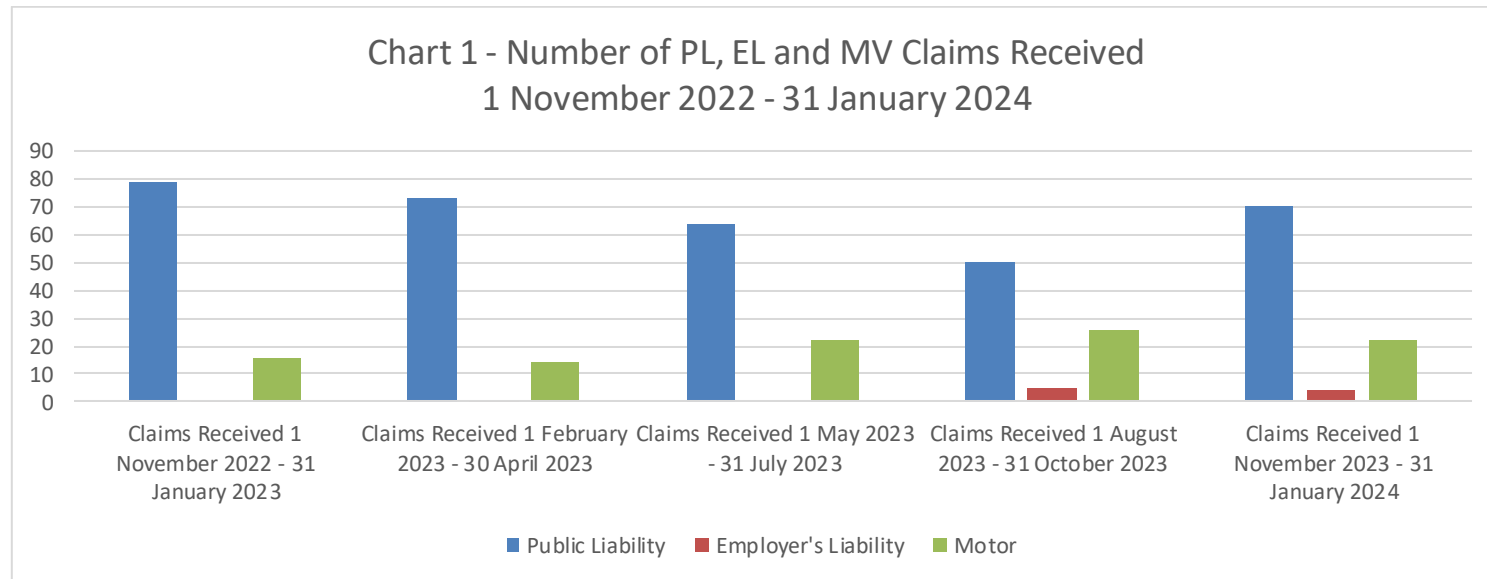
5.1.6 The Team, where necessary, will continue to work with service areas to improve the management of insurable risk especially in areas where there are high numbers of claims or areas of concern. The Council generally has high defensibility rates, and such risk management activity will assist in maintaining and potentially improving the position further.

5.2 Key Claims Data

5.2.1 The following charts outline the insurance performance and include:

- Numbers of claims for Public Liability (PL), Employers Liability (EL) and Motor (MV) received by Sefton Council for the period 1 November 2022 to 31 January 2024.
- Value of the reserves for PL, EL and MV claims received by Sefton Council for the period 1 November 2022 to 31 January 2024.
- The average reserve value for PL, EL and MV claims received by Sefton Council for the period 1 November 2022 to 31 January 2024.

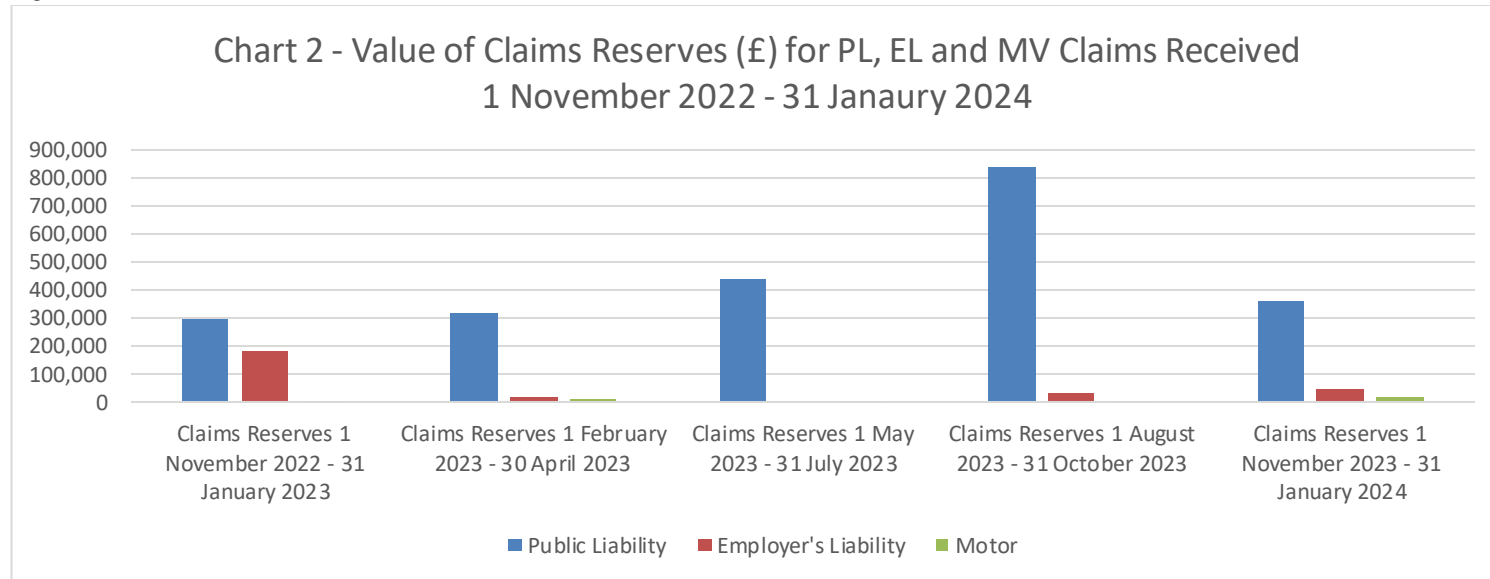
Chart 1 below outlines the number of claims for PL, EL and MV received for the period 1 November 2022 to 31 January 2024.



5.2.2 The number of PL claims has increased by 40% since the previous quarter, although end of the period is 11% lower than the start of the overall reporting period. Personal injury claims represent 40% of the claims received with the remainder being third party property damage. The majority (81%) of all claims received relate to the Highways service area which account for 68% of the personal injury claims and 90% of the property damage claims.

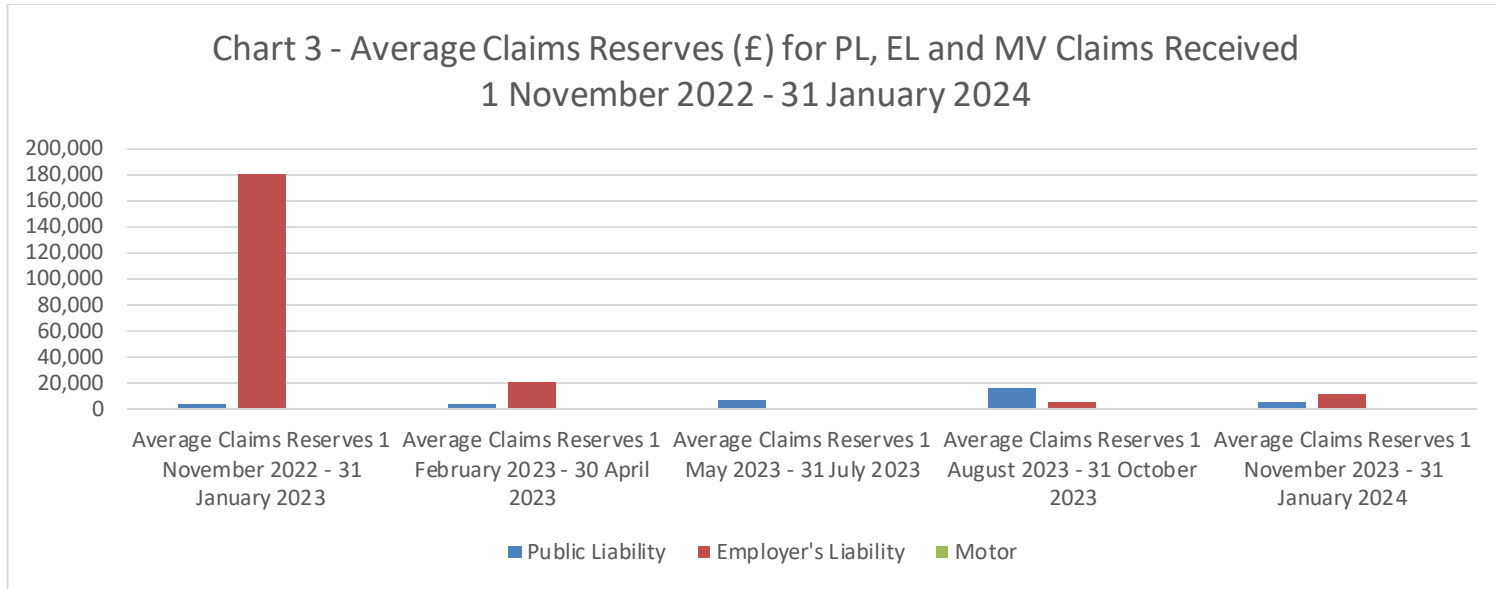
- 5.2.3 EL claim numbers remain low, and there has been a 20% decrease since the previous quarter. Half of the claims received this quarter relate to incidents in Schools. Numbers for the latest quarter stand at the second highest of the overall reporting period.
- 5.2.4 The number of MV claims has decreased by 15% from the last quarter and is equal to the third quarter of the overall period. The Waste and Cleansing service area account for 64% of the claims received with Schools and Parks and Green Spaces each representing 25% of the remainder. Own damage claims count for 68% of the claims received with the remainder involving third party damage and one claim for personal injury.
- 5.2.5 The current profile in all three areas presents no cause for concern however claim numbers will be monitored for any changes in trend.

Chart 2 below outlines the value of the reserves for PL, EL and MV claims received for the period 1 November 2022 to 31 January 2024.



- 5.2.6 Claim reserves are allocated by the insurers and/or claims handlers independent of the Council and are determined by the type of injury sustained by the third parties and/or damage occasioned to their property.
- 5.2.7 Despite an increase in PL claim numbers, total reserves decreased by a significant 57% reflecting the injuries and/or damage sustained by third parties. The figure represents the third lowest of the overall reporting period.
- 5.2.8 As with PL claims, the injuries sustained in EL claims effect the reserves, and although there has been a decrease in claim numbers, EL total reserves have increased by 49% since the previous quarter. They do however end at 74% lower than the fust quarter.
- 5.2.9 Although MV claim numbers have decreased this quarter, claim reserves are the highest of the overall reporting period having increased by 177% since the previous quarter. This reflects the repair costs to own fleet and third party vehicles. Of the overall reserve, 37% relates to the one third party personal injury claim received.

Chart 3 below outlines the average value of the reserves for PL, EL and MV claims for the period 1 November 2022 to 31 January 2024.



- 5.2.10 The average reserve for PL claims shows a decrease of 69% since the last quarter, which was the highest of the overall reporting period, remaining in a similar range with the majority of the other quarters in the period.
- 5.2.11 The average reserve for EL claims have increased by 85% from the previous quarter, however it is the third lowest in the overall period. As stated previously, although the claim numbers are low, the reserves reflect the nature of the injuries sustained.
- 5.2.12 The average MV claims reserve, which is the highest of the overall reporting period, has significantly increased by 227% from the previous quarter. This has been caused in part by the receipt of the personal injury claim.
- 5.2.13 Trends in claims performance will continue to be monitored.

5.3 Developments

- 5.3.1 Communication has been issued to all Sefton maintained schools with regard to the Insurance Service Level Agreement for the upcoming 2024/2025 financial year. Unless converting to Academies, it is expected that all schools purchase the same as part of the Long-Term Agreement currently in place with Insurers.
- 5.3.2 As a result of the Health and Safety Team being bolstered by the appointment of further team members, the relationship between the two Teams has recently strengthened. As incidents show the potential of becoming claims or when claims (especially Employers Liability claims) are received, discussions take place to assist in improving safety management with and by service areas where required. Capturing the essential detail in the early stages assists in the overall handling of claims and in the potential defensibility of such.
- 5.3.3 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.
- 5.3.4 Following commencement of the new insurance year on 29 September 2023, the Team will continue to make use of the allocation of free of charge risk management days made available as part of the liability, material damage and motor insurance contracts. These are utilised to provide service areas with training or advice for their specific roles and to strengthen areas of the Council where relevant. Aside from these days, Insurers have also offered bespoke support in relation to both Risk & Resilience and a Fleet Review, and discussions are currently taking place to plan how and when these will be delivered in the near future.
- 5.3.5 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

- 6.1.1 The Risk and Resilience Team (Team) continue to ensure progressive development across the key areas of Business Continuity, Emergency Planning and Risk Management and an improvement plan for each portfolio has been produced.
- 6.1.2 The Emergency Planning function of the Team is delivered at both singular organisation (council) and multi-agency (local resilience forum) levels. Both officers of the Team remain fully engaged with the planning, preparedness, response, recovery training and exercise activities of both the Council and partner agencies of the Merseyside Resilience Forum (MRF). The MRF publishes its annual Business Plan during March / April of each year supported by a Programme of Work which is driven by risks identified in the Merseyside Community Risk Register. MRF workstreams are delivered at the operational level by the collaborative work of emergency planning officers, from all member agencies of the MRF, who currently provide representation at 10 different, risk-specific themed subgroups. Output is endorsed at a tactical level by the Business Management Group and then considered for sign off by the Executive Group at strategic level. Sefton's Risk and Resilience Team maintain strong working relationships and quarterly attendance at all 10 subgroups to fulfil participation in the planning and delivery of multi-agency activities and ensure continuation of partnership links.
- 6.1.3 The Team regularly promotes and encourages opportunity for training and exercising by sharing invitations to council colleagues and Emergency Duty Co-ordinators (EDCs) about MRF and other appropriate emergency preparedness events to support and enhance their knowledge and experience. Events this quarter where the Team have been involved or will be involved include.
- **LCC Rest Centre Exercise (5 Dec 2023)** – attended by the Team and 3 Sefton Crisis Support Team members.
 - **MRF Preparedness Awareness (10 Jan 2024)** – virtual presentation covering background to Civil Contingencies Act 2004 and related doctrine, UK Resilience Framework, National Resilience Standards, National Security Risk Assessment, Joint Emergency Service Interoperability Principles and MRF Structure and Function attended by seven Sefton colleagues.
 - **Exercise Skorpion (12 Jan 2024)** – National Police exercise with focus on Chemical Biological Radiological Nuclear Explosive (CBRNE) response attended by EDC officer.

- **Strategic Emergency Management (1 & 2 Feb 2024)** - attended by one new to the role EDC and a Service Manager.
- **Cyber Security and Risk Management (15 Feb 24)** – training day hosted through the MRF Cyber Risk subgroup.
- **Exercise Coral Chain (6 Mar 2024)** – live national police exercise supported by the Team and members of Sefton and Liverpool Crisis Response Teams.

6.1.4 The Team is looking to recruit additional staff volunteers to the council’s Crisis Response Team (CRT), these members of staff volunteer to support the council’s response to a civil emergency in a variety of ways for example residents who may become displaced from their homes and need temporary shelter/accommodation or other welfare needs. Some members of the Crisis Response Team have also expressed an interest in specialising in the role of Decision Loggists. Risk and Resilience officers have sourced appropriate training, and two CRT members will attend the ‘Working as a Loggist’ course at the Emergency Planning College, Easingwold in March/September 2024 with potentially further opportunity for other new recruits to attend this training if they too wish to pursue this role.

6.1.5 The Team are members of Sefton Events Safety Advisory Group (SESAG) and have continued to participate in multi-agency event plan reviews and meetings with event organisers. The Group will continue to meet with the new Spring/Summer calendar of events from March 2024 to jointly deliberate and seek assurances from the information provided via event plans, risk assessments, site visits and organiser’s presentations at the SESAG. This is to ensure advice about best practice is shared as necessary for the safety of events held within the borough.

6.1.6 The Team is currently developing the contingency arrangements which the council provides each year in support of the Radox Health Grand National Meeting at Aintree (11 – 13 April 2024). This is to assist joint operations between Merseyside Police and the Jockey Club if the racecourse had to be wholly evacuated during the three day festival. The Team will make enhancements to the normal Emergency Duty Cover arrangements and identify suitable locations for evacuation assembly points outside of the venue. Police and Security stewards can then direct racegoers to these areas prior to any triage of circumstances and needs for onward movement away from the area.

6.1.7 As part of the Council’s Major Emergency Plan arrangements, there has been a review of the current Emergency Coordination Centre (ECC) facility located within Council premises since 2005 due to the cost of updating to reflect current requirements and its current use by staff members. Suitable venues within the council’s buildings portfolio were assessed and a new location in Sefton has been identified. This new site was the favoured option due to the capacity of meeting rooms and the existing fixtures/fittings matching the specification required for the activity. The Team will now be looking at moving over any further kit and equipment as needed.

- 6.1.8 In preparation for the Winter season, the Team undertook a review of the Council's Severe Weather Protocol document and their approach to sharing National Severe Weather Warnings which are communicated by the Met Office and then notified to a pre-determined target group of colleagues from all areas of the council. The frequency with which the warnings are issued has increased significantly, particularly for rain and wind conditions, so a decision was made that the team should assess each warning individually, considering the potential impact of the event before onward distribution to the contact group. This should lessen the frequency of warnings being shared, but also prioritise those events where the impacts may be more severe. The Council's Severe Weather Protocol has been updated to reflect this change.

- 6.1.9 A review of each Service area's Business Continuity plan continues to be facilitated by the Team in consultation with the plan owners. The updated contact details have been tested in a no notice, out of hours call out to ensure contact can be made when necessary and the results of these tests have been reported back to the relevant plan owners.

- 6.1.10 A Business Continuity exercise was held in January 2023 for Assistant Directors and the Executive Leadership Team. Following a debrief, one action identified was to complete the Corporate Business Continuity Plan. The Team have produced a plan along with supporting annexe documents and these have been submitted to and endorsed by ELT in January 2024. A further exercise to test Corporate Business Continuity response is planned to take place in March 2024. The Team have procured an external consultant to scope out a scenario for the exercise and continue to develop and plan for this event.

- 6.1.11 An approach to update the Business Continuity Plan for Children's Social Care was agreed with The Executive Director for Children's Services and one scoping meeting has taken place to begin work on this document.

- 6.1.12 Following the Internal Audit review of the Risk Management function the Team have introduced a checklist to ensure compliance of the various risk registers in accordance with the Corporate Risk Management Handbook and good risk management practice. The Team have produced, throughout the quarter, checklists for all completed Risk Registers at Corporate, Service and Operational levels. The results of the checklists are being fed back to relevant risk owners. This is increasing engagement with those risk owners and encouraging robust reviews.

- 6.1.13 The team have completed the presentations for the introduction of Risk Appetite and the Council's agreed Risk Appetite Framework (RAF). The RAF was presented and approved by Strategic Leadership Board and Audit and Governance Committee in March 2023. We still await the outcome of the review by Democratic Services with the Chief Legal Officer to ensure that the Committee meeting header sheet includes risk appetite.

- 6.1.14 During the quarter, the team have attended the Climate Risk Workshop, hosted by the Council's Energy & Environmental Management team and an external course "Advancing the Risk Management Agenda". The workshop supported the understanding of introducing climate related risks into the wider risk management framework. The risk management course was an opportunity to refresh the knowledge around the identification and approach to enterprise risk management within the authority.
- 6.1.15 A review of Risk Management will be undertaken by Gallagher Bassett, the Council's claims management provider, this quarter as part of the free risk management days available to the Council. The requested documentation has been collated and sent to the auditor for consideration.
- 6.1.16 The team has worked with colleagues from Internal Audit to review all risks within the Corporate Risk Register, identifying and recording the key sources of assurance that inform of the effectiveness of how our corporate risks are managed. An assurance map has been developed using the three lines model and is currently with the Executive Leadership Team for comment.
- 6.1.17 The team have agreed a phased approach with The Executive Director for Children's Services to introduce Operational Risk Registers (ORRs) across all teams within the service. This will ensure alignment to the Council's Corporate Risk Management Framework. Work began in December with the first two teams and varying progress has been made to draft and develop the ORRs with managers from each team. Due to the number of ORRs to be completed within Childrens Social Care, a stepped plan to undertake work with a couple of teams each cycle will be adopted, and further teams brought on board each quarter.
- 6.1.18 Following a robust review of the Corporate Risk Register (CRR) by The Chief Executive Officer and The Executive Director for Corporate Resources and Customer Services in November 2023, the team have redesigned the review and approval process for the CRR and for quarterly submission of Service Risk Registers (SRR). This change in process was notified to all ELT/SLB members and a calendar of key dates was shared for 2024 to assist in the planning of review and submission of risk documentation throughout the year. Timely submission of this documentation will also assist the team in meeting tight deadlines to produce supporting reports.

6.2 Developments

- Major incident plans and processes will continue to be reviewed and updated as necessary or following learning from any incidents.
- Reintroduce quarterly Emergency Duty Coordinator (EDC) briefings to increase knowledge and awareness of EP arrangements.
- Review and formalise an internal Incident debrief process.
- Continued engagement and proportionate preparation for introduction of Martyn's Law and associated workstreams.
- The Team will continue to support further planning and training for the MRF Shoreline Pollution workstream following a successful event to validate the MRF multi-agency plan for multi-agency partners.
- Ongoing review of the business continuity plans with particular focus on supporting the upcoming exercise.
- Planning an exercise for service specific Business Continuity plans.
- Further development of Risk Registers from all teams / services, including a qualitative exercise to ensure escalation of risks from Service Risk Registers to the Corporate Risk Register where appropriate.

7. Assurance and Counter Fraud: Performance Update

7.1 Work Completed

As highlighted in previous reports two members of the Team were on secondment with the Revenues and Benefits Team until March 2023 and the one remaining staff member has been focused on providing support to the Health and Safety Team and the Risk and Resilience Team to assist in co-ordinating business continuity and risk management. The support is required in particular to the Health and Safety Team due to the staffing issues following the School Advisor leaving in August 2022, the Senior Health and Safety Officer leaving in December 2023 and the Health and Safety Officer leaving in June 2023 and the difficulties subsequently in obtaining suitably qualified and experienced staff. Ensuring that there is sufficient capacity within Health and Safety Team to address business as usual, with gaps in the team and challenges in the recruitment of staff using the prescribed routes to recruit staff, has been key to ensure that key processes have operated as well as some progress being achieved in health and safety. The two staff members seconded to the Revenues and Benefits Team transferred permanently on the 1 April 2023 to Revenues and Benefits Team.

As a result, there has been limited counter fraud activity this quarter although we have help to co-ordinate the completion of the submission of information for the Nation Fraud Initiative.

7.2 Developments

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

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 reviews across the Council to ensure that Operational and Service Risk Registers are updated on a regular basis. Other work includes the completion of the external review of risk management and the horizon scanning session.
 - Finalising the Assurance Mapping exercise should assist in providing assurance on the key risks affecting the delivery of the Council's strategic objectives.
 - The finalisation of the Risk Appetite Framework inclusion on the Committee header sheets.
 - Continued delivery of the Internal Audit Plans for 2023/24, focusing attention on reviewing the key risks to the organisation, which will evolve as the Council changes.
 - Implement the actions from the BC exercise in January 2023, finalising of the Corporate BC plan and finalising the planning for a BC in March 2024.
 - The recruitment of two temporary Principal Auditors, and the start of Health and Safety Officer.
 - Completion of the review of the Health and Safety Policy, work on developing wider occupational health, safety, and wellbeing of staff.
 - Delivering on the service improvement plans for the Risk and Audit Team.

9. Conclusions

- 9.1 Internal Audit has made reasonable progress in the completion of the original approved Internal Audit Plan 2023/24 despite the underlying difficulties in recruiting suitable internal audit staff and unplanned absences. Performance in respect of the agreement of recommendations and the feedback from clients has been particularly positive and reflects the value added by the Service. Progress on the 2022/24 approved Internal Audit plan will be hampered by the unplanned reduction in resources requiring a revised Internal Audit Plan.
- 9.2 The Council's accident record continues to be positive, although reported incidents remain below expected and there are plans to improve the risk management further by working with colleagues across the organisation with improved training offer.
- 9.3 The Health and Safety team is continuing to focus on incident reporting, review of risk assessments and the review of event management/Open Water.
- 9.4 The Council's insurance claims performance remains good.
- 9.5 Further work is planned to improve risk management within the Council by finalising the work on assurance mapping the key risks and embedding the Council's risk appetite through the Departmental Management Teams and the Committee reports. We will continue to ensure that there are risk registers are in place in line with the Corporate Risk Management Handbook.
- 9.6 Progress has been made in embedding business continuity with a focus this year of reviewing the existing BC plans clear road map for the completion of the outstanding business continuity plans shortly and a focus over the remainder of the financial year at testing and exercising the BC plans.
- 9.7 We are developing improvement places across each of the service areas to deliver improvements which will result in improved risk services as well as an integrated risk and audit approach.

Agenda Item 9

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	Internal Audit Charter and Annual Audit Plan		
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 presents the proposed Internal Audit Charter and the Internal Audit Plan 2024/25 for approval by Members.

Recommendation(s):

- (1) Members are requested to:
- (i) Approve the Internal Audit Charter
 - (ii) Approve the Internal Audit Plan 2024/25

Reasons for the Recommendation(s):

Approval of the recommendations will facilitate the continued provision of a comprehensive, efficient and effective Internal Audit Service which meets professional Standards.

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 as the costs of the service are included within the existing staffing budget. However, the Council benefits from the work of the section in reducing the impact and likelihood (and so the cost) of risk.

Agenda Item 9

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

Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): There are no specific resource implications arising from this report other than the report stating how many days will be spent on internal audit during 2024/25 and the rotation of CIPFA trainees within their Finance placement for six months. Two temporary Principal Auditor posts for six months are currently being recruited to, the cost of which can be contained within the overall Risk and Audit staffing budget.</p>									
<p>Legal Implications: There are no legal implications.</p>									
<p>Equality Implications: There are no equality implications.</p>									
<p>Impact on Children and Young People: There are no direct implications in the report for Children and Young People. Reviews are planned to take place within Children’s and Education Services which will provide assurance on the controls used to manage risks.</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>Y</td> </tr> <tr> <td>Have a neutral impact</td> <td>N</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> <p>The Annual Audit Plan is risk based and designed to provide assurance on the Council’s key risks. One of the key risks is Climate Change and the proposed audit plan includes work to be conducted on Climate Change</p>		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
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								

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 7577/24) and the Chief Legal and Democratic Officer (LD5677/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

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Appendices:

The following appendix is attached to this report:

- Internal Audit Charter and Internal Audit Plan 2024/25

Background Papers:

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

Public Sector Internal Audit Standards

1. Introduction/Background

- 1.1 From 1 April 2017, new Public Sector Internal Audit Standards (hereafter referred to as “the Standards”) came into effect. These were jointly developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA).
- 1.2 The Standards replaced the Public Sector Internal Audit Standards 2013 and the previous CIPFA Code of Practice for Internal Audit in Local Government (2006) as the mandatory guidance and provide a coherent and consistent internal audit standards framework for the whole of the public sector.

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1.3 Two of the key requirements of the Standards are:

- “The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.” (Standard 1000)
- “The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation ‘s goals”. (Standard 2010)

1.4 In line with the above standards the Audit and Governance Committee’s Terms of Reference includes the following responsibilities on internal audit:

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

1.5 This report sets out the Internal Audit Charter and Internal Audit Plan for 2023/24, in order to comply with these Standards and demonstrate the role, purpose and focus of Internal Audit during the forthcoming year.

2. Key updates

2.1 There are no proposed changes to the Audit Charter.

2.2 The resources position for the Internal Audit Team has been raised in previous quarterly performance reports to Members. Proposed changes in the resourcing of the team are detailed in the Audit and Risk Performance Report, presented elsewhere on today’s agenda, and are detailed below:

2.2 A recruitment exercise is currently underway to provide two temporary Principal Auditors to provide additional capacity to ensure that a non-qualified audit opinion can be provided. The candidates have been appointed and due to start in April 2024.

2.3 The CIPFA trainee on a six-month rotation from Finance to the Internal Audit Team, discussed in last year’s report, is in place and this is generally working well although there are some lessons to be adopted on scope of the activities that they are involved in and the level of training that is provided.

2.4 Last year’s audit plan initially assumed a newly CIPFA Qualified apprentice would be available to support the team, with this assumption revised through the year no staff member was available. For 2024/25 additional permanent resources have been confirmed by Finance to be available and the team will be seeking to recruit to the role following a re-evaluation of the resources of the wider Risk and Audit function. The resource has been factored into the audit plan with a prudent start date.

- 2.6 The proposed audit plan is based on more audit days compared to last year however, as in previous years, there is a reliance on planned recruitment activities being successful to provide sufficient resources to deliver the audit plan. The planned dates used for completing the recruitment is prudent however in the current jobs market there always remains uncertainty that suitable qualified and experienced recruits will be available. There is a focus on assurance activities. The plan is based on planned audits with little contingency so where changes are forecast an update will be provided to members.

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Risk and Audit Service: Internal Audit Charter and Plan 2024/25

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Audit and Governance Committee
20 March 2024

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

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1. Executive Summary

- 1.1 This report provides the Internal Audit Charter and Internal Audit Plan 2024/25 for approval.
- 1.2 These documents are key requirements of the Public Sector Internal Audit Standards (hereafter referred to as “the Standards”), and so are vital in demonstrating the Internal Audit service’s compliance with these Standards.
- 1.3 The Internal Audit Charter sets out the role, purpose and authority of Internal Audit. There are no proposed changes to the Charter.
- 1.4 The Internal Audit Plan 2024/25 demonstrates how internal audit resources will be used during the forthcoming financial year to provide assurance on the effectiveness of the Council’s internal control system.
- 1.5 Particular attention has been paid to ensuring that the Internal Audit Plan is reflective of the changing risk landscape of the Council, and that it provides tangible added value to the Council in maintaining an effective system of internal control and management of risk. The plan has an emphasis on the role Internal Audit can play at a strategic level. This has been achieved through consultation with relevant stakeholders, and through incorporation of the principles of industry best practice.

2. Introduction

- 2.1 From 1 April 2013, new Public Sector Internal Audit Standards (hereafter referred to as “the Standards”) came into effect. These were jointly developed by the Chartered Institute of Public Finance and Accountancy (CIPFA) and the Chartered Institute of Internal Auditors (CIIA).
- 2.2 The Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government (2006) as the mandatory guidance and provide a coherent and consistent internal audit standards framework for the whole of the public sector. The Standards have been updated several times, most recently with effect from 1 April 2017.
- 2.3 Internal Audit is defined by the Standards as “an independent, objective assurance and consulting activity designed to add value and improve an organisation’s operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes”.
- 2.4 In executing its duties and complying with the Standards, Internal Audit must establish two key documents, and these must be presented to this Committee for approval on an annual basis:
- Internal Audit Charter

“The purpose, authority, and responsibility of the internal audit activity must be formally defined in an internal audit charter, consistent with the Definition of Internal Auditing, the Code of Ethics, and the Standards. The chief audit executive must periodically review the internal audit charter and present it to senior management and the board for approval.” (Standard 1000)
 - Internal Audit Plan

“The chief audit executive must establish a risk-based plan to determine the priorities of the internal audit activity, consistent with the organisation ‘s goals”. (Standard 2010)
- 2.5 This report presents both documents for approval and outlines the purpose of the documents and the process underpinning their compilation.

3. Internal Audit Charter

- 3.1 In compliance with the Standards, Internal Audit is required to establish a Charter which sets out its role, purpose and authority.
- 3.2 This provides clarity and legitimacy to the role of Internal Audit in the organisation, and assists the function is operating in line within an agreed framework.
- 3.3 The document acts as a guide for Internal Auditors in their daily work, but also assists officers and members of the Council in understanding what internal audit is and how it operates.
- 3.4 The Charter has been prepared to meet the Standards and incorporates all relevant requirements.
- 3.5 The Charter is shown at Appendix A. This is reviewed and presented to this Committee on an annual basis.

4. Internal Audit Plan 2024/25

Plan Compilation and Principles

- 4.1 The Standards state that the “Chief Audit Executive” must “establish risk-based plans to determine the priorities of the internal audit activity, consistent with the organisation’s goals”. They refer to the need for the plan to reflect the assurance framework, risk management arrangements and input from management and “the board”.
- 4.2 In meeting this Standard, an extensive consultation exercise has been undertaken to identify potential areas for audit, comprising:
- Review of the Corporate Risk Register
 - Review of Service Risk Registers
 - Review of Committee reports and decisions
 - Cumulative audit knowledge and experience
 - Findings and outcomes from previous audit work
 - Engagement with Assistant Directors and Executive Directors
 - Assurance Mapping
 - Evaluation of the risks highlighted by the Internal Audit Plan 2023/24.
- 4.3 A risk assessment exercise took place to form an overall view on the level of organisational risk each area poses. This was then used to inform a draft Internal Audit Plan, which was shared with the Chief Executive, external audit and senior managers prior to being presented to this meeting for approval.

Organisational Context

- 4.4 The organisational context for the Internal Audit Plan remains one of significant and fast-paced change in part due to transformational change as well as external risk factors such as higher than expected inflation impacting on cost of living, supply chain issues due to Covid-19 and high energy costs which have a cumulative impact on the organisation and its services. Transformation in the design and delivery of services has continued over the past 12 months and is planned to continue.
- 4.5 In this context, the Internal Audit Plan must continue to be flexible to be able to adapt to and reflect the changing risk landscape of the organisation. Any material changes made to the plan during the year will be notified to this Committee.

Composition

- 4.6 The Internal Audit Plan has been based upon 1152 (1050-March 23,798- September 2023) available audit days. This is following the deduction of annual leave and other non-audit time.
- 4.7 The approach to the plan has changed again this year in light of the experience of the challenges in resourcing the plan in 2023/24 and the lessons learnt from having a trainee role in place across the team both in the availability of audits that can be completed by less experienced team members as well as the impact to other team members to train them accordingly.
- 4.8 The Audit Plan for 23/24 was built on several resourcing assumptions which events have unfortunately detrimentally impacted upon causing the team to have reduced capacity as the financial year progressed. The issues have been shared with Members during the 2023/24 Financial Year and include.
- The recruitment of the Principal Auditor took longer to appoint and start than originally envisaged.
 - Additional Resources from Finance originally indicated during the planning stage did not happen.
- 4.9 We have a limited contingency in the plan and therefore any changes to the plan will be required to be shared with the Committee for approval. We are currently recruiting two temporary Principal Auditor positions for a six month period, who have been recruited and are due to start in April 2024 to provide capacity during a planned re-structure of the Risk and Audit Team. There are plans to recruit a further Principal Auditor to ensure that the team has the capacity to deliver an unqualified annual opinion and to recruit to the Trainee ICT Auditor. In light of the recruitment challenges we have faced over the last couple of years we are using very prudent timescales for the new staff to start. However, we cannot be absolutely confident that the timescales can be met but will keep the Committee informed as the year progresses on our recruitment. If the recruitment is completed ahead of the assumptions used in the we have other audits that could be considered for inclusion.
- 4.10 The Audit Team will be focused solely on assurance activities, and the proposed plan does not include any time to provide support for the roll out of wider initiatives in the Risk and Audit Service. The intention is that with the proposed Annual Audit plan there should be sufficient coverage of assurance through the year, alongside the assurance mapping to provide an unqualified Annual Audit Opinion for 2024/25.
- 4.11 There is some focus in the plan during the first six months of the financial year on developing the counter fraud function, which the proposed re-structure will address. A notable change is the inclusion of a priority of audits within the audit plan to ensure that the Audit Plan meets the expectations in the PSIAS based on the IIA standards. The priority is based on the mandatory audit areas that we have to complete each year and the net risk score in the Corporate Risk Register. The use of the priority is

not an absolute determinant of timing as for example there are a number of Children’s Services of risk that if we attempted to undertake at the same time would likely lead to concerns, we were overloading the service area.

4.12 In summary the proposed audit plan is an increase of 100 audit days against the original plan of 1050 in March 2023 but considerably larger than the revised audit plan we operated under during the latter part of 2023/24 however as in previous years there is a reliance on planned recruitment activities to provide sufficient resources to deliver the audit plan. The planned dates used for completing the recruitment is prudent however in the current jobs market there always remains uncertainty that suitable qualified and experienced recruits will be available. There is a focus on assurance activities which is risk based and in order of priority. The plan is based on planned audits with little contingency so where changes are forecast an update will be provided to members.

Reporting and Performance

4.13 Progress against the Plan and key details of the outcomes of audit work will continue to be presented to every meeting of this Committee.

4.14 The suite of performance indicators will continue to be used to measure the delivery of the Internal Audit Plan and the effectiveness of the work undertaken. These will continue to be reported to each meeting of this Committee.

The performance indicators and associated targets for 2023/24 are:

Description and Purpose	Target
<p>Percentage of the Internal Audit Plan 2023/24 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%
<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%
<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%
<p>Percentage of audit recommendations implemented at the original target date. This measures the extent the effectiveness and timeliness to which management implements audit recommendations. Provides assurance that control weaknesses are addressed promptly.</p>	65%

4.15 The Internal Audit Plan 2024/25 is shown at Appendix B.

5. Conclusions

- 5.1 The Internal Audit Charter sets out the role, purpose and authority of the Internal Audit section, and assists Internal Audit in complying with the Public Sector Internal Audit Standards.
- 5.2 The Internal Audit Plan 2024/25 has been prepared on a risk basis, following consideration of a number of sources and consultation with key stakeholders.
- 5.3 The Internal Audit Plan acknowledges the organisational context and aligns resources with the most pertinent risks facing the Council during this time of significant and fast-paced change. There is recruitment planned for the next financial year, although very prudent timescales have been used, which should enable there is sufficient coverage and depth in the audit plan to provide a good level of assurance for the Annual Audit Opinion by the end of the financial year.



Internal Audit Charter

March 2023

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Version Control

Owner:	Internal Audit
Date Approved:	Presented to Audit and Governance Committee for approval 20 March 2024
Date Implemented:	Immediately following approval
Version Number:	7.0
Next Review Due:	March 2024

1. Introduction

- 1.1 The requirement for local authorities to have an Internal Audit function is determined by Section 151 of the Local Government Act 1972, which requires that authorities 'make arrangements for the proper administration of their financial affairs'. The Accounts and Audit Regulations 2015 (SI 2015/234), regulation 6, more specifically require that a '*relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal audit standards or guidance.*'

2. Purpose of this Charter

- 2.1 The purpose of the Internal Audit Charter is to define internal audit's purpose, authority and responsibility. It establishes internal audit's position within Sefton Council and defines the scope of internal audit activities.
- 2.2 This Charter also covers the arrangements for the appointment of the Head of Internal Audit and internal audit staff, and identifies the nature of professionalism, skills and experience required.
- 2.3 This Charter will be appropriately updated following any changes to the Public Sector Internal Audit Standards ("the Standards") or internal audit's operating environment and, as a minimum, will be reviewed by the Chief Internal Auditor and presented to the Audit and Governance Committee on an annual basis.

3. Definitions

- 3.1 The Standards define Internal auditing is as "an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes".
- 3.2 The Public Sector Internal Audit Standards ("the Standards") require that the Internal Audit Charter defines the terms 'board' and 'senior management' in relation to the work of internal audit. For the purposes of internal audit work, the 'board' refers to the Sefton Council Audit and Governance Committee, which assumes responsibility for overseeing the work of internal audit. Sefton Council's senior management team is the Senior Leadership Board members.
- 3.3 Sefton Council's Chief Internal Auditor fulfils the Chief Audit Executive (CAE) role as defined by the Standards.

4. Public Sector Internal Audit Standards

- 4.1 The internal audit function is required to comply with Public Sector Internal Audit Standards (PSIAS). The Relevant Internal Audit Standard Setters, which includes the Chartered Institute of Public Finance and Accountancy (CIPFA), adopted the PSIAS from 1 April 2013. These Standards replaced the CIPFA Code of Practice for Internal Audit in Local Government in the United Kingdom 2006 ("The Code"). The PSIAS encompass the mandatory elements of the Chartered Institute of Internal Auditors (CIIA) International Professional Practices Framework (IPPF).

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- 4.2 Compliance with the Standards is mandatory and must be subject to both internal and external assessment. The Chief Internal Auditor must undertake a self-assessment on a regular basis. An external assessment must also be conducted at least once every five years by a qualified, independent assessor or assessment team from outside the organisation. The results of these assessments will be reported to the Audit and Governance Committee.

5. Mission of Internal Audit

- 5.1 The Public Sector Internal Audit Standards define the mission of Internal Audit as:
“To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.”
- 5.2 The mission of Sefton Council’s Risk and Audit 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.”

6. Responsibilities

- 6.1 Internal audit is responsible for establishing procedures and applying the required resources to ensure that the service conforms to the Definition of Internal Auditing and the Standards. All members of the Internal Audit team must also demonstrate conformance with the Code of Ethics, which is attached at Annexe 1 and the Core Principles:
- Demonstrates integrity.
 - Demonstrates competence and due professional care.
 - Is objective and free from undue influence (independent)
 - Aligns with the strategies, objectives, and risks of the organisation.
 - Is appropriately positioned and adequately resourced.
 - Demonstrates quality and continuous improvement.
 - Communicates effectively.
 - Provides risk-based assurance.
 - Is insightful, proactive, and future-focused.
 - Promotes organisational improvement.
- 6.2 The Chief Internal Auditor must deliver an annual internal audit opinion and annual report that are used to inform Sefton Council’s Annual Governance Statement. The annual internal audit opinion must conclude on the overall adequacy and effectiveness of the organisation’s framework of governance, risk management and control. This is the ‘assurance role’ of internal audit.
- 6.3 Internal Audit may also provide an independent and objective consultancy service, which is advisory in nature and is generally performed at the specific request of senior management. The aim of the consultancy service is to assist line management to improve the Council’s risk management, governance and internal control arrangements.
- 6.4 Sefton Council’s Chief Executive has overall responsibility for the establishment of a sound system of internal control, and through the Annual Governance Statement, is required to demonstrate that this is in place and that actions are being taken to address any identified governance issues.

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- 6.5 Sefton Council's Executive Director of Corporate Resources and Customer Services acts as the Responsible Financial Officer as defined by section 151 of the Local Government Act 1972, which requires every authority in England and Wales to "... 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". The Accounts and Audit Regulations 2003 emphasise the need for effective financial management and sound systems of internal control. They require that the Council should maintain an adequate and effective system of internal audit for their accounting records and control systems. It is a function of the Chief Financial Officer to direct Internal Audit and ensure that it is adequate for the Authority's purposes.
- 6.6 The Council's Chief Legal and Democratic Officer is the designated Monitoring Officer. This is a statutory appointment under Section 5 of the Local Government and Housing Act 1989 as amended by paragraph 24 of schedule 5 Local Government Act 2000. The role involves ensuring the Council's compliance with any General Guidance issued, from time to time, by the Standards Committee and the Monitoring Officer; making lawful and proportionate decisions; complying with the Council's Constitution and standing orders.
- 6.7 Sefton Council will ensure it has taken all necessary steps to provide internal audit with information on its objectives, risks, and controls to allow the proper execution of the audit strategy and adherence to internal audit standards. This will include notifying internal audit of any significant changes in key control systems which may affect the internal audit plan.
- 6.8 Management has a responsibility to respond promptly to audit plans, reports and recommendations.
- 6.9 Responsibility for monitoring and ensuring the implementation of agreed recommendations rests with management and is monitored by Internal Audit and reported to the Audit and Governance Committee.
- 6.10 Where Sefton has joint ventures, shared services or where services are outsourced the Chief Internal Auditor will be responsible for providing risk-based assurance on the activities which would be reported to the Audit and Governance Committee.

7. Independence of Internal Audit

- 7.1 Internal Audit must be independent and internal auditors must be objective in performing their work. The Chief Internal Auditor must confirm the organisational independence of Internal Audit at least annually. Internal Audit has no operational responsibilities.
- 7.2 Any operational (non-audit) activities undertaken by the Chief Internal Auditor, or a member of the Internal Audit team will be recorded, and any conflict of interest declared, so as to ensure that the independence of audit work is not seen to be compromised.
- 7.3 The Chief Internal Auditor is also responsible for the operational management of the Insurance, Risk and Health and Safety functions, and there are safeguards in place to avoid any potential conflict of interest or impairment to objectivity. This involves a clear separation of duties in audit work in these areas and clarity of reporting lines to ensure that there is no conflict of interest or impairment of objectivity in accordance with guidance from the Institute of Internal Auditors and CIPFA. Terms of reference for such audits are approved by the Executive Director of Corporate Resources and Customer Services, as is the resulting report, so as to provide transparency.

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The report will note the potential conflict of interest and will be reported to the Audit and Governance Committee also noting the potential conflict of interest.

8. The Chief Internal Auditor

- 8.1 The Chief Internal Auditor is appointed by Sefton Council and must have sufficient skill, experience and competencies to work with senior management and the Audit and Governance Committee to influence and inform the risk management, governance and internal control arrangements of Sefton Council.
- 8.2 The Chief Internal Auditor is responsible for ensuring that the members of the Internal Audit team possess the appropriate knowledge, skills, qualifications and experience to deliver the audit plan and meet the requirements of the Standards. The Chief Internal Auditor will hold a full, professional qualification, defined as CCAB, CMIIA or equivalent, and will adhere to professional values and the Code of Ethics.
- 8.3 The Chief Internal Auditor reports to the Executive Director of Corporate Resources and Customer Services through the Head of Finance. The Chief Internal Auditor, or an appropriate representative of the internal audit team, attends meetings of the Audit and Governance Committee unless, exceptionally, the Committee decides that they should be excluded from either the whole meeting or for particular agenda items.
- 8.4 The Chief Internal Auditor shall have an independent right of access to the Chair of the Audit Governance Committee, if required. In exceptional circumstances, where normal reporting channels may be seen to impinge on the objectivity of the audit, the Chief Internal Auditor may report directly to the Chair of the Audit and Governance Committee.
- 8.5 Internal Audit will co-operate with and assist External Audit.

9. Scope of Internal Audit

- 9.1 The Chief Internal Auditor should develop and maintain a strategy for providing the Executive Director of Corporate Resources and Customer Services with an objective evaluation of, and opinions on, the effectiveness of the Council's risk management, governance and internal control arrangements. Internal Audit's activities should be undertaken effectively and efficiently. The annual Internal Audit Plan will be risk based, prepared in consultation with Heads of Service and Directors and be presented to the Audit and Governance Sub-Committee for approval. The opinions of the Chief Internal Auditor are a key element of the framework of assurance needed to inform the completion of the Annual Governance Statement (AGS).

Opinion Work

- 9.2 The internal audit activity must evaluate and contribute to the improvement of governance, risk management and control processes using a systematic and disciplined approach.

Governance

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

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

Risk Management

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

- assessing organisational objectives to support and align with Sefton Council's corporate objectives.
- ensuring significant risks are identified and assessed; and
- ensuring that audit recommendations are appropriate to address key risk areas identified.

Internal Control

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

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

9.6 The Chief Internal Auditor must ensure appropriate internal audit arrangements are in place in respect of partnership or joint working arrangements, where relevant.

Non - Opinion Work

9.7 Internal Audit may provide, at the request of management, a consultancy service which evaluates the policies, procedures and operations put in place by management. A specific provision will be made in the Internal Audit Plan to allow for such work.

9.8 The Chief Internal Auditor must consider the effect on the opinion work before accepting consultancy work or management requests over and above the contingency allowed for in the Internal Audit Plan. Approval would be sought from the Executive Director of Corporate Resources and Customer Services and the Audit and Governance Committee for any significant additional consulting services not already included in the Internal Audit Plan, prior to accepting the engagement. The Chief Internal Auditor must consider if consultancy work contributes towards the overall opinion.

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Fraud

- 9.9 Managing the risk of fraud is the responsibility of line management. Executive Director of Corporate Resources and Customer Services has specific responsibilities in relation to the detection and investigation of fraud and may request internal audit to assist with the investigation of suspected fraud or corruption, in accordance with the Investigation Protocol. Internal audit should be notified of all suspected or detected fraud, corruption or impropriety, to inform their opinion on the control environment and their Audit Plan.

Reporting

- 9.10 The Chief Internal Auditor will agree reporting arrangements with the Executive Director of Corporate Resources and Customer Services which will include procedures for the:
- distribution and timing of draft audit reports.
 - Manager's responsibilities in respect of responding to draft audit reports.
 - distribution of finalised audit reports.
 - follow up by internal audit of agreed recommendations; and
 - escalation of recommendations where management responses are judged inadequate in relation to the identified risks.
- 9.11 The Chief Internal Auditor will present a formal report annually to the Chief Executive, Executive Director of Corporate Resources and Customer Services and the Audit and Governance Committee giving an opinion on the overall adequacy and effectiveness of Sefton Council's framework of governance, risk management, and internal control. This report will conform to the PSIAS and will provide a summary of the work to support the opinion. It will be timed to support the production of the Annual Governance Statement. Reports of progress against the planned work will be presented to the Audit and Governance Committee on a quarterly basis during the year.

Internal Audit Access Rights

- 9.12 Where necessary in the conduct of their work, internal auditors are entitled to require and receive:
- access to all records, documents and correspondence relating to any financial or other relevant transactions, including documents of a confidential nature.
 - access at all reasonable times to any land, premises and officer of Sefton Council.
 - the production of any cash, stores or other property of Sefton Council under an officer's control; and
 - explanations concerning any matter under investigation.

Internal Audit Resources

- 9.13 If the Chief Internal Auditor or the Audit and Governance Committee consider that the level of audit resources or the terms of reference in any way limit the scope of internal audit or prejudice the ability of internal audit to deliver a service consistent with the Definition of Internal Auditing and the Standards, they should advise the Chief Executive and the Executive Director of Corporate Resources and Customer Services accordingly.

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Annexe 1 - Internal Audit Code of Ethics

Requirements

In accordance with the Public Sector Internal Audit Standards, internal auditors in UK public sector organisations must conform to a Code of Ethics.

If individual internal auditors have membership of a professional body, then he or she must also comply with the relevant requirements of that organisation.

The purpose of the Code of Ethics is to promote an ethical culture in the profession of internal auditing. A Code of Ethics is necessary and appropriate for the profession of internal auditing, founded as it is on the trust placed in its objective assurance about risk management, control and governance.

The Code of Ethics includes two essential components:

1. *Principles* that are relevant to the profession and practice of internal auditing.

and

2. *Rules of Conduct* that describe behaviour norms expected of internal auditors.

These rules are an aid to interpreting the Principles into practical applications and are intended to guide the ethical conduct of internal auditors.

The Code of Ethics provides guidance to internal auditors serving others.

The term 'Internal auditors' refers to members of recognised Professional Bodies (e.g., CIPFA, IIA) and those who provide internal auditing services within the definition of internal auditing.

Applicability and Enforcement

This Code of Ethics applies to both individuals and entities that provide internal auditing services. Disciplinary procedures of professional bodies and employing organisations may apply to breaches of this Code of Ethics.

Integrity

Principle:

The integrity of internal auditors establishes trust and thus provides the basis for reliance on their judgement.

Rules of Conduct:

Internal auditors:

- Shall perform their work with honesty, diligence and responsibility.
- Shall observe the law and make disclosures expected by the law and the profession.
- Shall not knowingly be a party to any illegal activity or engage in acts that are discreditable to the profession of internal auditing or to the organisation.
- Shall respect and contribute to the legitimate and ethical objectives of the organisation.

Objectivity

Principle:

Internal auditors exhibit the highest level of professional objectivity in gathering, evaluating and communicating information about the activity or process being examined.

Internal auditors make a balanced assessment of all the relevant circumstances and are not unduly influenced by their own interests or by others in forming judgements.

Rules of Conduct:

Internal auditors:

- Shall not participate in any activity or relationship that may impair or be presumed to impair their unbiased assessment. This participation includes those activities or relationships that may be in conflict with the interests of the organisation.
- Shall not accept anything that may impair or be presumed to impair their professional judgement.
- Shall disclose all material facts known to them that, if not disclosed, may distort the reporting of activities under review.

Confidentiality

Principle:

Internal auditors respect the value and ownership of information they receive and do not disclose information without appropriate authority unless there is a legal or professional obligation to do so.

Rules of Conduct:

Internal auditors:

- Shall be prudent in the use and protection of information acquired in the course of their duties.
- Shall not use information for any personal gain or in any manner that would be contrary to the law or detrimental to the legitimate and ethical objectives of the organisation.

Competency

Principle:

Internal auditors apply the knowledge, skills and experience needed in the performance of internal auditing services.

Rules of Conduct:

Internal auditors:

- Shall engage only in those services for which they have the necessary knowledge, skills and experience.
- Shall perform internal auditing services in accordance with the International Standards for the Professional Practice of Internal Auditing.
- Shall continually improve their proficiency and effectiveness and quality of their services.

Agenda Item 9

Internal auditors who work in the public sector must also have regard to the Committee on Standards of Public Life's Seven Principles of Public Life (the "Nolan Principles"):

- Selflessness.
- Integrity.
- Objectivity.
- Accountability
- Openness.
- Honesty; and
- Leadership.

Further information on these principles can be found at:

www.public-standards.gov.uk

Appendix B - Sefton Internal Audit Plan 2024/2025

Audit Title/ Audit Engagement	Reason for inclusion/CRR Narrative	Strategic Service Area	Days	Priority
Supporting Families Grants	Annual inclusion - certification checks required to receive grant income	Children's Social Care and Education	8	1
Schools	Annual inclusion: Scheme for Financing Schools requirement	Children's Social Care and Education	55	1
LCR Grants	Annual inclusion: Certification checks required to receive grant income	Corporate Resources and Customer Services	140	1
Government Funds and Grants	Annual inclusion: Certification checks required to receive grant income	Corporate Resources and Customer Services	50	1
PSIAS - self assessment; improvements	Annual inclusion: Requirement of PSIAS	Corporate Resources and Customer Services	20	1
Mayor's Charity	Annual inclusion: Reduce costs to Charity of Independent Examiner's Review.	External	5	1
AG 2023/24	Annual inclusion: Statutory requirement.	All Services	40	1
AG 2024/25	Annual inclusion: Statutory requirement.	All Services	15	1
Follow Up of Implementation of Internal Audit Recommendations	Annual inclusion: PSIAS Requirement.	All Services	30	1
Assurance Mapping	Annual inclusion: PSIAS Requirement.	All Services	15	1
Completion of 2023/24 outstanding audit work	Annual inclusion: Completion of audit work from 2022/23	All Services	30	1
Risk Management	Annual inclusion: Requirement of PSIAS to Risk Management (may be a Topical Area for Reviews)	Corporate Resources and Customer Services	15	1
Organisational Ethics Focused Audit	Annual inclusion: Requirement of PSIAS to evaluate the design, implementation and effectiveness of Council's ethics related objectives, programmes and activities.	Corporate Resources and Customer Services	15	1
EHCP Out-of-borough placements	CRR: Dedicated Schools Grant is inadequate (High needs funding)	Children's Social Care and Education	15	1

Audit Title/ Audit Engagement	Reason for inclusion/CRR Narrative	Strategic Service Area	Days	Priority
Procurement - Supplier Management	CRR: Financial sustainability beyond 2023/24	All Services	15	2
Procurement - CSC	CRR: Financial sustainability beyond 2023/24	Children's Social Care and Education	15	2
Procurement - New Regulations	CRR: Financial sustainability beyond 2023/24	Corporate Resources and Customer Services	5	2
Highways – Parking Services	CRR: Financial sustainability beyond 2023/24	Place	20	2
Debt Management - Council Tax	CRR: Financial sustainability beyond 2023/24	Corporate Resources and Customer Services	5	2
Debt Management - Sundry Debt	CRR: Financial sustainability beyond 2023/24	Corporate Resources and Customer Services	15	2
Fuel Cards	CRR: Financial sustainability beyond 2023/24	All Services	12	2
Credit Cards	CRR: Financial sustainability beyond 2023/24	All Services	15	2
ASB Debt Management - Follow Up	CRR: Financial sustainability beyond 2023/24	Adult Social Care and Health	10	2
Early Health - Children's Plan Contributions	CRR: Financial sustainability beyond 2023/24	Children's Social Care and Education	15	2
ASC NHS Health Contributions	CRR: Financial sustainability beyond 2023/24	Adult Social Care and Health	15	2
Planning - Financials	CRR: Financial sustainability beyond 2023/24	Corporate Resources and Customer Services	15	2
Alleyway waste clearance	CRR: Financial sustainability beyond 2023/24	People	15	2
Cyber Security Review	CRR: Risk of cyber attack	Corporate Resources and Customer Services	15	2
Emergency Planning	CRR: Inadequate capability to prepare and respond to major incident	Corporate Resources and Customer Services	15	2
CSC Market Sustainability	CRR: Market Failure of social care across adults and children's	Children's Social Care and Education	15	3

Audit Title/ Audit Engagement	Reason for inclusion/CRR Narrative	Strategic Service Area	Days	Priority
ASC Market Sustainability	CRR: Market Failure of social care across adults and children's	Adult Social Care and Health	15	3
Home to school transport	CRR: Demand and cost of home to school transport	Children's Social Care and Education	15	3
CSC - Follow-up	CRR: Impact of Children's Services of regulatory framework outcomes	Children's Social Care and Education	8	3
Children with Disabilities	CRR: Impact of Children's Services of regulatory framework outcomes	Children's Social Care and Education	15	3
Children's Personal Needs	CRR: Impact of Children's Services of regulatory framework outcomes	Children's Social Care and Education	15	3
Children's Placements	CRR: Impact of Children's Services of regulatory framework outcomes	Children's Social Care and Education	15	3
Children's Performance Management	CRR: Impact of Children's Services of regulatory framework outcomes	Children's Social Care and Education	15	3
Academization and school partnerships	CRR: Increased academisation of schools	Children's Social Care and Education	15	3
Freedom of Information	CRR: Failure to comply with FOI Act	Corporate Resources and Customer Services	15	4
ASC Recruitment and Retention	CRR: Workforce recruitment	Adult Social Care and Health	15	4
ASC Inspection Preparation	CRR: Failure to achieve best outcome form a CQC assessment	Adult Social Care and Health	15	4
ASC - Out of area placements, uplifts and payments	CRR: Failure to achieve best outcome form a CQC assessment	Adult Social Care and Health	15	4
Financial Information provided to public	CRR: Failure to achieve best outcome form a CQC assessment	Adult Social Care and Health	12	4
Levelling Up Bid - The Strand	CRR: Growth programme and projects	Corporate Resources and Customer Services	15	5
MLEC Town Deal	CRR: Growth programme and projects	Corporate Resources and Customer Services	15	5
Health and Safety across major projects	CRR: Growth programme and projects	Place	15	5

Audit Title/ Audit Engagement	Reason for inclusion/CRR Narrative	Strategic Service Area	Days	Priority
Major Capital Schemes' Procurement	CRR: Growth programme and projects	Place	15	5
Sandway Homes	Good practice to provide assurance on commercial interests as part of annual governance review	Corporate Resources and Customer Services	15	6
SHOL	Good practice to provide assurance on commercial interests as part of annual governance review	Corporate Resources and Customer Services	15	6
Sefton New Directions	Good practice to provide assurance on commercial interests as part of annual governance review	Corporate Resources and Customer Services	15	6
Support to trainees	Training to be provided to CIPFA trainees to facilitate development	Corporate Resources and Customer Services	10	6
Contingency for Other Audit Work	Good practice to have flexibility in the Audit Plan to facilitate reviews of emerging risk areas.	Corporate Resources and Customer Services	62	6
Leisure Centres - Non-Finance	Management Request	People	15	6
Community Football Pitches	Management Request	People	10	6
Bulky Waste	Management Request	People	15	6
Child Poverty Strategy	Management Request	People	15	6
Property Maintenance	Management Request	Place	15	6
Develop Counter Fraud Capacity	Effective counter fraud is a vital component in effective financial stewardship, ensuring public trust and confidence, legal and regulatory compliance, resource allocation and operational efficiency.	All Services	50	6
Total Days		1152		

Agenda Item 10

Report to:	Audit and Governance Committee	Date of Meeting:	20 March 2024
Subject: Grant Thornton External Audit Progress Report and Sector Update - February 2024			
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:

To present the Audit Progress Report for 2023/2024 from the Council's external auditors, Grant Thornton (GT).

Recommendation(s):

The Audit and Governance Committee is asked to:

- (1) Note the Grant Thornton Report for 2023/2024.

Reasons for the Recommendation(s):

So that the Audit and Governance Committee is aware of how GT intend to carry out their responsibilities as auditor relating to the 2023/2024 audit.

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

None

What will it cost and how will it be financed?

(A) Revenue Costs

None

(B) Capital Costs

None

Agenda Item 10

Implications of the Proposals:

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

None

Legal Implications:

None

Equality Implications:

There are no equality implications

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

This report provides an update on the 23/24 external audit and as such does not have any climate emergency implications.

Contribution to the Council's Core Purpose:

Effective Financial Management and Reporting support each theme of the Council's Core Purpose.

Protect the most vulnerable: N/A
Facilitate confident and resilient communities: N/A
Commission, broker and provide core services: Yes
Place – leadership and influencer: N/A
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 is the author of this report (FD 7557/24).

The Chief Legal and Democratic Officer (LD 5657/24) has been consulted and has no comments on the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee.

Contact Officer: Paul Reilly
Telephone Number: Tel: 0151 934 4106
Email Address: paul.reilly@sefton.gov.uk

Appendices:

The following appendix is attached to this report:

Appendix A – External Audit Progress Report and Sector Update – February 2024

Background Papers:

There are no background papers available for inspection.

1 Grant Thornton Audit Progress Report 2023/2024

1.1 Following a national procurement exercise undertaken by the Public Sector Auditor Appointments body, Grant Thornton (GT) were appointed as the Council's external auditor and engaged to undertake the Council's audit from 2023/2024. Attached as **Appendix A** is their Audit Progress Report which sets out how they intend to carry out their responsibilities as auditor. This includes setting out an overview of the 2023/2024 audit strategy including detailing their statutory responsibilities, approach to audit and an update on the sector including an overview of DLUHC proposals to clear the audit backlog.

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Sefton Council

Audit Progress Report and Sector Update

February 2024
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3. The auditor's statutory responsibilities	5
4. 2023-24 deliverables	7
5. Audit approach	8
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Sector update	12

1. Introduction & headlines

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

The paper also includes:

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

Members of the Audit and Governance Committee can find further useful material on our website where we have a section dedicated to our work in the public sector. Here you can download copies of our publications - <https://www.grantthornton.co.uk/en/services/public-sector-services/>

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

You will also have access to our annual Chief Accountant Workshops and any other networking opportunities we create for the various stakeholders.



2. Key Grant Thornton team members

Georgia Jones

Engagement Lead & Key Audit Partner

ggeorgia.s.jones@uk.gt.com

T +44(0) 0151 224 7200

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Georgia will have ultimate responsibility for the delivery of our audit service. Specifics of the role include:

- leading our relationship with the Council, ensuring you have access to Grant Thornton's full service offering,
- being a key contact for the Chief Executive, the s151 Officer and the Audit and Governance Committee, meeting frequently with key members of management,
- taking overall responsibility for delivering a high quality audit which meets professional standards,
- agreeing with you the annual audit plan, and a timetable for delivering the work,
- reviewing the audit file, giving particular focus to any key areas of risk or critical judgements exercised during the audit,
- reviewing and signing off all audit reports,
- attending Audit and Governance Committee to discuss key issues arising from our work and any recommendations,
- acting as a 'sounding board' on key decisions relevant to our responsibilities as your auditors, and
- sharing good practice identified at other organisations.

Liz Luddington

Engagement Senior Manager

E liz.a.luddington@uk.gt.com

T +44 (0)161 953 6410

Liz will ensure that all work allocated is carried out on a timely basis in accordance with the firm's professional standards and to the satisfaction of clients and engagement lead.

As the key contact they will be responsible for building and maintaining good working relationships with all colleagues and clients.

To support delivery of the testing strategy they will:

- assist the engagement lead in establishing audit objectives and overall scope,
- ensure key matters which arise during the audit which were not identified at the planning stage are properly assessed and dealt with,
- review the work of Jobelle and the wider fieldwork team,
- finalise our draft report to management.
- manage, motivate and coach team members, and
- control the audit in relation to timescales, budgets and risk management procedures.

Jobelle Bongato

Engagement In-charge Auditor

E Jobelle.bongato@uk.gt.com

T +44 (0)161 214 6364

Jobelle will work as part of the team, leading the day-to-day oversight of the audit team, providing a service which meets or exceeds client expectations and supports Georgia and Liz. Specifics of the role include:

- taking an active part in the audit planning discussions to identify audit risks and appropriate audit strategy,
- communicating any issues relating to the audit with Liz and Georgia,
- overseeing all aspects of audit fieldwork and completion,
- addressing and discussing queries in respect of technical and audit issues identified during the course of the audit,
- maintaining good working relationships with client staff, and
- delegating work to other members of the audit team, ensuring they understand their responsibilities and have received appropriate on-the-job training / coaching.

3. The auditor's statutory responsibilities

Opinion on the audited body's financial statements

We are delighted to have been appointed as your external auditors and very much look forward to working with you.

Our work enables us to give an opinion as to whether the financial statements:

- give a true and fair view of the financial position of the audited body and its expenditure and income; and
- have been prepared properly in accordance with the relevant accounting and reporting framework as set out in legislation, applicable accounting standards and other directions.

Our planning will document our understanding of your key risks, your control environment and inform our testing strategy. This will continue until we begin our final accounts testing in summer 2024.

As part of our introductory meetings with the Council, to date we have met with the s151 officer, deputy s151 officer and strategic finance manager. We will continue to engage with key management on a regular basis throughout our time as your external auditors.

In our recent meeting with management, we discussed issues identified in previous audits, and emerging themes which are expected to impact on the current audit. We will continue these discussions on a regular basis over the coming months as we continue to get to know senior members of the finance team and the wider Council.

We expect to issue our Audit Plan summarising our approach to key risks on the audit, at your next Audit and Governance Committee meeting in June 2024. We will report any key findings from the planning and interim audit visit in our progress reports to Audit and Governance Committee. The timing of this reflects the changing landscape of local government as well as updating our audit approach and VFM work to reflect the findings from internal and external quality reviews.

We will plan to deliver our final accounts audit in line with the local government accounts timetable and summarise our work in the Audit Findings (ISA260) Report.

Work on value-for-money arrangements

Under the 2020 Audit Code of Practice, we are required to undertake sufficient work to satisfy ourselves that the Council "has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources."

Our initial risk assessment will build on our understanding of your arrangements, taking into account any findings from your previous auditor's work on value for money. We will report our risk assessment to you at your June Audit and Governance Committee against the following reporting criteria:

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

We will keep our risk assessment under continuous review. Where appropriate, we will update our risk assessment to reflect emerging risks or findings and report this to you. Our final commentary in the Auditors' Annual Report will include:

- a summary of our findings on any risks identified during our work;
- our judgements on the adequacy of the Council's arrangements for each of the three reporting criteria, as set out above;
- any recommendations made to management as a result of our work; and
- a follow up of progress against any recommendations raised in previous audits.

The auditor's statutory responsibilities

Other responsibilities

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Authority.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.

We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.

We consider our other duties under legislation and the Code, as and when required, including:

- Giving electors the opportunity to raise questions about your 2023/24 financial statements, consider and decide upon any objections received in relation to the 2023/24 financial statements.
- Issuing a report in the public interest or written recommendations to the Authority under section 24 of the Local Audit and Accountability Act 2014 (the Act).
- Application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act.
- Issuing an advisory notice under section 29 of the Act.

We certify completion of our audit.

Added value

Grant Thornton has a large Public Sector practice and is a key supplier to the market. As a valued audit client, you will have access to a range of workshops, along with network events for members and publications to support the Authority. Your officers are scheduled to attend our Accounts Workshop in February 2024, where we will be highlighting financial reporting requirements for local authority accounts and giving insight into elements of the audit approach.

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



4. 2023-24 deliverables

2023-24 Deliverables	Planned Date	Status
<p>Accounts Audit Plan</p> <p>We are required to issue a detailed audit plan to the Audit and Governance Committee setting out our proposed approach in order to give an opinion on the Council 2023-24 financial statements.</p>	19 June 2024 TBC	Not due yet
<p>Audit Findings (ISA260) Report</p> <p>The Audit Findings Report, summarising the key matters arising from our audit of your 2023-24 accounts, will be reported to the June Audit and Governance Committee.</p>	TBC	Not due yet
<p>Auditor's Report</p> <p>This will include our opinion on your financial statements and our other reporting requirements, as set out in 'The auditor's statutory responsibilities' section of this report.</p>	TBC	Not due yet
<p>Auditor's Annual Report on the Council's VFM arrangements</p> <p>This report communicates the key outputs of the audit, including our commentary on the Authority's value for money arrangements.</p>	TBC	Not due yet
2021/22 Audit-related Deliverables or 2022/23 Audit related Deliverables	Planned date	Status
<p>Teachers Pensions Scheme – certification</p> <p>This is the report we submit to Teachers Pensions based upon the mandated agreed upon procedures we are required to perform.</p>	TBC	Not due yet

5. Audit approach

Use of audit, data interrogation and analytics software

LEAP



- A globally developed ISA-aligned methodology that re-engineers our audit approach to focus on quality and effectiveness
- LEAP empowers our engagement teams to deliver even higher quality audits, enables our teams to perform effective audits which are scalable to any client, enhances the work experience for our people and develops further insights into our clients' businesses
- LEAP approach allows us to tailor the audit programme to help engagement teams respond quickly to any changes as they occur, keeping quality high through responsiveness and flexibility

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Info

Cloud based software which uses data analytics to identify trends and high risk transactions, generating insights to focus audit work and share with clients.



REQUEST AND SHARE

- Communicate and transfer documents securely
- Extract data directly from client systems
- Work flow assignment and progress monitoring



ASSESS AND SCOPE

- Compare balances and visualise trends
- Understand trends and perform more granular risk assessment



VERIFY AND REVIEW

- Automate sampling requires
- Download automated work papers



INTERROGATE AND EVALUATE

- Analyse 100% of transactions quickly and easily
- Identify high risk transactions for investigation and testing
- Provide client reports and relevant benchmarking KPIs



FOCUS AND ASSURE

- Visualise relationships impacting core business cycles
- Analyse 100% of transactions to focus audit on unusual items
- Combine business process analytics with related testing to provide greater audit and process assurance



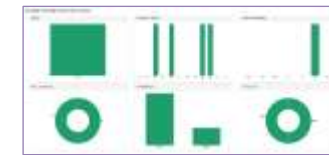
INSIGHTS

- Detailed visualisations to add value to meetings and reports
- Demonstrates own performance and benchmark comparisons

6. Our digital audit experience

A key component of our overall audit experience is our comprehensive data analytics tool, which is supported by Inflo Software technology. This tool has a number of key functions within our audit process:

Function	Benefits for you
Data extraction	Providing us with your financial information is made easier. A step-by-step guide walks you through the system back ups or reports that we need and provision of these will reduce the number of requests that we will make during the course of the audit. Where you choose to provide us with access, the tool enables us to use API (Application Programming Interface) connectors to provide us with access to your financial reporting data at any point in time. This provides us with the ability to share real time insight into your business with you throughout the year and negates the need for your input in obtaining transactional data going forward.
File sharing	An easy-to-use, ISO 27001 certified, purpose-built file sharing tool. We provide a secure cloud environment in which data can be shared. Rather than being a blank file sharing space, requests are set out by task and this provides structure to files uploaded, providing clarity on the location of documents and reduces duplication of requests. Comments can be added to individual tasks, which ensures that communications are tracked and can be seen by all team members, providing visibility on all information associated with your audit.
Request management	<p>Easy management and oversight of requests and responsibilities. Information being shared on a task-by-task basis results in the tool being a live outstanding list at all times. Requests are allocated to an individual and the tool therefore provides a way of establishing and tracking responsibilities. Due dates are also set to each task.</p> <p>The tool also provides dashboards and summaries, which provide a comprehensive overview of the status of requests to be obtained at any time.</p>
Data analytics	<p>Enhanced assurance from access to real-time data analysis. You will be provided with data analytics findings, where we see fit, and we will be able to highlight any anomalies that we identify, providing you with an additional layer of assurance. Our tool gives you the ability to run visual reports on all areas of transactions, providing you with an effective means of monitoring them.</p> <p>A great example of this, is the 'Revenue Analyser', a relationship mapping tool that provides a visual reflection of the general ledger accounts that each revenue transaction posted has impacted, providing an overview of the revenue cycle.</p>



Benchmarking and insights

We aim to benchmark your financial data against other NHS bodies going forward.



Grant Thornton's Analytics solution supported by Inflo Software technology

Using Inflo Software to improve your audit

A suite of tools to smooth the process

01

Collaborate

Information requests are uploaded by the engagement team and directed to the right member of your team, giving a clear place for files and comments to be uploaded and viewed by all parties.

02

Ingest

The general ledger and trial balance are uploaded from the finance system directly into Inflo. This enables samples, analytical procedures, and advance data analytics techniques to be performed on the information directly from your accounting records.

03

Flux

The imported, mapped trial balance is used to calculate the variance from prior year on each financial statement line item. You are able to directly comment on the significant movements, enabling an efficient completion of planning analytics.

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What you'll see

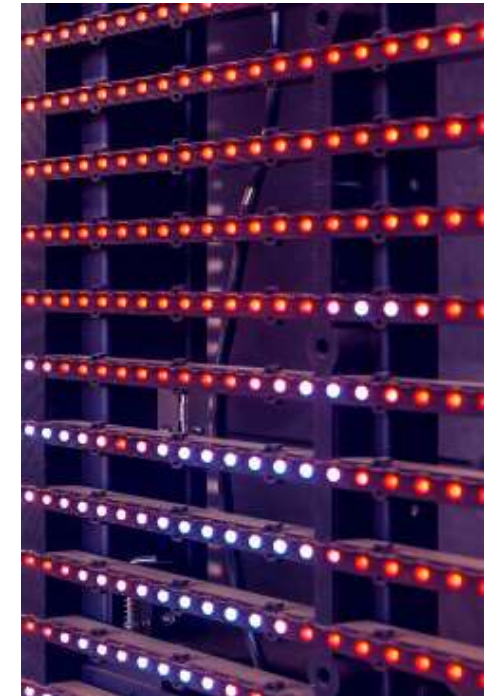
- Individual requests for all information required during the audit
- Details regarding who is responsible, what the deadline is, and a description of what is required
- Graphs and charts to give a clear overview of the status of requests on the engagement

What you'll see

- A step by step guide regarding what information to upload.
- Tailored instructions to ensure the steps follow your finance system.

What you'll see

- Your mapped TB set out in the format of the primary statements.
- Space next to each of the financial statement line items for you to include commentary.



Using Inflo Software to improve your audit

A suite of tools to smooth the process

04

Explore

The imported general ledger is analysed by user, period, document type, and frequency and value of account combinations posted to particular financial statement line items or trial balance codes. This enables focused conversations concentrating on the risks and processes specific to your business.

05

Detect

Journals interrogation software which puts every transaction in the general ledger through a series of automated tests. From this, transactions are selected which display several potential unusual or higher risk characteristics.

06

Cascade

A data analytics tool which visualises every transaction impacting revenue or receivables and highlighting all those impacting general ledger accounts outside of the normal course of business.

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What you'll see

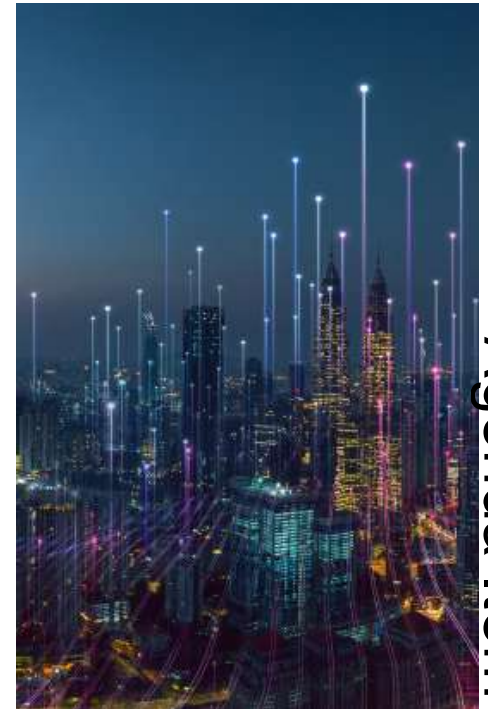
- Graphs and charts summarising your general ledger by user, document type, and effective date
- Queries directed at specific movements or patterns identified by the engagement team.

What you'll see

- Journals samples selected based on the specific characteristics of your business.
- A focussed approach to journals testing, seeking to only test and analyse transactions where there is the potential for risk or misstatement.

What you'll see

- A visualisation of your process, highlighting potentially unusual transactions.
- Significant reductions in sample sizes, but testing focussed where there are potentially unusual transactions.



Agenda Item 10

Sector update

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing challenges to address rising demand, ongoing budget pressures and social inequality.

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

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

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

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

Public Sector

Local
government

Exploring the reasons for delayed publication of audited local authority accounts in England – Grant Thornton

Recent performance against target publication dates for audited local authority accounts in England has been poor. There are some reasons for optimism that there will be an improvement in the timeliness of publication of audited accounts as foundations are being laid for the future.

In this report we explore the requirements for publication of draft and audited accounts and look at some of the reasons for the decline in performance against these requirements over time. Only 12% of audited accounts for 2021/22 were published by the target date of 30 November 2022. There is no single cause for the delays in completing local authority audits, and unfortunately there is no quick solution in a complicated system involving multiple parties. We consider a variety of factors contributing to delays, note the measures which have already been taken to support the local audit system and make recommendations for further improvement.

There are some reasons for cautious optimism that the system will begin to recover and there will be a gradual return to better compliance with publication targets. However, we consider that these are outweighed by a number of risk factors and that the September deadline for audited accounts set by DHLUC is not achievable in the short term and also not achievable until there is further significant change in local audit and local government.

We note the following matters that are yet to be tackled:

- clarity over the purpose of local audit
- the complexity of local government financial statements
- agreement on the focus of financial statements audit work
- an improvement in the quality of financial statements and working papers

an agreed approach to dealing with the backlog of local government audits

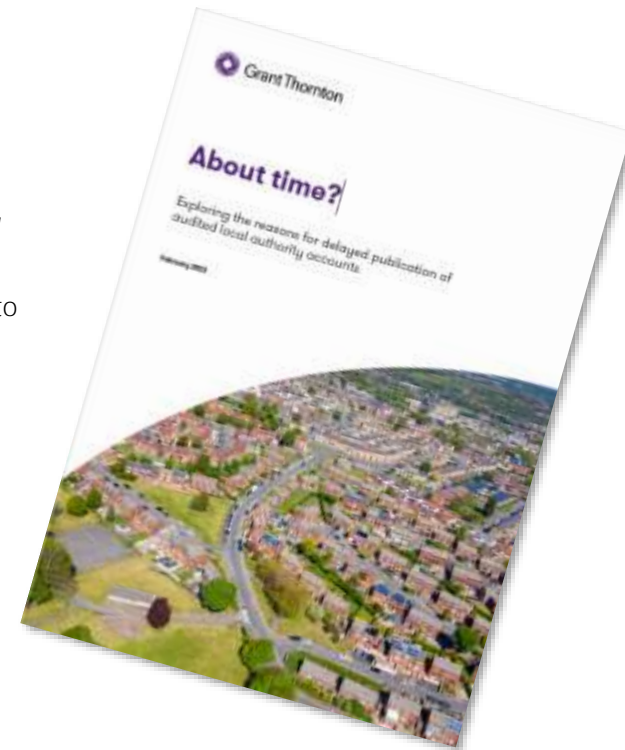
Government intervention where there are significant failures in financial reporting processes

All key stakeholders including local audited bodies, the audit firms, the Department for Levelling Up Housing and Communities, PSAA, the NAO, the FRC and its successor ARGA, CIPFA and the Institute of Chartered Accountants in England and Wales will need to continue their efforts to support a coherent and sustainable system of local audit, acknowledging that it will take time to get things back on track.

We make recommendations in our report for various stakeholders, including Audit Committees and auditors, and include a checklist for consideration by management and Audit Committees within an Appendix to the report.

Read the full report here:

[Report: key challenges in local audit accounting | Grant Thornton](#)



Current local audit deadline ‘unachievable’- Grant Thornton

Low capacity in council finance teams and the failure to deal with historic accounting issues mean the current September audit deadline is unlikely to be met.

The firm said the changes in recent years to council investment strategies have seen annual accounts become increasingly complex.

In evidence to a Public Accounts Committee inquiry, Grant Thornton said the increased workload and pressure on resources have complicated recruitment and compounded delays.

The auditors said it is unlikely firms will be able to meet the 30 September deadline for publishing opinions on 2022-23 financial statements, because they are still working on previous years' accounts.

The firm said one of the key issues causing delays is the lack of consensus over areas of audit focus, specifically over how land and buildings are audited.

“Too much audit resource is absorbed in dealing with longstanding financial reporting issues at poorly performing bodies,” the firm said.

In certain instances, audits are open as far back as 2017-18.

“Perhaps more importantly, there has not been enough debate with the sector on the purpose of local audit and the enhanced audit scrutiny it faces.

“This is particularly the case with the audit of property. Until these matters are resolved we do not consider that the September deadline is achievable.”



Current local audit deadline ‘unachievable’- Grant Thornton(cont.)

Grant Thornton said that while audit firms can be sanctioned by the Financial Reporting Council for failing to comply with regulations, there are currently no punishments for public bodies that fail to meet requirements.

It said there should be interventions for audited bodies that show “significant failures in financial reporting and an unwillingness to improve”.

In its evidence the firm blamed a lack of council funding to bolster finance teams for a reduction in the quality of reporting, causing further delays.

“Unfortunately, the quality of too many financial statements and working papers are not adequate,” Grant Thornton said.

“Improvement in accounts preparation, and recruitment and investment in finance teams is essential if local government is to prepare consistently high-quality draft accounts and respond to the challenges presented by an enhanced audit regime.”

In December, local audit procurement body Public Sector Audit Appointments revealed that only 12% of local government audits for 2021-22 were completed by the 30 November deadline.

PSAA said that 630 opinions were outstanding from both 2021-22 and previous years, and the level of opinions completed on time has declined significantly from 45% in 2019-20.

Read the full report here

committees.parliament.uk/writtenevidence/118580/pdf/



DLUHC proposals to clear audit backlog

A range of proposals and actions to address the backlog of local audits in England has been set out by the Department for Levelling Up, Housing and Communities (DLUHC).

These include setting statutory deadlines and issuing qualifications and disclaimers of opinion in the short term.

The proposals have been agreed in principle with key partners across the local audit system, DLUHC said. The National Audit Office (NAO) is considering whether to develop a replacement Code of Audit Practice to give effect to the changes, the department added.

In addition, DLUHC is considering whether legislative change is needed to set new statutory deadlines [for local bodies to publish accounts to mirror the proposed changes to the Code of Audit Practice](#).

[Legislative change may also be needed](#) to address any knock-on effects of the proposals which may impact the audit of opening balances within the accounts for future years, the department said.

Under these proposals, section 151 officers will be expected to work with Audit Committee members (or equivalent) to approve the final accounts by the statutory deadline in order for the audit opinion to be issued at the same time.

Read the full proposal here

committees.parliament.uk/publications/40932/documents/199432/default/



Call for sanctions for late accounts amid fears of ‘more Wokings’ - public accounts committee (PAC)

The Commons’ public accounts committee (PAC) published a report, [Timeliness of local auditor reporting](#), which highlights problems caused by the delays to local audit.

Just 12% of local government bodies received their audit opinions in time to publish their 2021-22 accounts by the extended deadline. The committee warned that the problem is likely to get worse before it gets better.

Page 210 The report points out that there are no sanctions for failing to produce accounts on time, for either auditors or councils.

The PAC and others have been concerned about the implications of audit delays and Sir Geoffrey Clifton-Brown said cases like that of Thurrock Council and Woking Borough Council demonstrate why this issue needs to be addressed. Both councils had years of unaudited accounts when they declared themselves effectively bankrupt due to excessive levels of debt.



LGPS valuation gives ‘**cause** for **optimism**’ – Hymans Robertson

Many Local Government Pension Schemes are in a stronger position than three years ago to meet future member benefits, pension advisors have said following the most recent valuations.

Despite market instability brought on by Covid-19 and exacerbated by Russia’s invasion of Ukraine, the overall funding level rose to 107% of past service in March 2022, compared to 98.5% in 2019, Hymans Robertson said in a [report](#).

Analysts reviewed the triennial valuations of 73 of the 86 LGPS funds, and said that on average fund asset values rose by 27.5% up to March 2022.

Hymans Robertson said the better-than-expected funding outlook has prompted a reduction in employer contributions, from 21.9% of pay in 2019 to 20.8% in 2022.

Bert Bilton, head of LGPS valuations at Hymans Robertson, said: “Our analysis gives cause for optimism that the outlook for the long-term funding sustainability of the LGPS is robust, not least due to the hard work that has taken place across all funds over the last decade and longer.

“While the good news is welcome, the hard work doesn’t stop, and it is important that funds use the next two years to continue to systematically review their risks to keep them in the best place possible ahead of the valuations in 2025.”

The report said funding levels rose by the most for schemes that were already better-funded in 2019, but balances increased “across the board” in all funds that were reviewed.

Researchers said higher asset values mean funds will only need to deliver real investment returns of about 1.5% per year over the next 20 years to ensure they are fully funded.

Hymans said it expects more than three-quarter (77%) of funds to be able meet the annual level of investment returns by 2040.

“This is a very positive funding position for the LGPS, Considering that, not so long ago, the Scheme Advisory Board had set up a ‘deficit working group’ and the significant market events that the LGPS has had to navigate in recent years.”

“Being in such a strong position is a testament to the diligent and hard work of administering authorities over the last decade.”

Read the full report here

[LGPS 2022 Valuation - the big picture.pdf \(hymans.co.uk\)](#)



Sustainability reporting in the public sector - CIPFA

CIPFA said, 'Sustainability reporting in the public sector is in its infancy, and there is an evolutionary journey to be embarked upon – sooner rather than later.'

Sustainability reporting is the recording and disclosure of an organisation's environmental impact caused by its activities. It has been widely adopted in the private sector, but in the public sector it is not the same story.

Having a clear understanding of the overall carbon footprint of the public sector is vital if we are to tackle climate change, find solutions and encourage sustainable development, said CIPFA.

The PFA report states, 'the answers and positive steps to addressing the most pressing challenges around public sector sustainability questions. The current patchwork of public sector sustainability reporting frameworks are inconsistent and confusing. The report draws on already existing standards and frameworks that are relevant and useful to the public sector, rather than trying to reinvent the wheel.'

Alignment to financial reporting

The report recommends an approach that aligns sustainability reporting with the wider practice of financial reporting. The four key areas in this approach are governance, the management approach, performance and targets, and strategy. 'Public sector sustainability reporting: time to step it up' provides public finance professionals with a good understanding of what information needs to be disclosed and the process in producing a high quality report.

Read the full report from CIPFA here

[Sustainability Reporting \(cipfa.org\)](https://www.cipfa.org)



SEND deficits kept off budgets for another three years

The government has allowed councils to keep deficits on spending for children with special educational needs and disabilities off their balance sheets for a further three years.

The government's local government finance policy statement published on 12th December 2022 says that the statutory override for the Dedicated Schools Grant (DSG) will be extended for the next three years, from 2023-24 to 2025-26.

Councils use the high needs funding block of the DSG to fund Send provision. But for many authorities, the cost of this has been outstripping the amounts provided by tens of millions of pounds, leading to a total deficit estimated at more than £2bn.

The statutory override means that any DSG deficits are not included in council's main revenue budgets. Before the announcement, it had been due to expire in 2023. Last year, Matt Dunkley, chair of the Association of Directors of Children's Services' resources and sustainability policy committee, said: "We think the cumulative high needs block deficits of local authorities are approximately £2.3bn."

In June, the government launched the £85m Delivering Better Value in Send programme, that involves specialist advisors probing 55 councils' financial data to try and cut their DSG deficits. The Chartered Institute of Public Finance and Accountancy, a partner in the programme, said the scheme would provide "project management, change management and financial modelling capacity".

The programme is running alongside the Department for Education's 'safety valve' support scheme that offers bailouts for the councils with the largest Send spending deficits, in return for them implementing stringent reforms.

About 40 councils are expected to receive safety valve funding, meaning that the two programmes together will include about two thirds of councils with responsibility for Send. Also in June, the then children's minister Will Quince wrote a letter to council chief executives warning that a "significant number of councils are "running services that are not sustainable, and instead jeopardise the longevity of that crucial support".





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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	Review of Whistleblowing Policy and Review of Whistleblowing Referrals 2022 - 2023		
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 summarises all complaints received by the Council via its whistleblowing policy in the municipal year 2022 to 2023 and presents a revised policy for approval by the committee.

Recommendations:

- (1) That the revised policy as detailed in appendix 1 is approved
- (2) That the summary of the referrals received during the municipal year 2022 to 2023 be noted.

Reasons for the Recommendation(s):

It is good practice to review policies from time to time and to appraise the Committee of all complaints received by the Council via its whistleblowing policy in accordance with the terms of reference of the committee and the terms of the policy.

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

None. The report is required to comply with the terms of reference for the committee.

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What will it cost and how will it be financed?

(A) **Revenue Costs** None

(B) **Capital Costs** None

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets):								
Legal Implications: The policy is required in order to comply with the terms of the Employment Relations Act 1996 and Public Interest Disclosure Act 1998								
Equality Implications: There are no equality implications.								
Impact on Children and Young People: No								
Climate Emergency Implications: The recommendations within this report will								
<table border="1"><tr><td>Have a positive impact</td><td>No</td></tr><tr><td>Have a neutral impact</td><td>Yes</td></tr><tr><td>Have a negative impact</td><td>No</td></tr><tr><td>The Author has undertaken the Climate Emergency training for report authors</td><td>Yes</td></tr></table>	Have a positive impact	No	Have a neutral impact	Yes	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	Yes
Have a positive impact	No							
Have a neutral impact	Yes							
Have a negative impact	No							
The Author has undertaken the Climate Emergency training for report authors	Yes							

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
Facilitate confident and resilient communities:
Commission, broker and provide core services:
Place – leadership and influencer: Whistleblowing is important to safeguard the effective delivery of public services, and to ensure value for money. It serves to protect and reassure the workforce, and to maintain a healthy working culture and an efficient organisation.

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.7553/24) has been consulted and any comments have been incorporated into the report. The Chief Legal and Democratic Officer is the report author (LD.5653/24)

(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 1 – revised whistleblowing policy**

Background Papers:

There are no background papers available for inspection.

1. Introduction/Background

- 1.1 Whistleblowing has been defined as the act of an employee or worker making a qualifying disclosure, in the public interest, to an employer, regulator, legal

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adviser, minister, MP or other responsible or prescribed person about a criminal offence, breach of a legal obligation, miscarriage of justice, danger to health and safety, damage to the environment or deliberate concealment of any of those.

- 1.2 In these circumstances and subject to fulfilling certain criteria, it will be a 'protected disclosure' and the whistleblower will be protected from being dismissed or subjected to a detriment on grounds of that disclosure.
- 1.3 The principal objectives of a whistleblowing policy and procedure should be to:
 - Convey the seriousness and importance that the employer attaches to identifying and remedying wrongdoing.
 - Encourage workers to raise concerns internally as soon as possible and to give them the confidence to do so.
 - Remind workers (often by cross-referring to other policies and codes of conduct) of the standards of behaviour expected of them.
 - Ensure workers know whom to approach with a concern, and to enable them to bypass the person, management level or part of the organisation to which the concern relates.
 - Outline the procedures for investigating disclosures and what steps might be taken if wrongdoing is uncovered.
 - Make it clear what will happen to those who victimise genuine whistleblowers or abuse the system by making malicious allegations.
 - Provide access to further sources of advice and guidance on whistleblowing.
- 1.4 The Council is committed to running the organisation in the best way and to facilitate this the Whistleblowing Policy was introduced to reassure staff that it is safe and acceptable to speak up and raise any concern about malpractice at an early stage and in the right way. The Government expects all public bodies to have written policies.
- 1.5 The Council's current Whistleblowing Policy was approved by Audit and Governance Committee at its meeting on 19th June 2019 and a revised version is attached as appendix 1. Members will see that the changes, marked in red, are moderate and bring the policy up to date and add explanatory narrative.
- 1.7 All employee policies and procedures should be easy to understand and operate. In general, whistleblowing policies should not be legalistic in their approach. A key measure of success will be whether the policy gives workers the confidence to come forward with their concerns. They are unlikely to do this if the policy is complex or unclear, or littered with legal jargon.

2 Referrals

2.1 Four referrals were received in the year 2022/23 which compares with seven referrals in the year 2020/21. A summary of the referrals and the outcomes is outlined below.

3 Referral 1

3.1 A referral was received from a member of the public who was complaining about the manner in which her application to be a member of one of the Council's panels was dealt with. It transpired that the member of the public had already made a complaint to the relevant service area which had dealt with it appropriately and the member of the public made the whistleblowing referral as they were unhappy with the complaint outcome.

3.2 As part of the complaint and whistleblowing referral the member of the public also made a request for information under the Freedom of Information Act and this was replied to appropriately.

4 Referral 2

4.1 An employee of the Council made a whistleblowing referral as they were concerned about the level of service a service user was receiving. The matter was referred to the appropriate service manager who met with the employee to discuss their concerns. It transpired that the employee was new to the Council and made the referral as they were unsure how to raise their concerns with senior management. Following discussion, the employee was happy for the matter to be dealt with within the service area and outside the whistleblowing policy.

5 Referral 3

5.1 An anonymous referral was made claiming that a teacher in a Sefton school was undertaking private paid work whilst on maternity leave. Personnel confirmed that Council policies would not prohibit such action. It was not possible to feedback to the person who made the referral.

6 Referral 4

6.1 An anonymous referral was made by a parent of a child at a Sefton school that the school were not dealing with bullying incidents appropriately. Senior management in Childrens Services raised the issue with the school and they were able to identify the parent who made the referral, as they had also made a complaint to the school. The matter was considered by the Headteacher and the Chair of Governors who wrote to the parent with a full response to her concerns. The Childrens Services senior manager reviewed the letter and was happy that it adequately dealt with the issues and were able to confirm that the school had appropriate policies and procedures in place to deal with bullying and safeguarding issues.

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Whistleblowing Policy

Section: Conduct in the Workplace

Source: Audit and Governance Committee – 19 June 2019; 20 March 2024

Introduction

Sefton Council is committed to providing a safe, supportive, open and honest working environment. If you work for (or with) the Council, it is important to us that you feel confident and able to raise any concerns that you may have.

You may be concerned about what has happened to you and your colleagues, something you have seen, heard or been asked to do or something that is not happening when it should. It is our aim to continue improving the services we provide, how we conduct our business, and the safety and wellbeing of all those within the workplace. We therefore consider the open and honest raising of concerns to be essential in meeting the Council's strategic goals, uncovering or preventing wrongdoing and how we function.

The Council has a zero tolerance policy in relation to discrimination in the workplace and if staff have concerns in this regard they may use this policy to address the issue if necessary.

~~All of us at one time or another have a concern about what is happening at work. Usually these are easily resolved. However, when the concern feels serious because it is about a possible fraud, danger or malpractice that might affect others or the organisation itself, it can be difficult to know what to do.~~

You may be worried about raising such a concern and may think it best to keep it to yourself, perhaps feeling it's none of your business or that it's only a suspicion. You may feel that raising the matter would be disloyal to colleagues, managers or to the organisation. You may decide to say something, but find that you have spoken to the wrong person or raised the issue in the wrong way and are not sure what to do next. The Council and the Chief Executive are committed to running the organisation in the best way possible and to do so we need your help. We have introduced this policy to reassure you that it is safe and acceptable to speak up and to enable you to raise any

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concern you may have about malpractice at an early stage and in the right way. Rather than wait for proof, we would prefer you to raise the matter when it is still a concern. This policy does not form part of any employee's contract of employment and we may amend it at any time. This policy applies to all employees, officers, consultants, contractors, volunteers, interns, casual workers and agency workers who work for us; whether full-time or part-time.

If something is troubling you that you think we should know about or look into, please use this policy.

Whistleblowing is the disclosure of information which relates to suspected wrongdoing or dangers at work. This may include:

- (a) criminal activity;
- (b) failure to comply with any legal or professional obligation or regulatory requirements;
- (c) miscarriages of justice;
- (d) danger to health and safety;
- (e) damage to the environment;
- (f) breach of the Bribery Act 2010;
- (g) financial fraud or mismanagement;
- (h) breach of our internal policies and procedures including our Code of Conduct, **Financial Procedure Rules, Contract Procedure Rules or the Council's Constitution**;
- (i) conduct likely to damage our reputation or financial wellbeing;
- (j) unauthorised disclosure of confidential information;
- (k) negligence;
- (l) breach of Modern Slavery Legislation; **or**
- (m) the deliberate concealment of any of the above matters.

If, however, you wish to make a complaint about your employment or how you have been treated, please use the grievance policy or bullying / harassment policy - which you can get from your manager or personnel officer. The relevant policies are also available on the intranet - [Policies and procedures \(smbc.loc\)](#) If you have a concern about financial misconduct or fraud, please see our Anti-Fraud Policy. This Whistleblowing Policy is primarily for

concerns where the public interest is at risk, which includes a risk to the wider public, customers, staff or the organisation itself.

If in doubt - raise it!

OUR ASSURANCES TO YOU

Your safety

(The Public Interest Disclosure Act 1998 (PIDA) governs whistleblowing. PIDA came into force on 2 July 1999. It amends the Employment Rights Act 1996 and protects workers against dismissal or other penalties as a result of making a 'protected disclosure'.)

The Council and the Chief Executive are committed to this policy. Provided you are raising a genuine concern, it does not matter if you are mistaken.

If you raise a genuine concern under this policy, you will not suffer any detrimental treatment as a result of raising a concern. Detrimental treatment includes dismissal, disciplinary action, threats or other unfavourable treatment connected with raising a concern.

The harassment or victimisation of anyone raising a genuine concern will be viewed as a disciplinary matter. We do not extend this assurance to someone who maliciously raises a matter they know is untrue.

Your confidence

With these assurances, we hope you will raise your concern openly. However, we recognise that there may be circumstances when you would prefer to speak to someone confidentially first. If this is the case, please say so at the outset. If you ask us not to disclose your identity, we will not do so without your consent unless required by law. You should understand that there may be times when we are unable to resolve a concern

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without revealing your identity, for example where your personal evidence is essential. In such cases, we will discuss with you whether and how the matter can best proceed.

Please remember that if you do not tell us who you are (and therefore you are raising a concern anonymously) it will be much more difficult for us to look into the matter. We will not be able to protect your position or to give you feedback. Accordingly, you should not assume we can provide the assurances we offer in the same way if you report a concern anonymously.

Nevertheless, anonymous allegations will always be individually considered using the following guidelines:

- the seriousness of the issues raised
- the credibility of the concern; and
- the likelihood of confirming the allegations from attributable sources.

If you are unsure about raising a concern you can get independent advice from 'Protect' (formerly known as 'Public Concern at Work' (see contact details under Independent Advice below).

How to raise a concern internally:

Please remember that you do not need to have firm evidence of malpractice before raising a concern. However, we do ask that you explain as fully as you can the information or circumstances that gave rise to your concern. Some concerns may be resolved by agreed action without the need for investigation. If urgent action is required, this will be taken before any investigation is conducted.

Step one

If you have a concern about malpractice, we hope you will feel able to raise it first with your manager or team leader **either formally or informally** . This may be done verbally or in writing. In some cases they may need to refer the matter to one of the named persons below.

If you feel unable to raise the matter with your manager, for whatever reason, please raise the matter with:

- Chief Legal and Democratic Officer: David McCullough
david.mccullough@sefton.gov.uk or on 07973 297719
- Chief Personnel Officer: Paul Cunningham on paul.cunningham@sefton.gov.uk or on 0151 934 3209
- Head of Corporate Support: Stephan Van Arendsen on
Stephan.VanArendsen@sefton.gov.uk or on 07583184710

The above named people have been given special responsibility in dealing with whistleblowing concerns.

If you want to raise the matter confidentially, please let us know at the outset so that appropriate arrangements can be made.

The person receiving your concern may arrange a meeting with you if they require some further information from you. You may bring a colleague or union representative to any meetings under this policy. Your companion must respect the confidentiality of your disclosure and any subsequent investigation.

Step two

Once the concern has been raised the person receiving your concern will review the initial information you have provided and determine whether it is appropriate to deal with the matter under this policy before a full investigation is undertaken.

Step three

Within ten working days of a concern being raised, the person dealing with your concern will write to you:

- acknowledging that the concern has been received;
- indicating how the Authority propose to deal with the matter;
- giving an estimate of how long it will take to provide a final response;
- informing whether any initial enquiries have been made;

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- supplying information on employee support mechanisms; and
- stating whether further investigations will take place and if not, why not.

If steps one to three have been followed and you still have concerns, or if you feel that the matter is so serious that you cannot discuss it with any of the above, please contact the Chief Executive: [Phil Porter on phil.porter@sefton.gov.uk](mailto:phil.porter@sefton.gov.uk) or on 0151 934 3679.

How will we Handle the Matter:

We will acknowledge receipt of your concern within 10 days. We will assess it and consider what action may be appropriate. This may involve an informal review, an internal inquiry or a more formal investigation. We will tell you who will be handling the matter, how you can contact them, and what further assistance we may need from you. If you ask, we will write to you summarising your concern and setting out how we propose to handle it and provide a timetable for feedback. If we have misunderstood the concern or there is any information missing, please let us know.

When you raise the concern, it will be helpful to know how you think the matter might best be resolved. If you have any personal interest in the matter, we do ask that you tell us at the outset. If we think your concern falls more properly within our grievance, bullying and harassment or other relevant procedure, we will let you know.

Whenever possible, we will give you feedback on the outcome of any investigation. Please note, however, that we may not be able to tell you about the precise actions we take where this would infringe a duty of confidence we owe to another person.

While we cannot guarantee that we will respond to all matters in the way that you might wish, we will strive to handle the matter fairly and properly. By using this policy you will help us to achieve this.

Occasionally it may be necessary to vary the time it takes to deal with matters. Whilst

staff will work hard to try to meet any deadlines where possible, if these are to be varied, then staff will liaise with you as appropriate.

If at any stage you experience reprisal, harassment or victimisation for raising a genuine concern, please contact the Chief Personnel Officer **Paul Cunningham**:
paul.cunningham@sefton.gov.uk or on 0151 934 3209.

The Council will not tolerate any harassment or victimisation (including informal pressures) and will take appropriate action to protect employees when they raise a concern.

Recording Concerns

Every Concern which a Whistleblower raises; whether or not the concern leads to a full investigation, will be recorded by the Chief Legal and Democratic Officer. As such all managers receiving whistleblowing concerns shall inform the Chief Legal and Democratic Officer who shall record the complaint and provide the manager with a reference number.

Access to the recorded concerns shall be restricted by the Chief Legal and Democratic Officer to personnel which in his reasonable opinion require access to the recorded concern in order to fully investigate the concern in line with this policy.

The Freedom of Information Act 2000 gives a general right of access to all types of recorded information held by public authorities. The Council has a legal obligation to provide the information unless it falls under one of the exemptions contained within the Act.

The Freedom of Information Act contains exemptions which may be applicable to permit the withholding of information identifying a whistleblower, including:

- Section 40 Personal Data;
- Section 41 Information which, if disclosed, would give rise to an actionable breach of confidence.

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The Council will always seek to protect the identity of individuals during the course of progressing an investigation. If the Council receives a request for information identifying you as a whistleblower the Council will not disclose this information unless you have consented for us to do so.

The Council will ensure that our handling of concerns meets the requirements of the Data Protection Act 2018 and the Freedom of Information Act 2000.

Monitoring and Oversight

The Chief Legal and Democratic Officer will make the Chief Internal Auditor aware of all whistleblowing concerns. An annual report will also be presented to the Audit and Governance Committee and where such concerns are deemed appropriate, Full Council.

Independent Advice

If you are unsure whether to use this policy or you want confidential advice at any stage, you may contact the independent charity **Protect (formerly known as Public Concern at Work)** on **020 3117 2520**. Their lawyers can talk you through your options and help you raise a concern about malpractice at work.

You can also contact your union (where applicable) for advice.

External Contacts

While we hope this policy gives you the reassurance you need to raise your concern internally with us, we recognise that there may be circumstances where you can properly report a concern to an outside body. It would be better for you to raise a concern with an appropriate regulator – such as the Financial Conduct Authority, the Health and Safety Executive, the Care Quality Commission - than not at all. Public Concern at Work (or, if applicable, your union) will be able to advise you on such an option if you wish.

If you are not satisfied, and if you feel it is right to take the matter outside the Council, the following are possible contact points:

- Protect** (formerly known as **Public Concern at Work** (020 3117 2520 or [Protect - Speak up stop harm - Protect - Speak up stop harm \(protect-advice.org.uk\)](http://protect-advice.org.uk));
- Ofsted (www.gov.uk/government/publications/whistleblowing-about-childrens-social-care-services-to-ofsted)
- the Council's external auditor Georgia S Jones, Director, Audit Grant Thornton UK LLP, D +44 (0)161 214 6383 , T +44 (0)151 224 7200, E Georgia.S.Jones@uk.gt.com;**
- Local Government and Social Care** Ombudsman <http://www.lgo.org.uk>);
- Care Quality Commission (<http://www.cqc.org.uk>)
- ~~a trade union;~~
- the local Citizens Advice Bureau;
- relevant professional bodies or regulatory organisations;
- a relevant voluntary organisation;
- the Police

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	Review of Terms of Reference		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulation, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

Good practice says that the committee should regularly review its terms of reference to ensure they are fit for purpose. The report specifically asks members to consider the position independent members.

Recommendation:

(1) That members note the contents of the report and form a view on whether any changes are required to the committees' terms of reference.

Reasons for the Recommendation(s):

To comply with good practice and to adhere to committee resolution of 14 December 2022.

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

None

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:

Resource Implications (Financial, IT, Staffing and Assets):	
None	
Legal Implications:	
None	
Equality Implications:	
There are no equality implications.	
Impact on Children and Young People: No	
.	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
Facilitate confident and resilient communities:
Commission, broker and provide core services:
The purpose of an audit committee is to provide those charged with governance assurance on the adequacy of the risk management framework, the internal control environment and the integrity of the financial reporting and annual governance process
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.7572/24.....) has been consulted and has no comments on the report
Chief Legal and Democratic Officer (LD.5672/24....) is the author of 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 1 – Current Terms of Reference

Background Papers:

CIPFA – Guiding the audit committee, 2022 edition: Audit Committee Practical Guidance 2022.pdf (sefton.gov.uk)

1. Introduction

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) issues Practical Guidance for Local Authorities and Police on the role of the Audit Committees which includes suggested terms of reference.
- 1.2 The 2018 version of the guidance was considered by committee on 17 March 2021 and the committee recommended a change to its terms of reference in light of the guidance to Full Council on 18th May 2021 which were approved.

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1.3 CIPFA produced a new version of the guidance in 2022 which was considered by committee on 14 December 2022. The committee specifically considered issues relating to:

- The committee size and membership
- Tenure of membership
- Co-opted Independent membership, and
- Standards

1.4 In relation to Co-Opted Independent Members, CIPFA recommends that an audit committee should have at least two co-opted members. The reasons for CIPFA's recommendation are as follows:

- To supplement the knowledge and experience of elected representatives in specific areas, such as audit or financial reporting.
- To provide continuity outside the political cycle. This is of particular importance where membership of the committee changes annually or because of elections.
- To help achieve a non-political focus on governance, risk and control matters.
- Having two co-opted members rather than one will allow recruitment of members with different but complementary knowledge and experience, increase the resilience and continuity of the committee.
- Having two co-opted members shows a commitment to supporting and investing in the committee.

1.5 While including co-opted members can bring real value to the committee, care is needed to ensure that the arrangement works well, both for the co-opted member and for the other committee members. It is essential that the co-opted member receives an adequate induction and ongoing support to provide organisational context and to build working relationships.

2.4 The committee resolved that:

1. the report be noted, and it be agreed that no changes be made to the Audit and Governance Committee's Terms of Reference in relation to Committee Size and Membership; Tenure of Membership; and Standards; and
2. the Terms of Reference be amended to allow for the appointment of one Independent Member and reviewed after 12 months.

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- 1.5 The change in terms of reference were subsequently approved by Full Council and an independent member has been appointed.
- 2.0 Committee is asked to review the position in relation to the independent membership of the committee and make any recommendations accordingly.

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AUDIT AND GOVERNANCE COMMITTEE

Statement of Purpose

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

78 The purpose of the Audit and Governance Committee is to provide independent assurance to the members of the adequacy of the risk management framework and the internal control environment. It provides independent review of Sefton's governance, risk management and control frameworks and oversees the financial reporting and annual governance processes. It oversees internal audit and external audit, helping to ensure efficient and effective assurance arrangements are in place.

Governance, Risk and Control

79 To review the council's corporate governance arrangements against the good governance framework, including the ethical framework and consider the local code of governance.

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

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

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

83 To monitor the effective development and operation of risk management and Corporate Governance in the Council.

- 84 To monitor progress in addressing risk-related issues reported to the committee including the Corporate Risk Register.
- 85 To consider reports on the effectiveness of internal controls and monitor the implementation of agreed actions.
- 86 To review the assessment of fraud risks and potential harm to the council from fraud and corruption.
- 87 To monitor the following activities:
- Counter-fraud/ bribery strategy, actions and resources.
 - Whistleblowing
 - Money Laundering
 - Council Complaints Process including make payments or provide other benefits in cases of maladministration etc. under Section 92 of the Local Government Act, 2000 in excess of £1,000.
 - Breaches of Financial Procedure Rules and Contract Procedure Rules
- 88 To review the governance and assurance arrangements for significant partnerships or collaborations and where appropriate obtain annual third party assurance statements.
- 89 To make recommendations to Council for amendments to the Constitution.
- 90 To make recommendations to the Council on the adoption, implementation and maintenance and review of a local Code of Conduct for Members – co-opted Members and officers of the Council.
- 91 To determine effective training of Councillors and Co-opted Members in matters of conduct and advice to individuals on issues relating to the treatment of interests and on the propriety of conduct generally.
- 92 To deal with the arrangements for Councillors to receive dispensations to speak on, or participate in, matters in which they have an interest.
- 93 To determine the appropriate action on matters referred to the Committee by the Monitoring Officer including disciplinary matters relating to the

conduct of individual and/or groups of Councillors including alleged misuse of a Members Self-Maintained Website.

- 94 To ensure compliance throughout the Council with all appropriate Codes of Conduct, including the Protocol for relationships between members and officers of Sefton Council, and procedures from time to time determined by the Committee
- 95 To deal with appropriate matters referred to it from other Committees.
- 96 To determine any applications for the grant and supervision of exemptions from political restrictions in accordance with Section 3A of the Local Government and Housing Act 1989.
- 97 To determine whether a valid petition for a Community Governance review has been received and to determine the terms of reference for such a review, how the review will be conducted including the required consultation and consider replies to a consultation and then make a recommendation to Full Council on the preferred outcome. The Committee has the authority to establish a working group to undertake the committee's responsibilities in this regard.

Internal Audit

- 98 To approve the internal audit charter.
- 99 To review proposals made in relation to the appointment of external providers of internal audit services and to make recommendations.
- 100 To approve the risk-based internal audit plan, including internal audit's resource requirements, the approach to using other sources of assurance and any work required to place reliance upon those other sources.
- 101 To approve significant interim changes to the risk-based internal audit plan and resource requirements.

- 102 To make appropriate enquiries of both management and the head of internal audit to determine if there are any inappropriate scope or resource limitations.
- 103 To consider any impairments to independence or objectivity arising from additional roles or responsibilities outside of internal auditing of the head of internal audit. To approve and periodically review safeguards to limit such impairments.
- 104 To consider reports from the head of internal audit on internal audit's performance during the year, including the performance of external providers of internal audit services. These will include
- a) updates on the work of internal audit including key findings, issues of concern and action in hand as a result of internal audit work
 - b) regular reports on the results of the Quality Assurance Improvement Plan (QAIP)
 - c) reports on instances where the internal audit function does not conform to the Public Sector Internal Audit Standards (PSIAS) and Local Government Assurance Note (LGAN), considering whether the non-conformance is significant enough that it must be included in the Annual Governance Statement (AGS).
 - d) to consider a report from internal audit on agreed recommendations not implemented within a reasonable timescale.
- 105 To consider the head of internal audit's annual report:
- a) The statement of the level of conformance with the PSIAS and LGAN and the results of the QAIP that support the statement – these will indicate the reliability of the conclusions of internal audit.
 - b) The opinion on the overall adequacy and effectiveness of the council's framework of governance, risk management and control together with the summary of the work supporting the opinion – these will assist the committee in reviewing the AGS.

- 106 To consider summaries of specific internal audit reports as requested.
- 107 To receive reports outlining the action taken where the head of internal audit has concluded that management has accepted a level of risk that may be unacceptable to the authority or there are concerns about progress with the implementation of agreed actions.
- 108 To contribute to the QAIP and in particular, to the external quality assessment of internal audit that takes place at least once every five years.
- 109 To consider a report on the effectiveness of internal audit to support the AGS, where required to do so by the Accounts and Audit Regulations (see Appendix A).
- 110 To provide free and unfettered access to the Audit and Governance Committee Chair for the head of internal audit, including the opportunity for a private meeting with the committee.

External Audit

- 111 To support the independence of external audit through consideration of the external auditor's annual assessment of its independence and review of any issues raised by PSAA or the authority's auditor panel as appropriate.
- 112 To consider the external auditor's annual letter, relevant reports and the report to those charged with governance.
- 113 To consider specific reports as agreed with the external auditor.
- 114 To comment on the scope and depth of external audit work and to ensure it gives value for money.
- 115 To commission work from internal and external audit.

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

Other Assurance Areas

- 117 To consider the Council's arrangements for health and safety and receive regular assurances and assessments on the effectiveness of these arrangements.
- 118 To consider write-offs of debt/ assets above £10,000.
- 119 To regularly review the Council's Treasury Management activities

Financial Reporting

- 120 To review and approve the annual statement of accounts. Specifically, to consider whether appropriate accounting policies have been followed and whether there are concerns arising from the financial statements or from the audit that need to be brought to the attention of the council.
- 121 To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Accountability Arrangements

- 122 To report to those charged with governance on the committee's findings, conclusions and recommendations concerning the adequacy and effectiveness of their governance, risk management and internal control frameworks, financial reporting arrangements, and internal and external audit functions.
- 123 To report to full council on a regular basis on the committee's performance in relation to the terms of reference and the effectiveness of the committee in meeting its purpose.
- 124 To publish an annual report on the work of the committee.

INITIAL ASSESSMENT SUB COMMITTEE

- 126 To receive and determine whether to refer for investigation or other appropriate action any written complaints regarding alleged misconduct and breach of the Code of Conduct of any Borough or Parish or Town Councillor or Co-opted Member.

REVIEW SUB-COMMITTEE

- 127 To further review and re-consider the decision of the Initial Assessment Sub-Committee in relation to any decision not to refer an allegation for investigation or any other action which was considered by the Sub-Committee and to determine that matter.

HEARING SUB-COMMITTEE

- 128 To hear and determine any complaints which have been referred for investigation.
- 129 To impose sanctions where a Councillor is found to have breached the Code of Conduct including the following:
- a) Report the findings of the hearing to the Council for information
 - b) Recommend to the Councillors' Group Leader that the Councillor be removed from any or all Committees, Sub-Committees of the Council. Where Councillors do not belong to such a Group such recommendation could be made to full Council.
 - c) Recommend to the Leader of the Council that Councillor be removed from Cabinet or removed from particular portfolio responsibilities.
 - d) Arrange training for a Member.

APPOINTMENT OF OFFICERS

- 130 The power to appoint staff is delegated to the Head of the Paid Service or his/her nominee, save in the case of Chief Officers posts (those Officers graded Hay 5 or above). In the cases of Chief Officers and below (as defined in Section 2 of the Local Government and Housing Act, 1989) and graded Hay 5 or above) they are to be appointed by the Employment Procedure Committee, in accordance with the agreed procedure set out in the Officer Employment Procedure Rules and terms of reference of the Employment Procedure Committee.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	Guidance for Council Appointed Directors		
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 presents conflict-of-interest guidance for members who are appointed as directors on its wholly owned companies for endorsement.

Recommendation:

(1) That the attached Conflict of Interests Guidance be approved and issued to all Members and Officers who are appointed as Directors on any company.

Reasons for the Recommendation:

To comply with best practice as recommend by The Chartered Institute of Public Finance and Accountancy (CIPFA).

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

None

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:

Resource Implications (Financial, IT, Staffing and Assets):	
None	
Legal Implications:	
To assist company directors to comply with their duties and responsibilities under the Companies Act 2006	
Equality Implications: There are no equality implications.	
Impact on Children and Young People: No	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
Facilitate confident and resilient communities:
Commission, broker and provide core services:
Place – leadership and influencer:
The introduction of a conflict-of-interest guidance for members who are appointed as directors of the Council's wholly owned companies should ensure that the scope for conflicts of interest is minimised and provide for robust decision making by the Board of Directors for each wholly owned company.
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.7552/24) and the have been consulted and any comments have been incorporated into the report. The Chief Legal and Democratic Officer (LD.5652/24.) is the author of the report

(B) External Consultations - None

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

Contact Officer:	David McCullough
Telephone Number:	Tel: 0151 934 2008
Email Address:	david.mccullough@sefton.gov.uk

Appendices:

- Conflict of Interests Guidance

Background Papers:

There are no background papers available for inspection.

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1. Introduction/Background

- 1.1 In 2022 CIPFA published a good practice guide for local authority owned companies. The guidance states that there must be a formal policy to ensure that local authority members and officers are aware of potential conflicts of interest when performing their role for the local authority and their role in respect of the company. The policy should set out how they should act in such circumstances.
- 1.2 Directors are personally responsible for ensuring that the company complies with company law. These duties are usually delegated to the company secretary (if the company has one) or to a director or trusted employee. However, directors must ensure that these duties are carried out.
- 1.3 The Companies Act 2006 requires that directors:
- act within their powers in accordance with the company's constitution and use those powers only for the purposes for which they were conferred
 - promote the success of the company for the benefit of its members
 - exercise independent judgement • exercise reasonable care, skill and diligence
 - avoid conflicts of interest
 - do not accept benefits from third parties, and
 - declare an interest in a proposed transaction or arrangement.

Directors may be liable in both criminal and civil law for breach of their statutory duties.

- 1.4 Where authority members are to be appointed to company boards, the authority should ensure that the scope for conflicts of interest is minimised, and the introduction of guidance will assist in achieving that aim.
- 1.5 From time to time there may be a need for Officers to be appointed to company boards, but this should only happen in exceptional circumstances for example, to cover vacancies whilst recruitment takes place.
- 1.6 A company will need sufficient freedom to achieve its objectives in order to thrive. A commercial entity needs to be able to act with agility to compete with other companies in the market, taking into account changing conditions. However, the authority will need to consider how to balance this freedom with retaining effective oversight of the company, thereby protecting its investment and ensuring that trading activities are carried out in accordance with the authority's ethos and values.
- 1.7 The Council has three wholly owned companies, namely Sefton New Directions Limited, Sandway Homes Limited and Sefton Hospitality Operations Limited and has appointed members to be on the Board of Directors for each company. It

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should be noted that the Council appoints a Shareholder Representative to each of its companies and whilst they are entitled to attend board meetings they are not board members and do not have voting rights.

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Guidance for Council-Appointed Directors - Conflicts of Interest

Introduction

1. All Directors of companies have legal responsibilities, as defined under the Companies Act 2006, and under a wide variety of other laws and regulations such as insolvency and health and safety legislation.
2. The general duties of directors are set out in Chapter 2 of Part 10 of the Companies Act 2006: -
 - to act within powers in accordance with the company's constitution and to use those powers only for the purposes for which they were conferred
 - to promote the success of the company for the benefit of its members as a whole
 - to exercise independent judgement
 - to exercise reasonable care, skill and diligence
 - to avoid conflicts, or possible conflicts between interests as a Director and the interests of the company
 - not to accept benefits from third parties, if they may be regarded as likely to give rise to a conflict of interest
 - to declare any direct or indirect interest in a proposed transaction or arrangement.
3. The council appoints the directors of each of its wholly owned companies. It is expected that each Board will ensure that adequate training is provided to councillors who are appointed as board directors on an ongoing basis.
4. The council will typically appoint at least one Councillor as a director of each company to ensure democratic accountability and consistency of alignment with the vision and core values of the Council.
5. The purpose of this guidance is to help member directors appointed to the boards of council companies understand the potential for conflicts of interest, how these can be addressed, and to be able to identify where to go to seek more detailed advice.

Overview of conflicts of interest

6. Section 175 of the Companies Act 2006 sets out the directors' duty to avoid conflicts of interest; Section 175(1) states that: "A director of a company must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company."...

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7. A failure to acknowledge and manage a conflict of interest could cause a significant reputational risk, may result in disqualification and have financial consequences for the Director. Remember, if you think you might have a conflict of interest, always disclose it and consider seeking advice from the Council's Monitoring Officer and / or the Company Secretary.
8. Councillors who are directors of council companies will need to consider conflicts from two perspectives: (a) potential conflicts when acting as a director of the company, and (b) potential conflicts when acting as a Councillor of the council.

Potential conflicts when acting as a director of the company

9. Where Councillors are appointed as directors of council companies, there are two types of conflicts to consider at company level:
 - a) "situational" conflicts of interest; and
 - b) "transactional" conflicts of interest
10. Each company will have a register of interests where relevant conflicts are recorded and maintained by the company secretary. The Council also holds a Register of Councillor Interests.

“Situational conflict”

11. A “situational” conflict can arise where a director has loyalties to more than one person e.g., where they are sitting on more than one company board or are a Councillor or officer of the council with whom the company has contracts.
12. Situational conflicts are governed by section 175 of the Companies Act 2006. Under section 175, a director must avoid situations in which they can have a direct or indirect interest that conflicts or may conflict with the interests of the company. If a director falls into this situation, they must have their conflict authorised by the directors in order to continue acting as a director.
13. In order to ensure that “situational conflicts” are appropriately managed, a Councillor who is appointed as a director of a council company should declare their role and seek additional guidance from the company secretary on an ongoing basis. Any declarations of interest should be clearly recorded in the minutes of board meetings.

“Transactional conflict”

14. A "transactional" conflict of interest can arise where the company enters into, or proposes to enter, a transaction or arrangement with a third party (including the council).
15. Transactional conflicts of interest relate either to existing transactions or arrangements (section 182 of the Companies Act 2006) or proposed transactions or arrangements (section 177); for example, where a director is also a Councillor of the

council which is proposing to enter a contract with the company or guarantee a loan for the company. Indirect transactional conflicts can also arise, for example, where there is a spouse of a director involved in the relevant transaction.

16. Under both sections 182 and 177, if a director of a company is in any way, directly or indirectly, interested in a proposed or existing transaction or arrangement with the company, they must declare the nature and extent of that interest to the other directors.
17. Where the transaction or arrangement is proposed (not existing) the declaration must be made before the company enters into the transaction or arrangement.
18. In order to ensure that “transactional conflicts” are appropriately managed, a Councillor who is appointed as a director of a council company should make relevant declarations to the Board and seek guidance from the company secretary on an ongoing basis.

Potential conflicts when acting as a Councillor

19. The primary potential for conflict for Councillors who are appointed as directors when carrying out their work with the council is if they are involved in decision making processes in respect of the relevant company.
20. The council seeks to manage the potential for such conflicts arising. In particular, it:
 - a) has regard to the Members’ Code of Conduct which includes detailed provisions about the appropriate management of potential conflicts;
 - b) does not appoint Councillors who are Cabinet Members as directors of the companies,
21. In order to be transparent about any potential conflicts, Councillors are required to disclose interests that they hold, including non-pecuniary interests. It is therefore advisable that Councillors who are appointed as directors of Council companies record this appointment on the register of members’ interests as an ‘other’ interest (as defined in the Member Code of Conduct).

Conflicts of interest may be waived by a company but, as a matter of public law, never in the decision making of the Council in relation to the company. A Member as director, therefore, must not be a party to making a decision of the Council affecting the company, but may proffer evidence or advice to the Council on the company’s behalf when invited to do so.

22. The Member’s Code of Conduct applies to a Member’s activity as a director, except only where it directly conflicts with the interests of the company and, where that may be the case, the potential conflict notified to the company secretary and to the Council’s monitoring officer.

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Guidance for Council-Appointed Directors - Conflicts of Interest

Introduction

1. All Directors of companies have legal responsibilities, as defined under the Companies Act 2006, and under a wide variety of other laws and regulations such as insolvency and health and safety legislation.
2. The general duties of directors are set out in Chapter 2 of Part 10 of the Companies Act 2006: -
 - to act within powers in accordance with the company's constitution and to use those powers only for the purposes for which they were conferred
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 - to exercise independent judgement
 - to exercise reasonable care, skill and diligence
 - to avoid conflicts, or possible conflicts between interests as a Director and the interests of the company
 - not to accept benefits from third parties, if they may be regarded as likely to give rise to a conflict of interest
 - to declare any direct or indirect interest in a proposed transaction or arrangement.
3. The council appoints the directors of each of its wholly owned companies. It is expected that each Board will ensure that adequate training is provided to councillors who are appointed as board directors on an ongoing basis.
4. The council will typically appoint at least one Councillor as a director of each company to ensure democratic accountability and consistency of alignment with the vision and core values of the Council.
5. The purpose of this guidance is to help member directors appointed to the boards of council companies understand the potential for conflicts of interest, how these can be addressed, and to be able to identify where to go to seek more detailed advice.

Overview of conflicts of interest

6. Section 175 of the Companies Act 2006 sets out the directors' duty to avoid conflicts of interest; Section 175(1) states that: "A director of a company must avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the company."...

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7. A failure to acknowledge and manage a conflict of interest could cause a significant reputational risk, may result in disqualification and have financial consequences for the Director. Remember, if you think you might have a conflict of interest, always disclose it and consider seeking advice from the Council's Monitoring Officer and / or the Company Secretary.
8. Councillors who are directors of council companies will need to consider conflicts from two perspectives: (a) potential conflicts when acting as a director of the company, and (b) potential conflicts when acting as a Councillor of the council.

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13. In order to ensure that “situational conflicts” are appropriately managed, a Councillor who is appointed as a director of a council company should declare their role and seek additional guidance from the company secretary on an ongoing basis. Any declarations of interest should be clearly recorded in the minutes of board meetings.

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 - to exercise independent judgement
 - to exercise reasonable care, skill and diligence
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Agenda Item 19

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	Unrecoverable Debts over £10,000		
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 - but the appendices to the report are NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt		

Summary:

As outlined within the Council's Schemes of Financial Delegation, all outstanding debts over £10,000 cannot be written off without the approval of the Audit and Governance Committee.

The Committee is asked to approve the write off the debts listed in Appendices A, B and C to this report.

Recommendation:

To approve the write off of all individual debts detailed in the appendices to this report. The total amount for write off is £1,090,495.03.

Reasons for the Recommendation(s):

The debts detailed in the Appendices have all been assessed on an individual basis as all means of recovery have been exhausted. These debts are now considered to be irrecoverable and are recommended for write off.

Approval will ensure uncollectable debt will be removed from the system.

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

Not to write off the debt.

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What will it cost and how will it be financed?

(A) Revenue Costs

The Council maintains provisions for bad debts for the four main areas of debt. These are re-evaluated at the end of each financial year to take account of the amounts collected in the year, new debt raised in the year, changes in economic conditions. Current provisions are more substantial than would otherwise be the case due to minimal amounts of debt being written off since the COVID-19 pandemic.

The amounts proposed for write off set out within this report are within the provisions set aside for bad debts as shown in the table at 3.1 below.

(B) Capital Costs

Not applicable.

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): None	
Legal Implications: None	
Equality Implications: There are no equality implications.	
Impact on Children and Young People: No	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes
There are no climate emergency implications in this report.	

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Not applicable
Commission, broker and provide core services: Not applicable

Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: Not applicable
Greater income for social investment: Not applicable
Cleaner Greener: Not applicable

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7551/24) and the Chief Legal and Democratic Officer (LD5651/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Not applicable

Implementation Date for the Decision

Immediately following the Committee meeting.

(Please delete as appropriate and remove this text)

Contact Officer:	Diane Turner
Telephone Number:	MS Teams
Email Address:	diane.turner22@sefton.gov.uk

Appendices:

The following appendices are attached to this report:

- Appendix A - Business Rates debts over £10,000.
- Appendix B - Sundry Debt debts over £10,000.
- Appendix C – Housing Benefit Overpayment debts over £10,000.

Background Papers:

Write-off terms of reference are attached to this report.

Agenda Item 19

1. Introduction/Background

- 1.1 The Council seeks to limit the level of debt that is written off and every effort is also made to ensure that collection levels remain high.
- 1.2 The Audit and Governance Committee may recall from the report that it considered at its meeting on 6th September 2023 that the Council was unable to follow its established business as usual collection and enforcement recovery processes during the 2020-2022 period due to national restrictions that were in place and the need to prioritise tasks associated with supporting residents and businesses through the COVID-19 pandemic. The report explained that a backlog of bad debt identified for submission for write-off had accrued during the pandemic-period. Consequently, this is the second such report for the Committee's consideration since re-commencement of business-as-usual debt management activity; approval of the debts specified later in this report will clear the backlog of those over £10,000.
- 1.3 The Council has taken a number of steps in order to reintroduce a regular programme of write-off of bad debt as follows: -
 - The Corporate Debt Policy has been reviewed and updated in terms of legislation and process. The objectives of the Policy are cost effective income collection and recovery that is sensitive to the needs of people and businesses in our community. [Corporate Debt Policy \(sefton.gov.uk\)](https://www.sefton.gov.uk/corporate-debt-policy)
 - A report was provided to the Council's Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) on 13th June 2023 setting out the position at the time, actions taken to collect and enforce debt, bad debt provision and the risks in managing the Council's debt position. The report also explained that in line with the Council's constitution, the Audit and Governance Committee would be asked to recommence reviewing requests to write-off bad debts over £10,000, with the S151 Officer and Monitoring Officer reviewing requests under £10,000.
- 1.4 The Council collected income of over £281.65M during the last full financial year, 2022/23, which included:
 - £177.6M in Council Tax,
 - £67.8M in Business Rates,
 - £35.8M Sundry Income, and
 - £0.45M Housing Benefit overpayments.

So far for 2023/24, the forecast for collectable debits i.e., billed amounts, is £321.2M. As at the 31st January 2024 this comprises of:

- £187M in Council Tax,
 - £63.5M in Business Rates,
 - £70M Sundry Income, and
 - £0.7M – Housing Benefit overpayment.
- 1.5 The table below shows the percentage collection rate for Council Tax and Business

Rates by the Council over the last decade. Sefton's collection rates compare favourably to all metropolitan local authorities nationally and neighbouring Liverpool City Region authorities: -

Council Tax		Business Rates	
Year	Collection Rate	Year	Collection Rate
2014	96.30%	2014	98.40%
2015	96.20%	2015	99.30%
2016	96.30%	2016	99.30%
2017	96.30%	2017	98.70%
2018	96.00%	2018	99.22%
2019	95.81%	2019	98.34%
2020	94.98%	2020	96.35%
2021	94.82%	2021	97.30%
2022	95.00%	2022	99.37%
2023	88.75% as at the 1/2/24	2023	88.36% as at the 1/2/24

- 1.6 All debts, taxes and rates are actively pursued and, in most instances, are collected with little difficulty. As a result, debts are monitored to ensure they are collected in the most efficient and economical manner and are only considered for write off where all means of recovery have been exhausted. This report details those sums that are over £10,000 in value and recommended for write off as a result of recovery processes having been completed.

2. Recovery Procedures Undertaken

- 2.1 For those sums where a payment is outstanding the following recovery actions are undertaken: -

- Bill / Invoice sent
- Reminder sent
- Final Notice sent
- Summons sent
- Liability Order granted at Magistrates Court for Council Tax /NNDR
- Telephone debt chasing to make arrangements to pay
- In appropriate cases, home visits are made to make arrangements to pay
- 14 Day Warning Letter or Letter before action sent
- Cases referred to Enforcement Agents or Debt Collectors
- Charging Orders and Land Charges are obtained against the property if appropriate. However, the vast majority of businesses in Sefton are in leased properties
- Statutory Demands issued for Bankruptcy proceedings.

- 2.2 If a person or business is having difficulty making the payment, special arrangements are used to effect recovery, and this may mean extending the period to collect the debt. Only when all options have been explored would a debt be considered for write off.

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2.3 There are a number of key reasons why a debt is put forward for write off. These include:

- The debt is uneconomical to collect i.e., the cost of collection.
- The debtor cannot be found despite all reasonable attempts to trace. The Revenues service has access to a credit reference agency database which is used for tracing absconded debtors. Each case is checked against the system before a decision is taken to put forward the debt for write off.
- The debtor is deceased and there is no likely settlement from the estate or next of kin.
- Insolvency and personal bankruptcy where there are no assets to claim against and there is no/limited likelihood of settlement.

3. Approach to Debt Write off

3.1 The Council has made provision for writing off bad debts, with specific provision for Business Rates, Council Tax, Sundry Debt and Housing Benefit Overpayments. The amounts proposed for write off are within the provisions set aside for doubtful debts. As part of the 2023/2024 accounts process, provisions will be recalculated considering current levels of debt outstanding.

The table below shows a summary of the current position for each provision and the amount to be charged against it subject to Committee approval:

	A	B	C	D	E	F
	Provision at 31 March 2023	Approved write-offs 2023/24 under £10K <i>Delegated Authority S151 & Monitoring Officers</i>	Approved write-offs 2023/24 over £10K <i>Audit & Governance Committee Sept 2023</i>	Provision Currently Remaining	NET Write-Offs where approval sought from A&G Committee	Provision Remaining After Write-offs applied
	£m	£m	£m	£m	£m	£m
Council Tax (incl. Court Costs)	-33.435	0.311	0.0	-33.124	0.00	-33.124
Business Rates (incl. Court Costs)	-5.875	0.207	1.034	-4.634	0.469	-4.165

Sundry Debts & Housing Benefits Agresso debts	-4.029	0.216	0.226	-3.587	0.606	-2.981
Housing Benefits including non-invoiced (Northgate)	-2.315	0.124	0.085	-2.106	0.014	-2.092

3.2 Legal checks: The Council’s Legal Team have reviewed the accounts proposed for write off and consider this to be appropriate action at this time.

3.3 Whenever an amount is written off, it is possible that further sums may be recovered in due course as new information is obtained. This would happen in the following instances:

- Where a new address is found for an absconded debtor, attempts will be made to recover any outstanding sums.
- Whenever a firm or individual goes into bankruptcy, liquidation, receivership etc., the Council's interest is registered with the Receiver, Liquidator etc. and the receiver may pay a dividend to creditors; and
- Companies that have ceased trading but have not entered into insolvency may restart their business.

3.4 Reconciliation: following approval for the write off of individual cases, the Revenues Manager will provide a reconciliation statement identifying any discrepancies that have arisen and reasons for discrepancies. Schedules of balances actually written off will accompany the statement and be submitted to Financial Management for evidence and monitoring of the bad debt provision.

4. Council’s constitution

4.1 The Council’s Schemes of Financial Delegation set out that the Audit and Governance Committee must consider and approve write-off of bad debts over £10,000 with the Section 151 and Monitoring Officer approving write of debt under £10,000.

5. Under £10,000 debt written off – Delegated Authority

5.1 The Committee is asked to note that Column B of the table at 3.1 above shows debt under £10,000 that has been written off, so far in 2023/24, under delegated authority following approval from the Section 151 and Monitoring Officers.

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6. Debts over £10,000 Identified for Write-Off

6.1 35 individual accounts with balances over £10,000 and totalling £1,090,495.03 have been identified for write off at this time for the Audit and Governance Committee to consider, relating to Business Rates, Sundry Debt and Housing Benefit Overpayments. There are no Council Tax debts over £10,000 for the Committee to consider on this occasion.

6.2 The overall debt is summarised as follows: -

All Debts - Write offs over £10,000		
Write off Reason	No. of Cases	Amount for Write Off
Bankruptcy	2	£ 33,616.66
Ceased Trading No Assets	12	£ 243,091.38
Deceased No Assets	6	£ 134,455.94
Department Request	1	£ 13,413.55
Gone No Trace	4	£ 116,829.26
Liquidation	6	£ 134,949.92
Unable to Collect – Aged Debt	1	£ 10,378.74
Unable to Collect – Recovery Exhausted	1	£ 40,201.18
Unable to Establish Liability	2	£ 363,558.40
Totals	35	£ 1,090,495.03

Write Offs by Debt Year		
Year	Amount for Write Off	
2003	£	40,201.18
2014	£	32,417.74
2015	£	10,696.40
2016	£	6,797.57
2017	£	33,194.75
2018	£	99,716.36
2019	£	40,841.35
2020	£	90,402.79
2021	£	544,835.28
2022	£	149,994.85
2023	£	41,396.76
Total	£	1,090,495.03

6.3 This overall debt can be analysed across the different types of debts as follows:

Business Rates - Write offs over £10,000		
Write off Reason	No. of Cases	Amount for Write Off
Ceased Trading No Assets	12	£ 243,091.38
Gone No Trace	4	£ 116,829.26
Liquidation	4	£ 109,818.73
Totals	20	£ 469,739.37

Business Rates - Write Offs by Debt Year		
Year	Amount for Write Off	
2017	£	12,588.05
2018	£	63,716.31
2019	£	34,545.16
2020	£	61,535.32
2021	£	137,587.10
2022	£	143,351.93
2023	£	16,415.50
Total	£	469,739.37

Sundry Debt - Write offs over £10,000		
Write off Reason	No. of Cases	Amount for Write Off
Bankruptcy	1	£ 19,244.91
Deceased No Assets	6	£ 134,455.94
Department Request	1	£ 13,413.55
Liquidation	2	£ 25,131.19
Unable to Collect – Aged Debt	1	£ 10,378.74
Unable to Collect – Recovery Exhausted	1	£ 40,201.18
Unable to Establish Liability	2	£ 363,558.40
Totals	14	£ 606,383.91

Sundry Debt - Write Offs by Debt Year		
Year	Amount for Write Off	
2003	£	40,201.18
2014	£	18,045.99
2015	£	10,696.40
2016	£	6,797.57
2017	£	20,606.70

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2018	£	36,000.05
2019	£	6,296.19
2020	£	28,867.47
2021	£	407,248.18
2022	£	6,642.92
2023	£	24,981.26
Total	£	606,383.91

Housing Benefit Overpayment - Write offs over £10,000		
Write off Reason	No. of Cases	Amount for Write Off
Bankruptcy	1	£ 14,371.75
Totals	1	£ 14,371.75

Housing Benefit Overpayment - Write Offs by Debt Year	
Year	Amount for Write Off
2014	£ 14,371.75
Total	£ 14,371.75

7. Conclusion

- 7.1 To conclude, this is the second report requesting Committee approval to write off unrecoverable bad debt over £10,000 since the pandemic. The backlog of over £10,000 write offs is now completed and it will be business as usual going forward.

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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Agenda Item 20

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 20 March 2024
Subject:	Write-off of irrecoverable retail-related arrears with balances over £10,000		
Report of:	Executive Director - Place	Wards Affected:	(All Wards);
Portfolio:	Cabinet Members: Regeneration and Skills; and Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No - but the appendices to the report are NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt		

Summary:

As outlined within the Council's Constitution, all outstanding debts of £10,000 and over cannot be written off without Member approval.

This report requests the authorisation of the Audit & Governance Committee to write off the debts listed in the appendix to this report.

Recommendation(s):

(1) To approve the write off of all individual debts of £10,000 and over detailed in the appendix to this report in accordance with the Financial Procedure Rules. The total net amount for write off is £1,307,512.94 (excl. VAT).

(2) To note that the Executive Director (Place) will write off individual bad debts of up to £10k as detailed in the appendix to this report, in consultation with the Section 151 Officer and the Monitoring Officer, in accordance with the Financial Procedure Rules. The total net amount for write off is £131,337.01 (excl. VAT).

Reasons for the Recommendation(s):

The individual debts detailed in the Appendix have all been assessed on an individual basis as all means of recovery have been exhausted. These debts are now considered to be irrecoverable and are recommended for write off. The write-offs herein are in accordance with the current Business Plan for the Strand.

Approval will ensure uncollectable debt will be removed from the system.

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

Not to write off the debt – this is not recommended as the continued pursuit of debts would be expected to cost financially without prospect of financial return to the Council.

What will it cost and how will it be financed?

(A) Revenue Costs

The amounts proposed for write off are within the provisions set aside for doubtful debts and the Council will write off these debts against these provisions.

(B) Capital Costs

There are no direct capital costs associated with the recommendations in this report.

Implications of the Proposals:

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

The financial implications are set out within the section above. There are no other resource implications associated with the recommendations within this report.

Legal Implications:

There are no Legal implications

Equality Implications:

There are no equality implications.

Impact on Children and Young People: No

Climate Emergency Implications:

The recommendations within this report will

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

There are no climate emergency implications associated with the recommendations in this report.

Contribution to the Council's Core Purpose:

Not applicable.

Protect the most vulnerable:

Facilitate confident and resilient communities:
Commission, broker and provide core services:
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 (FD7602/24) and the Chief Legal and Democratic Officer (LD5702/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

Not applicable.

Implementation Date for the Decision

Immediately following the Committee meeting.

Contact Officer:	Stephen Watson
Telephone Number:	Tel: 0151 934 3370
Email Address:	stephen.watson@sefton.gov.uk

Appendices:

The following appendix is attached to this report:

- Appendix A – Irrecoverable Retail Related Write Offs over £10,000

Background Papers:

There are no background papers available for inspection.

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1.0 Introduction / Background

- 1.1 The coronavirus pandemic has had significant financial implications for shopping centres and retailers across the nation. The impact of government measures such as national lockdowns, legislation, the introduction of social distancing measures and closure of non-essential retail had an immediate and ongoing impact on performance. This resulted in tenants falling into financial difficulty and accumulating arrears.
- 1.2 The government placed a moratorium on landlords taking enforcement action during the pandemic period and pursuing these outstanding debts. The moratorium was lifted during 2022.
- 1.3 Recovery procedures have since led to a reduction in the outstanding arrears as outlined in the following section. However, some tenants have ceased trading, entered administration / liquidation, or have absconded which has resulted in these debts becoming irrecoverable and which are now presented to be approved for write off in line with the requirements of the Council's Constitution.

2.0 Recovery Procedures Undertaken

- 2.1 The Council's agents have sought to recover all outstanding arrears where possible by: proactively engaging with tenants; renegotiating leases; negotiating payment plans; and issuing Letters Before Action (LBA) and other recovery methods available.
- 2.2 However, where tenants have ceased trading, entered administration / liquidation or have absconded, this has resulted in these debts becoming irrecoverable and therefore presented to be approved for write off.

3.0 Approach to Debt Write Off

- 3.1 Since the acquisition of the retail centre, and following advice from the Council's expert external advisors, as would be expected a provision for bad and doubtful debts has been made in each business case and this has formed part of the financial assumptions approved by Members. This decision paper, therefore, does not present new financial pressure for the specific account or for the Council but represents good governance and compliance with the Council's Financial Procedure Rules to bring to an end an exhaustive recovery process.
- 3.2 The provision for bad and doubtful debts is set in accordance with the Council's expert external advisors following a detailed and thorough review of outstanding arrears.
- 3.3 Assurance checks – all debtor accounts proposed for write off have been scrutinised by the Council's agents independently before being submitted for write off. Debts are scrutinised to ensure that all necessary steps are taken in pursuit of the debt.

3.4 Whenever an amount is written off it is possible that further sums may be recovered in due course as new information is obtained. This would happen in the following instances:

- Where a new address is found for an absconded debtor, attempts will be made to recover any outstanding sums.
- Whenever a firm or individual goes into bankruptcy, liquidation, receivership etc., the Council's interest is registered with the Receiver, Liquidator etc. and the receiver may pay a dividend to creditors; and
- Companies that have ceased trading but have not entered into insolvency may restart their business.

3.5 Reconciliation – following approval for the write off of individual cases, the Council's agents will reconcile the accounts and provide a reconciliation statement. Schedules of balances actually written off will accompany the statement and be submitted for evidence and monitoring of the bad debt provision.

4.0 Council's Constitution

4.1 Within the Council's Financial Procedure Rules, debts of up to £10,000 may be written off by Authorised Officers as contained within a Service's Scheme of Financial Delegation in consultation with the Section 151 Officer (the Executive Director of Corporate Resources and Customer Services) and the Monitoring Officer (the Chief Legal and Democratic Officer).

4.2 Debts of £10,000 and over should be reported jointly by the Section 151 Officer and the relevant Assistant Director to the Audit and Governance Committee for write-off action.

5.0 Debts of £10,000 and Over Identified for Write-Off

5.1 23 individual accounts with balances of £10,000 and over and totalling £1,307,512.94 (excl. VAT) have been identified for write off. Note that this includes 2 short term temporary lettings within the mall. 143 companies have been present at the retail centre since 2017 and therefore the proposed write offs represent 16.1% of these companies. Similarly, this write-off represents 7.5% of the total income since 2017.

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5.2 The accounts are summarised as follows: -

All Debts – Write offs over £10,000				
Reason For Write Off	No. of cases	Amount Net	Amount VAT	Amount Gross
Administration	4	£362,839.19	£75,210.92	£438,050.11
Ceased Trading No Assets	3	£67,080.51	£13,416.12	£80,496.63
Liquidation	9	£306,632.84	£52,929.05	£359,561.89
Unable to collect - Recovery Exhausted	5	£183,499.55	£35,337.50	£218,837.05
Company Voluntary Arrangement	2	£387,460.85	£75,316.95	£462,777.80
Total	23	£1,307,512.94	£252,210.54	£1,559,723.48

6.0 Debts of up to £10,000 Identified for Write-Off

6.1 104 individual accounts with balances up to £10,000 and totalling £131,337.01 have been identified for write off. Note that this includes 93 short term temporary lettings within the mall. These units located within the walkways of the centre were particularly affected by social distancing measures implemented during the pandemic.

6.2 The accounts are summarised as follows: -

All Debts – Write offs up to £10,000				
Reason For Write Off	No. of cases	Amount Net	Amount VAT	Amount Gross
Administration	0	£0.00	£0.00	£0.00
Ceased Trading No Assets	3	£10,693.35	£2,138.68	£12,832.03
Liquidation	3	£7,612.78	£750.35	£8,363.13
Unable to collect - Recovery Exhausted	98	£113,030.88	£22,044.93	£135,075.81
Company Voluntary Arrangement	0	£0.00	£0.00	£0.00
Total	104	£131,337.01	£24,933.96	£156,270.97

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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