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Sefton Council



MEETING: AUDIT AND GOVERNANCE COMMITTEE

DATE: Wednesday 19th July, 2023

TIME: 3.00 pm

VENUE: Assembly Hall - Bootle Town Hall, Trinity Road, Bootle, L20 7AE

Member

Councillor Robinson (Chair)
Councillor Roche (Vice-Chair)
Councillor John Joseph Kelly
Councillor Catie Page
Councillor Pugh
Councillor Shaw
Councillor Spring
Councillor Thomas
Councillor Anne Thompson
Councillor Webster

Substitute

Councillor Bradshaw
Councillor Murphy
Councillor Howard
Councillor Lunn-Bates
Councillor Brodie - Browne
Councillor Lloyd-Johnson
Councillor Halsall
Councillor Hansen
Councillor Spencer
Councillor Hardman

Independent Member

Rachel Oakes

COMMITTEE OFFICER: Ruth Appleby
 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.

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A G E N D A

1. Welcome and Introduction

2. Apologies for absence

3. 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.

4. Minutes

(Pages 5 - 14)

Minutes of the meeting held on 15 March 2023

5. Corporate Risk Management

(Pages 15 - 88)

Report of the Executive Director of Corporate Resources and Customer Services.

A presentation will be provided by the Assets and Property Manager on the Corporate Risk – 'Condition of Assets'.

6. Financial Management Code

(Pages 89 - 116)

Report of the Executive Director of Corporate Resources and Customer Services

- 7. Treasury Management Outturn 2022/23 and Position to June 2023** (Pages 117 - 132)
Report of the Executive Director of Corporate Resources and Customer Services
- 8. Risk and Audit Service Performance** (Pages 133 - 200)
Report of the Executive Director of Corporate Resources and Customer Services
- 9. Audit and Governance Committee Work Programme Update Report** (Pages 201 - 208)
Report of the Executive Director of Corporate Resources and Customer Services

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

AUDIT AND GOVERNANCE COMMITTEE

MEETING HELD AT THE TOWN HALL, BOOTLE ON 15 MARCH 2023

PRESENT: Councillor Roche (Vice Chair – in the Chair)

Councillors Danny Burns, Cluskey, Spring,
John Joseph Kelly, McGinnity, Page and
Sir Ron Watson

45. WELCOME AND INTRODUCTION

Councillor Roche (Vice Chair) indicated that he would be chairing the meeting on behalf of the Chair, Councillor Robinson who was unable to attend the meeting for medical reasons.

A Member requested that the Committee's best wishes be formally extended to Councillor Robinson.

The Chair welcomed new Councillor Spring who had been elected to Netherton and Orrell Ward in February 2023 and had now taken the place of Councillor Dowd on the Audit and Governance Committee.

RESOLVED:

That the Committee's best wishes for a speedy recovery be sent to Councillor Robinson.

46. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Robinson (Chair), Councillor Bradshaw (Substitute Member), Councillor Shaw and Councillor Pugh (Substitute Member).

47. DECLARATIONS OF INTEREST

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

48. MINUTES

RESOLVED:

That the minutes of the meeting held on 14 December 2022 be confirmed as a correct record.

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49. 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.

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

The CIA indicated that since the last meeting held on 14 December 2022, the following changes had been made to the Corporate Risk Register, namely:

- The addition of one new risk, namely, 'Lack of SEND specialist placements for children and young people.
- That no risks had been de-escalated to the relevant Service Risk Register this quarter.
- There had been an improvement in the completion of the SRRs although there remained work to do on the timely completion of ORRs and their escalation to be considered within the process for updating the SRRs. There had also been substantial work undertaken over the past six years to embed risk management across the Council and there continued to be work required to ensure that it was consistently and effectively embedded.

The CIA also indicated that The Council was introducing a Risk Appetite Framework (RAF) as detailed in Appendix B to the report to enable the Council to set out its risk appetite in a consistent, comprehensible and useful way to guide how much risk the Council was willing to seek and accept in delivering its 2030 Vision, corporate priorities and objectives. The RAF would set out the level of risk that members decided was acceptable for the Council and would provide a framework within which officers could make proposals and take delegated decisions. Determining the Council's risk appetite was an important step in the evolution of risk management at Sefton, to support the delivery of its 2030 Vision and other objectives.

Following consideration of the report, the Committee received a briefing by the Interim Executive Director of Children's Services and Education and the Assistant Director of Children's Services (Social Care) on the four risks associated with Children's Social Care, namely:

- Market failure of Social Care provision across Adult and Children's Services.
- Failure to manage increasing demand for services.
- Impact of regulatory framework outcomes.

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- The provision of Children's Social Care is not financially sustainable.

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

- Was there a timeframe for resolution / completion of those risks identified in the Operational Services Risk Register as requiring future work?

The Chief Internal Auditor indicated that he would provide this information following the meeting.

- Members were pleased that reference was made to Children and Young People rather than just children.
- £17m of additional expenditure on Children's Social Care was experienced in 2022/2023 – is the same sort of figure anticipated in future years and if so where will it come from?

-

The Service Manager - Finance indicated that Budget approved by full Council on 2 March 2023 included £20 m for Children's Social Care to take into account all the pressures from 2022/2023.

- Concern about the numbers of looked after children from outside Sefton, such as London, being placed in Sefton and costs to the authority.

The Assistant Director of Children's Services (Social Care) indicated that this was a national issue not just a Sefton problem. Due to the rising numbers of children requiring social care, Local authorities had to look outside their area to place children. Children placed in Sefton from other local authorities came with funding from those local authorities. However, other 'hidden' costs such as education and health care provision came from Sefton's resources.

The Interim Executive Director of Children's Services and Education indicated that the Council was working closely with Leeds City Council in identifying ways to prevent children coming into care in the first place – working closely with families and children and the identification of children at risk from exploitation. The entire structure was to work to keep children with their families where it was safe to do so.

- The recruitment of social workers from overseas and the establishment of a Sefton Academy for Social Workers – seen as a positive development in retaining social workers in Sefton, avoiding the need for agency workers and being cost effective.

RESOLVED: That

- (1) the contents of the Corporate Risk Register set out in Appendix A to

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the report, particularly the nature of the major risks facing the Council and the controls and planned action in place to mitigate these risks be noted;

- (2) the intention to introduce a Risk Appetite Framework as set out in Appendix 2 to the report be endorsed; and
- (3) the Interim Executive Director Children's Services and Education and the Assistant Director of Children's Services (Social Care) be thanked for their comprehensive presentation on the risks associated with Children's Social Care.

50. CYBER SECURITY ASSURANCE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which outlined the external assurance sought in relation to the Cyber Security of Sefton Council and set out the key findings from three key assessments completed in 2022, further improvement plans in progress and key next steps.

The Senior Manager ICT & Digital presented the report, answered questions thereon and arising from a query from a member about the meaning of the term 'brute force attack' and agreed to provide members with a glossary of terms used in relation to cyber security.

RESOLVED: That

- (1) the report be noted and the ongoing programme of work in relation to the Cyber Security of Sefton Council be endorsed; and
- (2) the Senior Manager ICT & Digital be requested to provide the Committee members with a glossary of terms used in relation to cyber security.

51. ICT ACCEPTABLE USAGE POLICY

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which sought approval for the revised security policy documentation relating to the Authority's ICT estate.

The Policy Document was a yearly review of the ICT Acceptable Usage Policy which had been reviewed and approved by the Audit & Governance Committee on 16th March 2022 and by Council on the 21 April 2022.

Changes to the ICT Acceptable Usage Policy included explicit guidance for SharePoint data owners as well as the Council's ICT Monitoring capabilities.

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The Senior Manager ICT and Digital presented the report and answered questions thereon.

A request was made for reconsideration being given to the statement contained in - 'How you should use your email (key principles) at page 77 Bullet No. 3 of the report':

- 'Users should not make any 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'.
- Clarification and possible rewording was requested on the application of this policy in relation to Councillors. The Chief Legal and Democratic Officer suggested that Members could be advised to refer to the Code of Conduct for Elected Members for further guidance.

RESOLVED: That

- (1) The Senior Manager ICT and Digital be requested to reword the policy in relation to Use of email (key principles) - bullet point 3 to read:
 - **'Officers** should not make any 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'**;
- (2) subject to (1) above, Council be requested to approve:
 - (i) the revised security policy documentation relating to the authority's ICT estate; and
 - (ii) the internal publication of the Acceptable Use Policy.

52. 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 December 2022 to 28 February 2023.

The Chief Internal Auditor (CIA) presented the report which provided an update on the implementation of the Significant Governance Issues and agreed actions from the Corporate Governance Review.

The CIA highlighted the resources issues particularly facing the Audit Team over the past seven months and, the responses to the pressures as well as future actions.

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RESOLVED: That

- (1) the progress in the delivery of the 2022/23 Internal Audit Plan and the activity undertaken for the period 1 December 2022 to 28 February 2023 be noted;
- (2) the progress in completing the actions from the 2021/2022 Corporate Governance Review and the follow up of audit agreed actions detailed in the December 2022 report be noted; and
- (3) 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.

53. INTERNAL AUDIT CHARTER AND ANNUAL AUDIT PLAN

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which presented the proposed Internal Audit Charter and the Internal Audit Plan 2023/24 for approval by Members as set out in the Appendix to the report.

RESOLVED:

That the Internal Audit Charter and Internal Audit Plan 2023-2024 set out in the Appendix to the report be approved.

54. STATEMENT OF ACCOUNTS 2021/-2022 AND 2022/-2023

The Service Manager – Finance provided a verbal update on the current position in relation to the completion of the external audit for the years 2020/2021 and 2021/2022.

He indicated that as previously reported, the audit of the Statement of Accounts for 2020/2021 had almost been complete when they were presented to the Committee in December 2021. However, due to a technical issue that had arisen nationwide relating to accounting for Infrastructure Assets, the audit had not been able to have been completed. The Government had now introduced temporary legislation that would allow the issue to be resolved and the Council was currently working with the Council's external auditors to finalise the position.

The audit of the 2021/2022 Statement of Accounts was still in progress, although a significant proportion of the work had now been completed. It was currently expected that both the 2020/2021 and 2021/2022 accounts would be presented to the June meeting of this Committee for final approval.

RESOLVED:

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That the update on the Statement of Accounts for the years 2020/2021 and 2021/2022 be noted.

55. TREASURY MANAGEMENT POSITION TO JANUARY 2023

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services that provided a review of the Treasury Management activities undertaken to 31 January 2023.

This document was the third report of the ongoing quarterly monitoring provided to Audit and Governance Committee whose role it was to carry out scrutiny of treasury management policies and practices.

RESOLVED: That

- (1) the Treasury Management update to 31 January 2023, be noted; and
- (2) the effects of decisions taken in pursuit of the Treasury Management Strategy and the implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management activities be noted.

56. AUDIT AND GOVERNANCE COMMITTEE SELF ASSESSMENT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services on the Self Assessment exercise undertaken by Audit and Governance Committee Members in consultation with the Chief Internal Auditor and the Chief Legal and Democratic Officer at a special Audit and Governance Committee Member Briefing session held on 23 November 2022.

A copy of the Self Assessment was provided at Appendix 1 to the report and Members were requested to examine the document and suggest any amendments as required.

The Chief Legal and Democratic Officer presented the report indicating that the Chartered Institute of Public Finance and Accountancy (CIPFA) emphasised the importance of local authority audit committees undertaking a self-assessment exercise to help provide assurance that the committee was soundly based and had in place a knowledgeable membership; and that a regular self-assessment could be used to support the planning of the audit committee work programme and training plans; and inform the annual report.

RESOLVED: That

- (1) the Self Assessment document completed by Members and Officers

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on 23 November 2022, shown at Appendix 1 to the report was agreed as a correct reflection of the views of the Audit and Governance Committee;

- (2) it be noted that the Self-Assessment exercise will support the planning of the Audit and Governance Committee Work Programme and Training Programme and inform the Annual Report; and
- (3) it be agreed that the Audit and Governance Committee will undertake a Self-Assessment exercise on an annual basis.

57. AUDIT AND GOVERNANCE COMMITTEE MEMBER TRAINING AND DEVELOPMENT UPDATE REPORT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided:

- An update on the programme of briefings held for Audit and Governance Committee Members and Substitutes in 2022/23 detailed in Appendix 1 to the report.
- Proposals for the 2023/24 programme of briefing sessions, based on the recommended Core Areas of Knowledge for Audit and Governance Committee Members outlined by the Chartered Institute of Public Finance and Accounting (CIPFA) as set out in Appendix 2 to the report.
- An update on the Treasury Management course which in accordance with the CIPFA Treasury Management code, would be provided annually with a required attendance by Members and Substitute Members of Audit and Governance Committee.
- A proposal for the Treasury Management course to continue to be offered to **all Councillors** in accordance with the CIPFA Treasury Management Code and included in the Member Development Handbook as part of the Council's Member Development Programme 2023-2024.

The Democratic Services Officer presented the report and answered questions thereon.

RESOLVED: That

- (1) the update and attendance at the programme of briefings held for Audit and Governance Committee Members and Substitutes in 2022/23 detailed in Appendix 1 to the report be noted;

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- (2) the proposed Audit and Governance Committee schedule of member development briefings to be held from 1.45 to 2.45 pm prior to meetings of the Audit and Governance Committee in 2023-2024 and 2024-2025 as set out in Appendix 2 to the report be approved;
- (3) It be noted that the briefing topics listed in Appendix 2 are to be provided in accordance with CIPFA identified core areas of knowledge required of Audit and Governance Committee Members;
- (4) the Democratic Services Officer be authorised to amend the schedule of briefings set out in Appendix 2, in consultation with the Chair of Audit and Governance Committee, to meet any changing circumstances such as facilitator non-availability;
- (5) note that in accordance with the CIPFA Treasury Management Code, all Members and Substitutes of the Audit and Governance Committee will be required to attend the Treasury Management session to be provided annually by the Council's Treasury Management Consultants;
- (6) In accordance with the CIPFA Treasury Management Code, approval be given for the continued inclusion of an **additional** 'Treasury Management' training session provided by the Council's Treasury Management Consultants, **for all Councillors** as part of the Member Development Programme 2023-2024; and
- (7) the importance of Audit and Governance Committee Members and Substitutes 'buying into' and showing commitment to training and development be endorsed.

58. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME 2023-2024

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which set out the proposed Work Programme for the Audit and Governance Committee for the 2023-2024 municipal year.

The Democratic Services Officer presented the report indicating that 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 Terms of Reference for the Committee were attached at Appendix 1 to the report and the proposed Work Programme for the Committee at Appendix 2.

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The report indicated that the Chartered Institute of Public Finance and Accountancy (CIPFA) publication - "Practical Guidance for Local and Authorities and Police" recommended as good practice, the provision of an annual Work programme to enable Audit and Governance Committees to discharge their duties in accordance with their Terms of Reference. Adherence to the work plan ensured that the Audit and Governance Committee had a structured, consistent approach to fulfilling its responsibilities as detailed in the CIPFA guidance.

RESOLVED:

That the Audit and Governance Committee Work Programme for 2023-2024 set out in Appendix 2 to the report be approved.

59. AUDIT AND GOVERNANCE COMMITTEE WORK PROGRAMME UPDATE REPORT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided an update on reports listed in the Audit and Governance Work Programme for submission to the meeting held on 14 December 2022 and the reasons for non-submission of some of the reports listed.

The report indicated that the 2022-2023 Work Programme had been approved by Audit and Governance Committee on 16 March 2022 and 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.

RESOLVED:

That the update on reports listed in the Audit and Governance Committee Work Programme for submission to the meeting on 14 December 2022 and ad hoc reports considered at that meeting be noted.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 July 2023
Subject:	Corporate Risk Management		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The Corporate Risk Register is presented to each meeting of the Audit and Governance Committee. Since the last Committee meeting in March 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.

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

- Condition of Assets
- Failure to comply with sections 1 and 10 of the Freedom of Information Act 2000
- 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.

No risks have been de-escalated to the relevant Service Risk Register this quarter.

A presentation on the Condition of Assets risk will be provided to Members at the July meeting.

Work has been undertaken on updating the Corporate Risk Management Handbook to reflect recommendations from Risk Management Audit as well as the implementation of the Risk Appetite Framework approved by the Committee in March 2023.

The Risk Management audit undertaken by Internal Audit provided an Internal Audit Opinion of 'Moderate' risk to the control environment. The report identified three medium and two low priority recommendations for improvements to systems and processes, summarised as:

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

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

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.
- (2) Approve the revised Corporate Risk Management Handbook.
- (3) Note the progress on the embedding of risk management within the Council.

Reasons for the Recommendation(s):

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

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

What will it cost and how will it be financed?

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

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

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no direct resource implications.
Legal Implications: There are no legal implications.
Equality Implications: There are no equality implications.
Impact on Children and Young People: Yes There are a number of Children Services related risks in the Corporate Risk Register. There are no direct implications as the existing controls and further actions are a summary of what has already been agreed. Where risks are managed effectively the

achievement of the Council's objectives in this case for Children's Services will more likely be achieved.

Climate Emergency Implications:

The recommendations within this report will

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

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

Contribution to the Council's Core Purpose:

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7279) and the Chief Legal and Democratic Officer (LD5479) 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:

- Corporate Risk Register March 2023
- Corporate Risk Management Handbook (July 2023)

Background Papers:

There are no background papers available for inspection.

1. Introduction

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

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

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

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

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

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

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

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

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registers. This exercise was completed in March 2019. The Risk and Resilience Team, assisted by the Internal Audit Team, work with the individual teams to facilitate regular reviews of the risk registers which will help to embed risk management at the centre of the Council's activities.

2. Key Developments

2.1 External operating environment

2.1.1 The external operating environment has continued to evolve over the past quarter building on a number of significant external events occurring in the previous 12 months. These events can affect existing risks by potentially increasing the 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 slowly is substantially greater than originally planned impacting on organisations and individuals.
- Combination of significantly higher than planned inflation, food cost inflation and increased energy costs leading to a cost of living impact to households
- Supply chain issues continuing post Covid-19 and complicated by Ukraine invasion.
- Bank of England interest rate increases raising bank lending interest rates higher than originally perceived and potentially at a faster rate.
- Heightened cyber security risks remaining following invasion of Ukraine.

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

2.2 Corporate Risk Register (CRR)

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

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

- Condition of Assets
- Failure to comply with sections 1 and 10 of the Freedom of Information Act 2000
- 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.

2.2.3 No risks have been de-escalated to the relevant Service Risk Register this quarter.

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

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

2.3 Service Risk Registers (SRR)

2.3.1 The March 2021 update highlighted that the position on the completion of the quarterly updates on the SRR, in line with the requirements detailed in the Corporate Risk Handbook, would be provided to the Committee indicating how many had been updated and shared with the Risk and Resilience Team on a rolling 12-month basis. A copy of the SRR is requested at the same time updates for the Corporate Risk Register are invited to be updated. The following provides details of the SRR response for a rolling five quarters.

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

2.3.3 A total of eight (80%) SRRs have been provided for 2nd quarter 2022/23.

2.3.4 A total of eight (80%) SRRs have been provided for 3rd quarter 2022/23. We are working with two of the Service Areas to improve their SRR. We are assisting the team with the outstanding SRR to complete this.

2.3.5 A total of ten (100%) SRRs have been provided for 4th Quarter 2022/23.

2.3.6 A total of eight (80%) SRRs have been provided for 1st Quarter 23/24.

2.3.7 There has been a **reduction of 1 deterioration** in the responses from Service areas for their SRRs this quarter despite active engagement with the teams involved. The above findings indicate that the completion of the SRRs, in line with the Corporate Risk Handbook has generally improved over the past four quarters compared to previous analysis however consistent completion on time remains key to ensuring that there is an effective risk management system within the Council.

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

2.4 Operational Risk Registers (ORR)

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

Agenda Item 5

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 in order to improve how risk management is embedded within the organisation. An update on the action is included below in italics:
- 2.5.2 Assistant Directors will consider whether the CRR should be developed further to take account of wider strategic risks facing the organisation. *Three further strategic risks were identified in 2021/22 and included in the CRR, with a further four being added in the 2022/23 financial year. Two further risks have been added to the CRR. (Completed)*
- 2.5.3 It is important that to properly embed risk management that risk is an agenda item on the Departmental Management Team in each of the Service Areas on at least a quarterly basis. *Guidance has been provided previously to Assistant Directors on the proposed agenda item and testing of agenda and minutes was undertaken in January 2023. The testing confirmed that all but one Service Area had an agenda item on risk every quarter. Testing in June 2023 has confirmed a similar picture with all but one Service Area holding at least one formal agenda item each quarter on risk.*
- 2.5.4 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.*
- 2.5.5 The Audit and Governance Committee approved that the Corporate Risk Register should be posted on the intranet Risk and Resilience page with notification to be sent on the intranet news for all staff. *(completed).*
- 2.5.6 An e-learning package on risk management is to be launched across the Council during the next 12 months. *We had engaged a risk management provider to the Council, through the external Insurance Programme, to develop e-learning training content on risk management which was completed by end of November 2021. The e-learning content had been received and it was identified further enhancements were required to ensure that it was tailored for the right audience. We have refined the content and the first part of the e-learning training was finished by the end of June 2022. We have road tested the contents with colleagues and are currently working with Learning and Development colleagues from November 2022 and it was envisaged to transfer the content to the e-learning library before wider rollout to Members and colleagues from June 2023. There are some further tweaks issues with the content to make it suitable.*
- 2.5.7 The consideration of including the risks associated with the agenda item on Committee papers linked to the appropriate Corporate Objective. *The Executive Director for Corporate Resource and Customer Services has confirmed that the*

intention is to implement this during quarter 1 2023/24 to reflect the Risk Appetite Framework and the changes requested for Children's Services. (Ongoing)

- 2.5.8 Considering including an agenda item on each of the SLB/ELT meeting at the end of the meeting to consider whether any of the content of the agenda/discussions has an impact on the current risk register. *The Executive Director of Corporate Resources & Customer Services has confirmed this agenda item is now in place. (Completed)*

2.6 Risk Appetite

- 2.6.1 Following the approval of the Council Risk Appetite Framework in March 2023 the Team has been designing training for the Departmental Management Team members, who normally completed the Committee papers and the format of the section within the revised Committee paper.
- 2.6.2 The amended Corporate Risk Management Handbook to reflect the is attached at Appendix B. The proposed actions following the adoption of the risk appetite are:
- Updating the Corporate Risk Management Handbook included in the agenda for approval.
 - Providing training to the DMT in each of the Service Areas now completed
 - Updating the header sheet for the Committee reports Updating the header sheet for the Committee reports with consultation with the Chief Monitoring Officer and the Executive Director of Corporate Resources and Customer Services. This is currently on-going.
 - Updating the intranet page on risk management which will take place shortly.

2.7 Corporate Risk Management Handbook

- 2.7.1 A revised version of the Corporate Risk Management Handbook is included in the paper for approval. The changes to the Corporate Risk Management Handbook include:
- Responsibilities for the Risk and Resilience Team as highlighted in the risk management review in line with recommendations with the Risk Management Audit.
 - Risk Appetite Framework.

2.8 Internal Audit of Risk Management

- 2.8.1 The Statement of Purpose for the Audit and Governance Committee includes 'to provide independent assurance to the members on the adequacy of the risk management framework...' and 'it provides independent review of Sefton's governance, risk management and control frameworks...'. In addition, the Committee is 'to monitor the effective development and operation of risk management and Corporate Governance in the Council.' To facilitate the Committee in fulfilling its responsibilities it is good practice inform members of in house or external assessments of the effectiveness of the Council's risk management framework. A Risk Management Audit approved by the Committee for inclusion in the 2022/23 Internal Audit Plan was completed during the last quarter.

Agenda Item 5

2.8.2 The audit review details the process and findings regarding the embedding of risk management within the Council. The Internal Audit Opinion is 'Moderate' risk to the control environment. The review identified that:

- The risk management system aided by risk registers across operational, service area, and corporate tiers, establishes a robust framework for effective risk management. Detailed protocols are provided in the risk management handbook including stakeholder roles, responsibilities, and reporting arrangements. The Council's Constitution further supports this structure.
- Risk management effectiveness hinges on thorough implementation across the Council. Approximately 80 risk registers are maintained requiring active officer involvement. Risk management support is provided to the officers across the Council by the Risk and Resilience team.
- The report makes three medium and two low priority recommendations for improvements to systems and processes, summarised as:
 - Clearly define the role of the Risk and Resilience Team and update the Risk Management Handbook. **-(Completed)**
 - Develop a checklist to assess each risk register against. **(Completed and implemented)**
 - Ensure that the Risk Appetite Framework is included in the Risk Management Handbook. **(Completed)**
 - Progress the risk management training with the Corporate Learning and Development Team and review how risk management information is shared across the Council. **(Ongoing)**
 - Review whether managers received adequate notice of deadlines to return updated risk registers. **(Completed)**

2.9 Next steps

2.9.1 Following on from the approval of the Sefton Assurance framework is the consideration of implementing the three lines of defence model which outlines Internal Audit's role in assuring the effective management of risk, and the importance for delivering this of its position and function in the corporate governance. By mapping out the assurance activities from the various three lines of defence on each of the Corporate Risks this should provide better "comfort" to Members and Senior Officers that key risks are being managed effectively.

2.9.2 The implementation of the three lines model will inevitably require some cultural change in the organisation as there will be the expectation that managers in the 2nd line of defence such as Health and Safety, Finance and Procurement amongst many have responsibility for their systems/policies should undertake active monitoring to determine if their policies/ procedures are embedded within the organisation.

2.9.3 The Internal Audit Team have been undertaking Assurance Mapping for the past 12 months pulling together mainly external and, in some cases, internal sources of

assurance that is used to help shape the draft internal audit plan and inform the Annual Chief Internal Auditor's Opinion. Work will continue to take place to refine the approach including drafting an Assurance Map for the Corporate Risk Register.

3. Summary of the current position

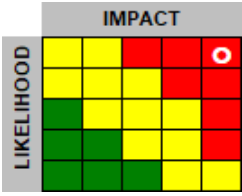
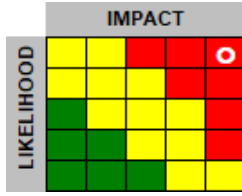
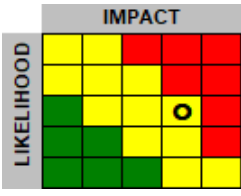
- 3.1 Substantial work has been undertaken to attempt to embed risk management across the Council over the past six years through designing a risk framework, providing training, and facilitating the Service and Operational Risk Registers using resources across the Risk and Audit Team. Recent work has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

4. Presentation to the Audit and Governance Committee Meeting

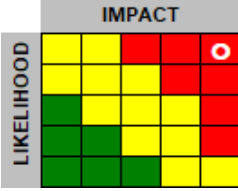
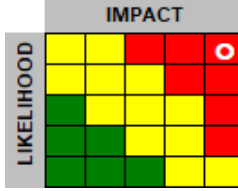
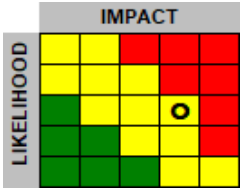
- 4.1 At the Audit and Governance Committee in December 2019 it was agreed that for each meeting a short presentation would be made by a risk owner on one of the risks from the Corporate Risk Register. The briefing, in line with good practice on risk management, should be on the background to the key risk, the current controls and the actions to mitigate the risk further.
- 4.2 A presentation will be provided to Members at the March 2023 meeting on condition of assets risk from the CRR.

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Appendix A Corporate Risk Register July 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Financial sustainability beyond 2023/24			
Causes	<p>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.</p> <p>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.</p> <p>The impact on the financial sustainability of the Council is therefore a key risk.</p> <p>These issues, especially in Childrens Services could place further strain on the approved budget for 23/24 and further impact financial sustainability.</p>		
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 three-year period 2024/25 to 2026/27. The budget reductions could have an adverse impact on residents and communities. The reputation of the Council may be compromised. Financial sustainability could be compromised. 		
Current treatment and controls	<ul style="list-style-type: none"> The council set a budget for 2023/24 at its meeting on 2 March 2023. Substantial investment has been made into ASC, CSC and home to school transport as part of this and this is where the financial risk exists- robust financial management and monitoring will be required for the delivery of the approved budget. If there are any variations to the approved budget remedial plans will need to be put in place from within the already approved budget. The council does have an appropriate level of general fund reserves however these do not offer the scope to address a budget gap similar to that experienced in 2022/23 indeed there is no scope to support an overspend from reserves. Within that budget report the key issues that need to be addressed within the next MTFP are identified and work will commence from May 23 on refining these assumptions and the potential budget gap for these next 3 years 2024/25 to 2026/27- work will commence on bridging this gap as part of the next budget planning timetable and will be reported to Members. This is key to the financial sustainability of the council with the key risk remaining being Children's Services. This has been mitigated for 23/24 by all budget assumptions having been agreed with the DCS which ensured that the MTFP for the council was aligned to the improvement plan and provided the service with the resources required to meet this plan, but it is clear that this risk remains. 		
Risk owner	Executive Director Corporate Resources & Customer Services		
Proposed actions	<ul style="list-style-type: none"> Key financial risk for 2023/24 is delivery of savings and Children's Social Care delivering services within budget agreed with DCS - regular and rigorous financial management, monitoring and reporting is required. Work to commence from April 2023 on next 3-year MTFP- if a budget gap is forecast, identification of savings will be required 		

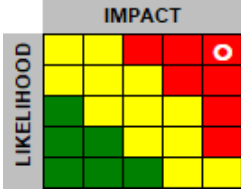
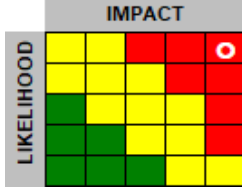
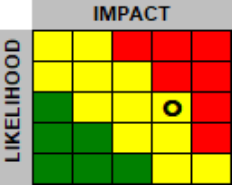
Appendix A Corporate Risk Register July 2023

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

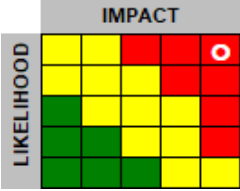
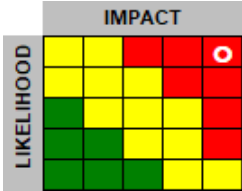
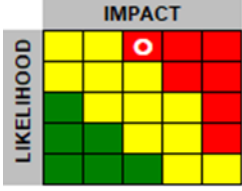
Appendix A Corporate Risk Register July 2023

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

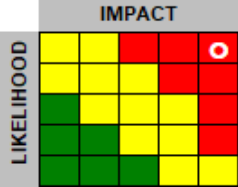
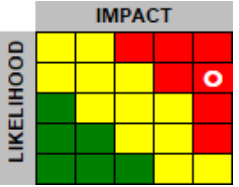
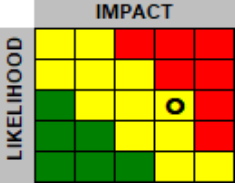
Appendix A Corporate Risk Register July 2023

Risk Description	Previous risk score	Current risk score	Target risk score
Financial sustainability beyond 2023/24 (Sandway Homes)			
Causes	The Council has a wholly owned Housing Development Company- due to the prevailing economic conditions at present, there is a risk that the value and timing of the dividend from phase 1 may be the subject of change and the timing of the capital receipt is later than previously forecast.		
Result	Due to the national economic conditions at present, there is a risk that housing completions (driven by interest rates and potential inflation) will reduce from current levels. This could result in a delay to the completion of Phase 1 of company activity. This delay could reduce the dividend and it's timing together with the timing of the capital receipts and debt repayment due to the Council.		
Current treatment and controls	<ul style="list-style-type: none"> • The Council, in December 2022, received a detailed update report on all aspects of the Company's activities including building programmes, grant funding and financial implications. This report including changes to timing of dividend and timing and value of receipt was approved by members. • Within that report members will be provided with a comprehensive update on the business plan and financial projections that reflect the latest estimates on the build, completion and sales program and the current risks driven by the national economic picture, especially rising interest rates and recession. • The report focused on the progress on the first two sites for which sales are progressing and the third site for which construction has yet to commence. • The Company will utilize the Council's internal audit team to undertake a work program during 22/23 • An update on governance arrangements for the company was approved by Cabinet in July 2022. • An annual report was presented to Overview and Scrutiny management board in November 2022 and was then considered by the service O&S meeting in January 2023 • A self-assessment against the local partnership's guidance re management of wholly owned companies is currently underway by the Council's monitoring officer 		
Risk owner	Chief Executive Officer/Executive Director Corporate Resources & Customer Services		
Proposed actions.	<ul style="list-style-type: none"> • Due to prevailing market conditions and the volatility that exists, the housing market is currently seeing substantial change within it - this includes the cost of construction, house prices and the cost of mortgages, all of which could impact sales, completions, and the performance of the phase 1 business plan. These risks will need to be managed by the company but as a number of these are outside of its control, close working with the Council will be required to inform effective decision making that protects the Council's financial interests and supports the original objectives of the company. • The governance arrangements and current controls will be continually updated - there is a lot of coverage nationally in respect of the management of wholly owned companies and as the guidance and best practice is updated on how these should be governed and managed is published, this will be taken into account by the council. 		

Appendix A Corporate Risk Register July 2023

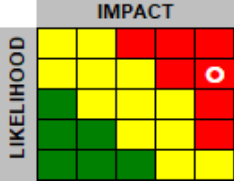
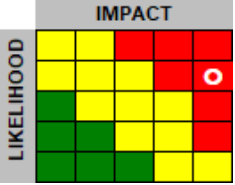
Risk Description	Previous risk score	Current risk score	Target risk score
The Council is the victim of a cyber-attack.			
Causes	Malware, ransomware, or another virus infects the Council's systems.		
Result	<ul style="list-style-type: none"> Services will not have access to systems and data as standard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

Appendix A Corporate Risk Register July 2023

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

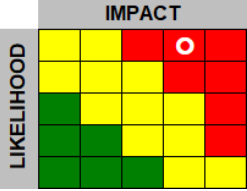
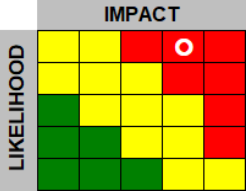
Risk Description	Previous risk score	Current risk score	Target risk score
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Appendix A Corporate Risk Register July 2023

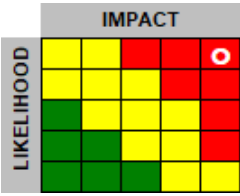
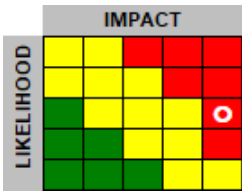
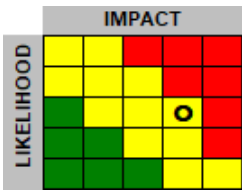
Condition of Assets			
Causes	<ul style="list-style-type: none"> The council like all Local Authorities has a mix of assets with each asset being in a different condition based on age, use etc. The maintenance of these assets continues to be a challenge due to the size of the estate and the investment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

Risk Description	Previous risk score	Current risk score	Target risk score
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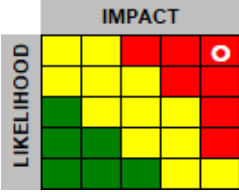
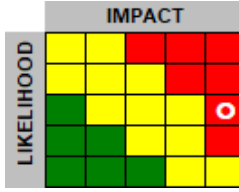
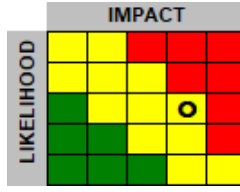
Appendix A Corporate Risk Register July 2023

<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 that fails to comply with any of the requirements of Part 1 of the FOIA may be served by a notice from 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)). 		
<p>Result</p>	<ul style="list-style-type: none"> • Failure to comply with legal requirements. • Enforcement action by the Information Commissioner's Office • Damage to the Council's reputation • Loss of public confidence • Diversion of resource and financial consequences 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> • Information management and governance, including compliance with the Freedom of Information Act is overseen by the Information Management and Governance Executive Group (IMGEG), which consists of officers with lead responsibilities for key aspects of information compliance (i.e. Data Protection Officer / IG Lead, Senior Information Risk Owner and Chief legal and Democratic officer) supported by other officers with key roles relating to IMG. • Each service is responsible for the handling and management of FOIA requests made to their respective service area. • Each service has designated Information Asset Owners and Information Asset Administrators. • Policies, procedures, processes, and issues are communicated to these officers through the Information Management and Governance Operational group. • Support, co-ordination, advice, and guidance is provided corporately. • The council has implemented policies, procedures, and processes to assist the management of FOIA requests made to the council. 		
<p>Risk owner</p>	<p>All Assistant Directors</p>		
<p>Proposed actions</p>	<p>Appropriate resourcing, prioritization 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 – 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. • Maximize the opportunities from the council's ICT Transformation to increase and embed effective information management and governance. 		

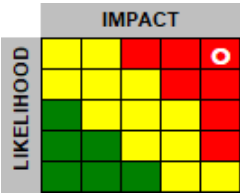
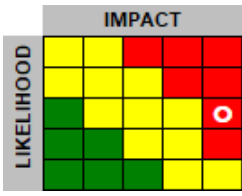
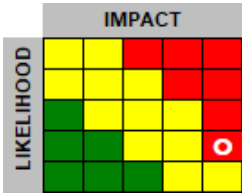
Appendix A Corporate Risk Register July 2023

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

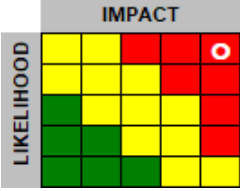
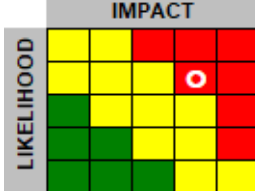
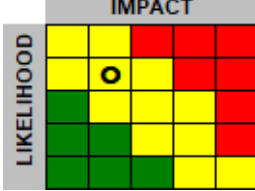
Appendix A Corporate Risk Register July 2023

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

Appendix A Corporate Risk Register July 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Inadequate capability to prepare for and respond effectively to a Major Incident affecting the Council or occurring in Sefton as per the Council's responsibilities under the Civil Contingencies Act 2004.</p>			
Causes	A major incident occurs affecting the Council or the Borough		
Result	<ul style="list-style-type: none"> • Loss of human life, illness, or serious injury • Major damage or destruction to infrastructure, property and/or the environment • Disruption or loss of critical services such as transport, communications, utility services • Reputational or financial harm to the authority 		
Current treatment and controls	<ul style="list-style-type: none"> • Emergency Response Manual and Major Incident Guidance in place. • Revised Command and Control structure in place which defines Strategic and Tactical level officers. • Emergency Duty Coordinators (EDCs) are able to access Resilience Direct containing incident response plans. • Relevant training provided to Emergency Duty Coordinators and volunteers on an ongoing basis. • Five EDCs have now completed Multi Agency Gold Incident Commander (MAGIC) accredited training. • Attendance and participation in Merseyside Resilience Forum and joint planning across Merseyside. • Humanitarian volunteers in place and regular meetings and training now offered. • Continuous development and review of supporting plans. • Service Level Business Continuity plans now completed. Business Continuity eLearning package available to all staff. • Business Continuity risk register completed and review on quarterly basis. • Business Continuity Policy and strategy have been devised and approved. • BC exercise completed in January 2023 for Senior Leadership Board 		
Risk owner	All Assistant Directors and Risk and Resilience Team		
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 		

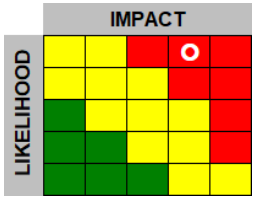
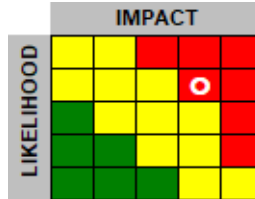
Appendix A Corporate Risk Register July 2023

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

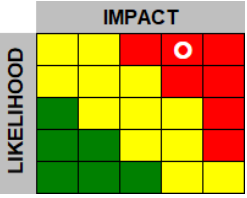
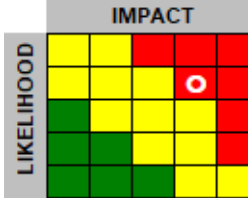
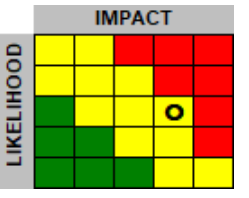
Proposed actions

- Strengthened oversight of Quality Assurance with dedicated Senior Management support will add the ability to refocus quality assurance resources on identified areas of risk in the market and gather intelligence to inform risks and ensure resilience and capacity.
- Continue to focus on strategic plans to current contracts to ensure Value for Money and objectives are met.
- Development of new opportunities through Sefton Place Based Partnership development.
- Children's High Risk/High Cost Project, Commissioning priorities and full work plan in progress with extension.
- Recruitment for Senior Commissioning Leadership post in progress.
- Recruitment campaign developed with Market with on-going input from Sefton at Work – Workforce Strategy to be developed.
- Development of contingency plans for provider failure – risk escalation process jointly developed with Health.
- Cost of Care exercises for care homes (65+) and Domiciliary Care (18+) concluded in line with DHSC requirements and outcomes to be submitted to DHSC by 14 October 2022 and subsequent Market Sustainability Plan roll out 2023/24.
- Links maintained with LCR on key market risks (capacity, workforce, cost of living, ceasing of COVID funding and demand).
- New Procurement for Domiciliary Care to commence in October 2022 (with new framework in place from April 2023) – agreed at June Cabinet.
- Integrated commission arrangements will develop via a new place arrangement. Market Sustainability Plan and Fair Cost of Care exercise to be sent to central government mid October. National Government Market Sustainability funding applied to Dom Care and care homes 65+
- Discharge funding now recurrent through the Better Care Fund continues and work to mobilise a rapid and reablement expansion continues.

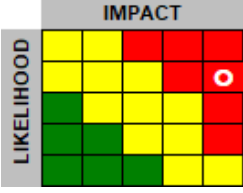
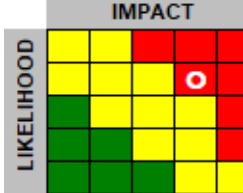
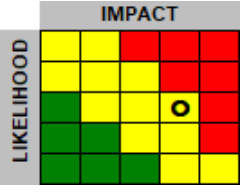
Appendix A Corporate Risk Register July 2023

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

Appendix A Corporate Risk Register July 2023


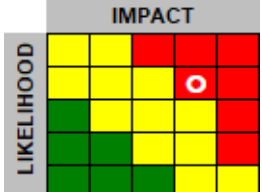
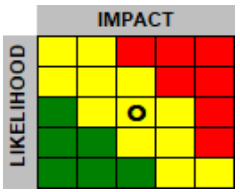
Risk Description	Previous risk score	Current risk score	Target risk score
Inflation and cost of care impact on budget availability			
Causes	<ul style="list-style-type: none"> Increasing provider costs – CPI etc. recruitment and retention challenges Increase to National Living Wage and/or pressure to meet real living wage. Increased market unit price Inflation and cost of living 		
Result	<ul style="list-style-type: none"> Overspent budget Failure to meet statutory obligations and level of need due to Provider failure. Potential increased use of non-contracted Providers to meet demand. Reputational damage 		
Current treatment and controls	<ul style="list-style-type: none"> Cost of Care exercise commissioned externally and completed in line with DHSC requirements. Market management by strategic commissioning re increased efficiencies Establishment of Local Framework Agreements to manage costs in process. Establishment of Strategic Partnerships with providers Utilisation of workforce grants to support the market. Involvement with regional forums e.g., NW ADASS Operational Commissioners Group to ensure collaborative approach, updates on key developments. Collaborative fee setting exercise complete- paper to cabinet June 2022 LGA Peer Review completed July 2022 Strategic review of budget in process as part of Sector Led Improvement offer 		
Risk owner	ED ASC&H		
Proposed actions	<ul style="list-style-type: none"> Cost of Care Exercises completed in line with DHSC requirements. Use of bespoke cost of care tools to calculate costs. Implementation of Local Frameworks to control costs and commissioning activity (in process) Benchmarking with regional authorities Enhance pooled budget arrangements with Health in development, in line with Place arrangements. Integrated approach to commissioning further enhanced (Intermediate care, market sustainability) Transformation Programme – re-alignment / redistribution of expenditure across service sectors to reflect actual / desired changes in demand. Care Cap reform work commenced – paper submitted to ELT. Go live Oct 23. Winter funding utilized to support block bookings. Continued focus on provider relationships and increased brokerage team capacity also supporting this area. 		

Appendix A Corporate Risk Register July 2023

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

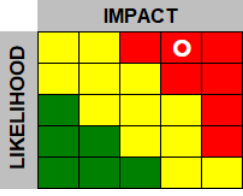
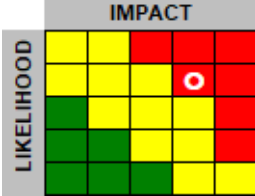
Risk Description	Previous risk score	Current risk score	Target risk score
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Appendix A Corporate Risk Register July 2023

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

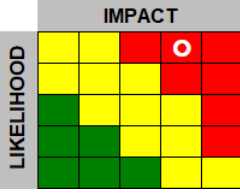
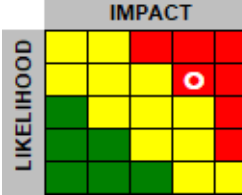
Risk Description	Previous risk score	Current risk score	Target risk score
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Appendix A Corporate Risk Register July 2023

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

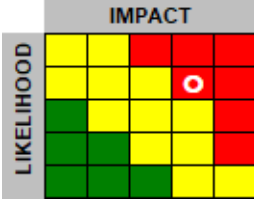
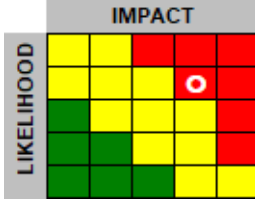
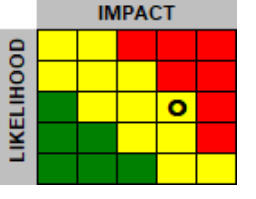
<p>Risk Description</p>	<p>Previous risk score</p>	<p>Current risk score</p>	<p>Target risk score</p>
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Appendix A Corporate Risk Register July 2023

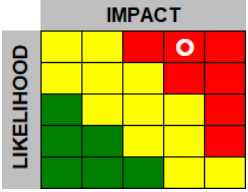
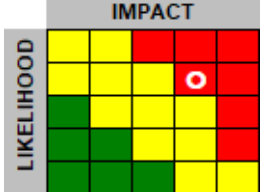
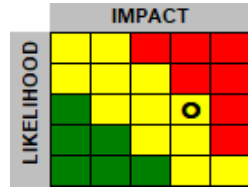
Impact of Regulatory Framework Outcomes			TBC
Causes	<ul style="list-style-type: none"> • Increase in Monitoring – e.g., OFSTED visits and re-organisation of Children's Services (transfer of Early Help and Youth Justice teams) increases inspection frequency. • Further inspection of services under the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

Risk Description	Previous risk score	Current risk score	Target risk score
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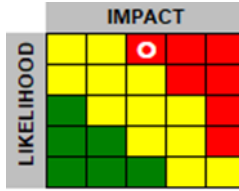
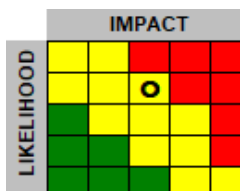
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Lack of SEND placements for Children and Young People			
Causes	<ul style="list-style-type: none"> • Increase in number of EHC Plans for children with SEND – rise from 1765 in 2020 to 2888 in 2023. • Lack of parental confidence in mainstream provision being able to meet children’s needs. • This has resulted in an increase in request for specialist provisions. • Maintained special school capacity is limited by current physical capacity on current sites so demand for this provision cannot be met within current capacity. • This also has an impact on the transport budget. 		
Result	<ul style="list-style-type: none"> • Results in an increase in high needs deficit in funding and high costs of out of borough / independent settings. • Significant impact on transport costs transporting pupils to independent settings that are outside the local area. • There are now over 250 independent school placements. 		
Current treatment and controls	<ul style="list-style-type: none"> • Group funding opportunities in mainstream schools. • Additional RBs for reception aged children to start in September. • Sufficiency works ongoing. • Agreed action to reinstate High Needs Funding • Management scrutinises placement options and are open to creative solutions within maintained settings. • Improved working around the school approach for graduated approach to SEND across EE partnership. 		
Risk owner	Service Manager - SEND		
Proposed actions	<ul style="list-style-type: none"> • Continuation of agreed projects to generate additional resourced places. • Sufficiency report for longer term in-borough placements for next academic year. • Review and improve consultation process and challenge under SEND code of practice under reasonable steps. • Implementation of Delivering Better Value Programme workstreams to support increased mainstream inclusion process and challenge under SEND code of practice under reasonable steps. 		

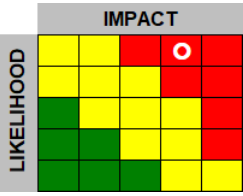
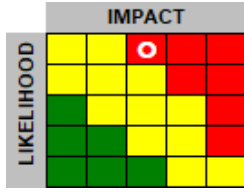
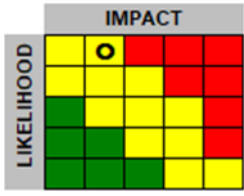
Appendix A Corporate Risk Register July 2023

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

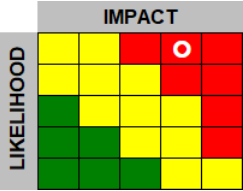
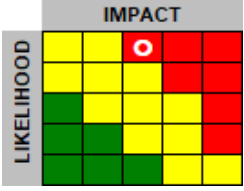
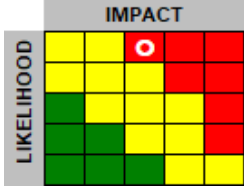
Appendix A Corporate Risk Register July 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>School debts transferring back to the Council in the event of them being forced into academy status or closing.</p>			
<p>Causes</p>	<ul style="list-style-type: none"> Schools with Licensed Deficit Budget Agreements with the Council fail an OFSTED Inspection and the Secretary of State for Education issues an Academisation Order to transfer control of the school over to Multi Academy Trust. Governing Bodies of Schools with Licensed Deficit Budget Agreements are not able to provide an action plan and assurance that the school can address its' financial concerns and become viable and so Elected Members formally agree to the closure of the school. 		
<p>Result</p>	<ul style="list-style-type: none"> There are 5 Schools who are operating under a Notice of Concern as they have an agreed licensed deficit agreement with the Council or are projected to be in a deficit balance situation in 2022/23. The overall deficit of the above establishments in 2022/23 is approx. £1.82m 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> All Schools requesting Licensed Deficit Budget agreement must provide 3-year financial plan to the Council by 30th April each year and get approval to operate under a Licensed Deficit Agreement. Along with any Licensed Deficit Budget Agreement Schools are also given a Financial Notice letter which sets out the financial framework under which the Governors and Senior Members of the school must operate while they are in deficit. Quarterly report to Sefton Council's Cabinet Member for Education on overall financial risk to the Council and performance of each school against the agreed Licensed Deficit Plans. Termly meetings with Assistant Director of Education and Finance staff with the Chair of Governors and Headteacher of each school operating under a Licensed Deficit Budget Agreement to discuss financial performance against agreed plan. Discussion of financial performance of schools at termly Schools Causing Concern meetings where educational performance is also discussed and identifies schools that could fail any upcoming OFSTED Inspection. The option for the Council to remove delegation from the school if an academy order is placed on the school and the Council has concerns regarding the overall deficit position of the school. 		
<p>Risk owner</p>	<p>Assistant Director Children's Services (Education)</p>		
<p>Proposed actions</p>	<ul style="list-style-type: none"> Continued operation of Licensed Deficit Agreements and scrutiny of school financial plans and ongoing support to Governing Bodies Meetings between the Council and the Liverpool Archdiocese to develop strategy to support a number of VA Schools who present a significant financial concern to the Council. Agreement from the DfE to provide the Council with additional financial support through its School Resource Management Advisory Team to review the finances of specific schools and give some external/independent advice. Sacred Heart converted to the Pope Francis Multi Academy Trust in July 2023. St Teresa's closed on 31st August 2022. Savio converted to the Pope Francis Multi Academy Trust in January 2023 		

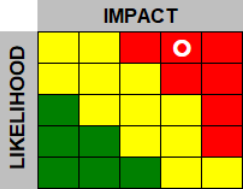
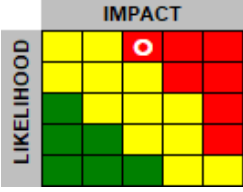
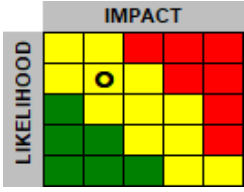
Appendix A Corporate Risk Register July 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to mitigate impacts of COVID-19, on Recovery and Cost of Living Crisis for the Sefton economy.</p>			
<p>Causes</p>	<ul style="list-style-type: none"> • Lack of support for business • Lack of progress on projects that can support recovery. • Lack of capital and revenue funding from government • Impact of wider issues on local businesses (e.g., national retailers) • Loss of key employers to the borough and towns, particularly Bootle and HMRC, Santander • Impact on key sectors (especially hospitality) in Southport 		
<p>Result</p>	<ul style="list-style-type: none"> • Increased business failure • Vacancy/skills gaps/Increased unemployment • Income disparities in Sefton's Lower Super Output areas (north and south Sefton) • Financial and reputational risks to the Council • Impact on communities of port disruption, increased traffic, etc. • Loss of reputation • Impact of wider economic change on residents, particularly the most vulnerable 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> • Sefton Covid Recovery plans in place and will be replaced by Sefton Economic Strategy (SES) 2022/24 • Consultation on economic evidence base 20 July-17 August 2022 • Feedback will, where appropriate, be fed into the development of a new SES & action plan that will require approval by Cabinet in October 2022. • SES will be overseen by the Economy Cell which will report through the Growth board and Executive Director for Place • Growth program - will ensure through regular review and Stewardships that projects if applicable focus on recovery for the Economy. • Ongoing business and Employment support via Invest Sefton and Sefton@Work in context of an ongoing recovery and replacement EU monies via UKSPF Full engagement in regional growth-related forums. • Establishment of multi-stakeholder working groups focused on recovery in key town centres. • Delivery of Southport Town Deal development projects • Submission of Levelling up bid for Bootle. 		
<p>Risk Owner</p>	<p>Assistant Director of Place (Economic Growth and Housing)</p>		
<p>Proposed Actions</p>	<ul style="list-style-type: none"> • The Sefton Economic Strategy is under complete review and will include all actions associated with recovery from pandemic. • Revised SES will be completed for October 2022 Cabinet decision. • Actively pursue opportunities for additional external funding via LCR/CA and HMG to develop projects. • Investor proposition development and proactive business development activity to ensure attraction and retention of businesses and employers in the borough 		

Appendix A Corporate Risk Register July 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Ability of the Council to Recruit to its Workforce in order to Deliver its Core Purpose.</p>			
Causes	<p>Due to the contraction of the labour market both nationally and locally the council cannot recruit sufficiently skilled staff 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 thus 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 will be a key theme within the recently approved workforce strategy. 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>All Assistant Directors</p>		
Proposed Actions	<ul style="list-style-type: none"> The action plan for the Workforce Strategy will detail the key activities that will be undertaken to maximise the council's position in the workforce market. Extensive work has been undertaken within Children's Services over the last 18 months to ensure that a skilled and stable workforce can be recruited to and retained. This includes a full review of pay and benefits, the development of the Social Worker Academy and the recruitment of overseas social workers. This work will continue to support the service and similar activities and innovation will take place across the council. 		

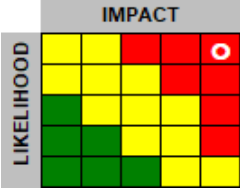
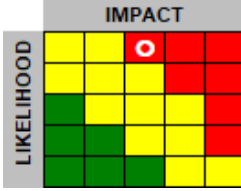
Appendix A Corporate Risk Register July 2023

Risk Description	Previous risk score	Current risk score	Target risk score
<p>ASC Workforce – recruitment, availability of suitably qualified staff and retention of current workforce</p>			
<p>Causes</p>	<ul style="list-style-type: none"> • Regional/nationwide issue shortage of qualified staff • Work pressures and increasing workforce demand. • Better propositions from other employers 		
<p>Result</p>	<ul style="list-style-type: none"> • Increased waiting times leading to delays in responsiveness for some individuals and carers. • Risk to delivery of statutory functions • Potential to miss priority and vulnerable service users. • Potential for poor service delivery • Reduced of quality assessment • Challenges to budget should higher paid agency staff be employed. • Increase in complaints. • Poor morale and higher turnover of staff • Increased sickness absence 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> • Targeted action to attract and retain key roles e.g., AMHP's, BIA's (enhancement for OOA AMHP now in place) • Processes in place to monitor waiting times and cases pending at Senior Level including action taken to mitigate any potential risk-oversight at strategic performance and resource meeting. • Staff induction and training and induction plans reviewed. • Personnel and HR policies to address concerns around capability and performance. • Process to monitor and manage staff absence - additional support from HR and promotion of wellbeing support. • PDR process and assessment of training needs • Professional Practice Forum established. • Robust training plan for ASYE Adults programme • Regular staff training events in place • Core training offer in place to support professional development and retention. • Empower staff to value continued improvement - Focus on reading time for front line staff. • Apprenticeship scheme expansion - opportunities now available across a range of roles and professions - managerial, professional, business and administration to aid development and succession planning. • Final draft of Career Progression Framework awaiting final sign off • Strategic Workforce meeting now in place 		

Appendix A Corporate Risk Register July 2023

	<ul style="list-style-type: none"> • OT apprenticeships in place • Increased visibility of workforce metrics via performance framework with further enhancement planned aligned to National Assurance Framework • Refreshed Staff bulletin now developed in collaboration with comms. • ASC now represented on NWADASS workforce Board - to ensure regional and national initiatives are engaged with. • Initial phase of work force strategy is in process however further work to be undertaken regarding longer term demands and impact of Integration. • New supervision policy drafted. • Attend ELT Workforce Strategy Group to develop Corporate Workforce Strategy • Peer review completed July 2022 • Review of existing Apprenticeship arrangements for OT and SW, review of agency staff usage across all service areas completed, continue to monitor, and review of regional and national workforce initiatives. • Strategic review of budget and income completed to support investment. • Staff communication strategy has been refreshed and workshops planned with frontline colleagues and leaders (including back to the floor)
<p>Risk owner</p>	<p>Assistant Director of ASC</p>
<p>Proposed actions</p>	<ul style="list-style-type: none"> • Additional Senior Management Recruitment in progress following recommendation of Peer Review • Additional Service Manager posts to be recruited during Q4/1 to strengthen oversight of areas. • Impact of rolling recruitment program to be evaluated. • Dedicated Program of work with HR to commence re market supplements and retention payments. • Further workforce data and intelligence to be completed with BI for Workforce Business meeting. • Opportunities for mutual training and student placement being explored with key partners such as Merseycare. • Further mitigation and proposed actions to attract and retain AMHP and OTs being finalized for consideration. • Temporary monies to be utilised to increase staffing resources in key areas. • Further evaluation of market conditions to be undertaken with assistance of corporate colleagues. • Program of staff visits by Cabinet Member and AD to commence. • Improved feedback opportunities for staff to be implemented including workshops, Team Talks and other initiatives such as co-production workshops for National Assurance. • Adult Social Care staff reference group to be established.

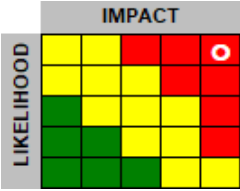
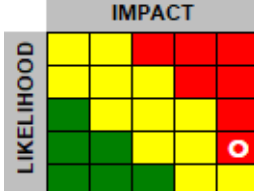
Appendix A Corporate Risk Register July 2023

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

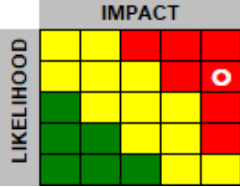
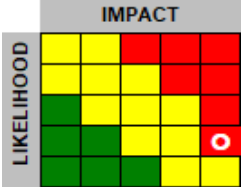
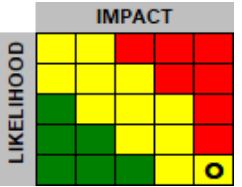
Appendix A Corporate Risk Register July 2023

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

Appendix A Corporate Risk Register July 2023

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			TBC
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 Program and associated Governance and project controls. • Bid process and expertise applied to all existing and new funding opportunities. • Members approval and prioritization of existing and new projects. • Constant and consistent evaluation and use of Growth Budget. • Opportunities in respect to Capital receipts from asset disposal. 		
Risk owner	ED Place and Assistant Director of Place (Economic Growth and Housing)		
Proposed actions	<ul style="list-style-type: none"> • Immediate review of the Government White Paper on Levelling Up to ensure timely advantage taken of any funding opportunity. • Actively pursue all additional funding available in timely and at the earliest opportunity. • Create and make available Bid Team focused on and challenged with successful bids. • Establish Project Review forums and reporting mechanisms for early visibility of reporting of project progress and any emerging issues - on a project-specific and programme-wide basis. • Proactive external engagement with construction sector and key partners (e.g., LCR CA) to ensure visibility and understanding of risks to the sector and potential mitigants. • Develop and implement procurement strategy to ensure sustained competition, robustness of process and suitable partners for project delivery – currently being actioned. • Further refine and strengthen capital project planning, delivery, and governance measures 		

Appendix A Corporate Risk Register July 2023

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

Corporate Risk Management Handbook

Risk and Audit Service
June 2023

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Introduction

As '**One Council**' we aim to make Sefton a great place to be.

Our vision focuses on six key priorities:

- Economy
- Environment
- The Most Vulnerable
- Health and Wellbeing
- Resilient Communities
- Reshaping the Council

We need to make sure that risk, that prevents or compromises the achievement of our aims and objectives are managed and adequately monitored.

We need to understand the positive and negative aspects of risk as there is potential for events to create opportunities as well as threatening success.

This approach is a fundamental element of the Council's Code of Corporate Governance and forms part of the Annual Governance Statement.

The system of internal control is a significant part of the governance framework and is designed to manage risk to a reasonable level. Whilst it is recognised that it cannot eliminate all risk of failure to achieve policies, aims and objectives, it can therefore only provide reasonable assurance of effectiveness.

On an ongoing basis, the system of internal control is designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood and potential impact of those risks being realised, and to manage them efficiently, effectively, and economically.

The Annual Governance Statement submitted to the Audit and Governance Committee will include a review of the effectiveness of the risk management process.

Defining Risk

'Factors, events, or circumstances that could prevent or negatively impact on the achievement of the Council's strategic and service plan objectives.'

Risk could lead to the Council encountering significant or serious legal, reputation and financial harm. The possibility of 'risk' needs to be integral in all planning and decision making and be considered as an integral part of all performance management.

In addition, the performance of strategic partnerships, key suppliers, schools, and major projects are important elements that effect the achievement of Sefton's strategic targets.

Considering the risk profile and changes to scoring enables those that are high or very high to be identified so that they can be escalated and included in Sefton's Corporate Risk Register. Risks that have factors which lead to a score increase can also be identified before they become 'high' so that action plans can be implemented appropriately.

Inherent or gross risk is defined as the assessment of the risk, highlighted as a numerical score, ignoring the effect of the existing controls. Residual or net risk is the assessment of risk, again highlighted as a numerical score, left after the current controls are implemented. The residual score should always be lower or at worst the same value as the inherent score, as this reflects the effectiveness of the current controls. Where the inherent and net score are the same it is indicating that there are either no key controls in place or that the identified key controls are ineffective at mitigating risk. Further actions to manage the risk are normally required to reduce the risk score to a manageable level. The scale and extent of further action required is dependent on the Council's appetite for risk and further guidance is provided below.

The identified risks and current controls should be regularly monitored to ensure that they are effective. In addition, where there are further actions to reduce the risk score to at or below the Council's risk appetite these should be regularly reviewed to ensure that the actions are implemented in a timely manner, and they are as effective as originally intended.

The formal risk registers in place, the regular monitoring and implementation of actions are all evidence that help to demonstrate the implementation of risk management within the Council.

Risk management arrangements will be periodically reviewed based upon the severity of the risk together with an annual review of the strategy and process.

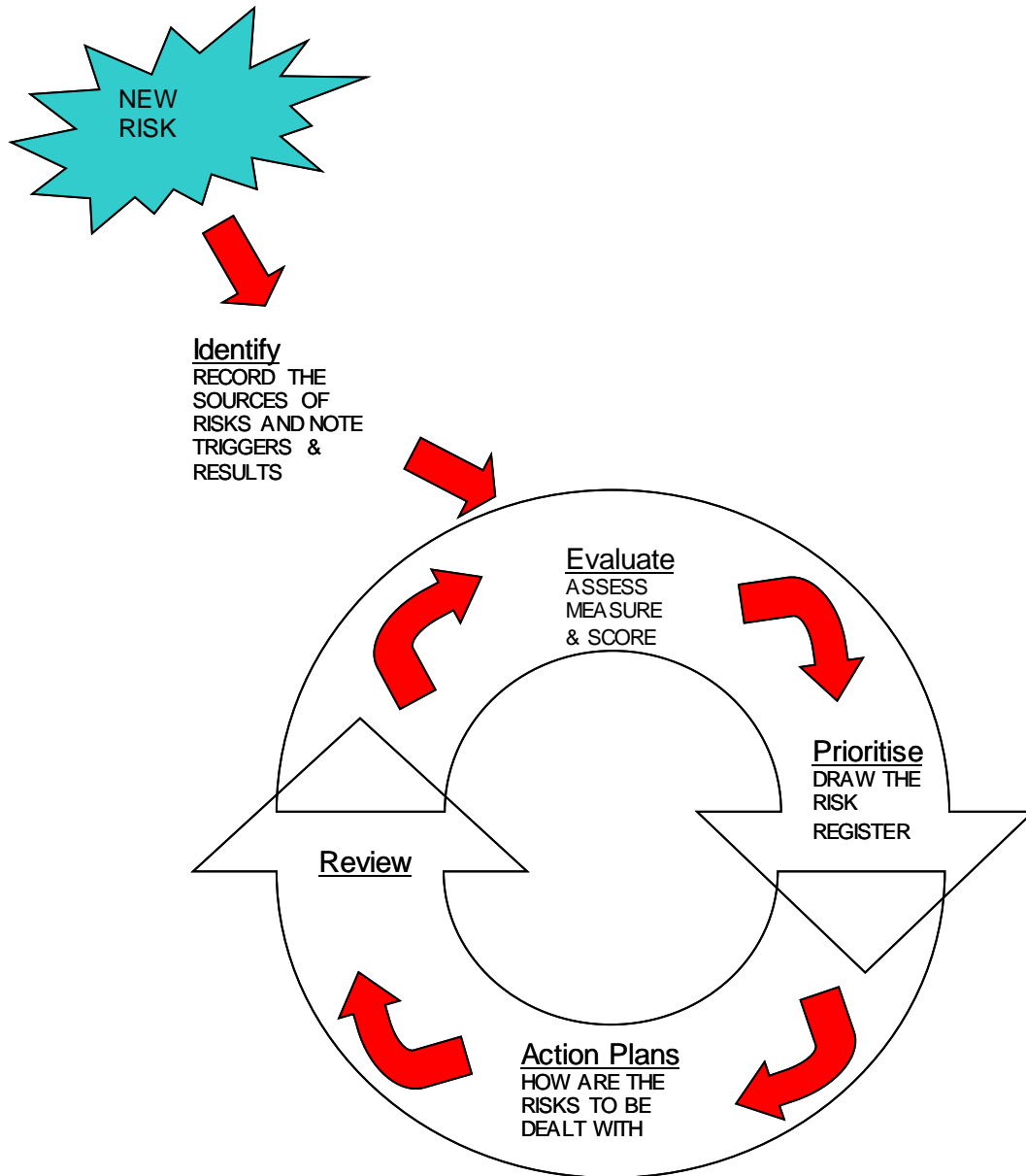
Benefits of Risk Management

- Alerts Councillors and officers as to the key risks that may threaten achievement of the Council's plans.
- Enable risk mitigation and management.
- Provide appropriate assurance to Councillors, relevant Committees, and officers as to the adequacy of arrangements and enhance awareness of risks and appropriate approach.
- Demonstrates accountability to regulatory bodies.
- Create focus towards objectives.
- Help inform and manage change.
- Give flexibility in responding to issues.
- Support innovation
- Improve transparency and justify decisions.
- Inform the budget and MTFP process.
- Identify the appropriate level of controls.
- Share knowledge in controls.
- Protect reputations.

Risk Management Process

The process described below details the stepped approach to identifying, assessing, and recording risk. This is also represented by the following diagram:

Risk Management Process Model



Risk Identification

Officers should devote sufficient time to identifying risk, as this is the more complex area of risk management. The aim of this stage is to identify and record in a risk register the key risks that could prevent the Council from achieving its objectives. The objectives could stem from the business plan or the Council's 2030 Vision or the objectives for a project. It is important to have a clear shared understanding of the objectives before you start to assess the risk otherwise the risk identification process is likely to be ineffective.

You should ensure that relevant staff to the project or service area are involved in the risk identification process to ensure that a holistic assessment of risk is obtained and gathered.

Risks are normally identified using a systematic approach by considering risks by type such as legal, reputational, financial for example using the Risk Wheel below. Not all risk types are applicable in every assessment of risk however it is a useful tool to run through at each risk identification session. Both internal and external factors that will impact on the achievement of the Council's objectives need to be considered. Once the risk is identified then a structured process can be implemented to ensure that the risk is fully evaluated and appropriately managed.

Risk Wheel



An ideal method to identify risks is through brainstorming sessions with relevant staff or where this is not possible through interviews on a one-to-one basis. Risks should be recorded as an uncertainty and the language used should reflect this for example failure to achieve business plan objective.

Key Points

- Keep it simple.
- Prioritise the risks in the risk register with the highest scoring risks at the top of the register and the rest of the risks in descending order.
- Consider external and internal factors including risk shifting across services.
- Consider tried and tested methods and best practice.
- Ensure there is a clear link between objectives and risks.
- Revisit regularly to ensure the insignificant risks stay that way.
- Ensure that responsibilities for risk management are delegated to named individuals.

Potential Risk Areas – (examples, not exhaustive)

- | | | |
|---------------------|---------------------------------|------------------------|
| • Managing change | • Integrity of staff | • Funding availability |
| • Reputation damage | • Fraud | • Physical disasters |
| • Legal compliance | • Security of funding | • Data integrity |
| • Government policy | • Debt management | • Operational |
| • Health and safety | • Disaster recovery | • IT failure |
| • E- commerce | • Financial external regulators | • Treasury management |
| • Staff retention | • Ethics / culture | • Stakeholder pressure |

Risk Evaluation Scoring Matrix

Trigger and Result

The risk identification process should consider and document the triggers (root cause of the risk) and the results (consequences) of risk which add context and an understanding of the dynamics of that risk. The defining of the trigger and results aids the identification of appropriate controls and mitigating actions that can be implemented to prevent the risk occurring or mitigate the impacts or support speedy recovery. Identifying the result creates the understanding of the impacts should the risk be realised.

Triggers are recorded as a statement or a factual event for example a change in government policy. There may be multiple triggers for a risk and care should be taken as to whether they should be recorded together or as separate line in the risk register and scored differently as often the risk scores and the controls used to manage the risk with more than one trigger are different. A common pitfall at this stage is confusing when a risk is a trigger and vice versa. Time should be spent ensuring that the relationship between the risk and trigger is clarified and understood.

The results of the risk are the consequences of the risk occurring for example loss of revenue. There are often multiple consequences of the risk which should be recorded and will help to shape the scoring of the risk.

Risk Ownership

The effective management of risk requires that each risk should have a named owner this is to ensure that ownership of the risk is clearly identified and accountable. Ownership should be vested at individual officer level using their post title and not at team level or entity level.

Risk Assessment – Scoring

Risks will be evaluated in accordance with a 5x5 scoring matrix, which is an industry standard approach. The Risk Register template (*Annex B*) should be completed in line with the scoring below.

Select the relevant descriptor for the **Likelihood** of the risk occurring and the same for the **Impact** of the risk. The point at which they intersect indicates the appropriate risk score. There is no multiplication involved.

The initial risk assessment scoring identifies the inherent or gross risk values which ignores the controls in place and should, in the vast majority of cases be higher and in a small minority of cases the same, as the residual risk score. The assessment should consider previous history of similar risks and their impact as well as consideration of whether action would perhaps have automatically been taken to address the risk.

IMPACT				
Insignificant	Minor	Moderate	Significant	Catastrophic
No real interruption to service	Some disruption but can be managed	Disruption of several operational areas	Disruption of all service areas	Total failure of systems and services
One-off minor reduction in performance in one service area	Sustained reduction in performance in one area or reduction in performance across more than one service area	Sustained reduction in performance in more than one service area	Sustained systematic non-performance resulting against most performance targets	Complete performance failure
Financial loss up to £5,000	Financial loss between £5,001 and £20,000	Financial loss between £20,001 and £100,000	Financial loss between £100,001 and £1 million	Financial loss in excess of £1 million
Loss of up to 10% budget	Loss of 10 - 20% budget	Loss of 20 - 40% budget	Loss of 40 - 65% budget	Loss of over 65% budget
Minor injury or discomfort to an individual	Minor injury or discomfort to more than one individual	Major injury to an individual	Major injury to more than one individual	Fatality
Contained within Section/Unit or Service. Complaint from individual/small group, of arguable merit.	Large number of complaints. Social Media comment	Adverse local publicity/local public opinion aware. Statutory prosecution of a non-serious nature.	Adverse publicity in professional/municipal press affecting perception/standing in professional/local government community. Major and persistent adverse local publicity	Adverse and persistent national media coverage. Adverse central government response. Officer(s) and/or members forced to resign.

LIKELIHOOD	Almost Certain The event is already occurring or is expected to occur	Circumstances frequently encountered - daily/weekly/monthly. >90%	11	16	20	23	25
	Likely The event is likely to occur	Circumstances occasionally encountered - a few times a year. 30-90%	7	12	17	21	24
	Possible The event may occur	Possibility of happening at some point within the next 1 - 2 years 10-30%	4	8	13	18	22
	Unlikely The event is not usually likely to occur	Circumstances that may occur within the next 3 years. 3-10%	2	5	9	14	19
	Rare The event is only expected to occur in exceptional circumstances	Has happened rarely/never before. <3%	1	3	6	10	15

Existing Controls

In this section of the risk register identify the **existing** controls that are in place that are being used to mitigate the risks. These are the specific, relevant controls used to manage the risk.

Controls are defined as “any action taken by management, the board, and other parties to manage risk and increase the likelihood that established objectives and goals will be achieved. Management plans, organizes, and directs the performance of sufficient actions to provide reasonable assurance that objectives and goals will be achieved.”

In practical terms controls can be any action that is undertaken from selecting experienced qualified staff to using external providers to give advice to formal procedure manuals. A list of examples of key controls include but not exhaustively:

- Recruitment of qualified experienced staff
- Recruitment procedures
- Business Plan approved by Cabinet.
- Team meetings
- Financial procedures
- Formal consent by service users
- Bank reconciliations
- Cabinet approved policies.

Residual Risk Score

Following the identification of the existing controls, an assessment of the residual risk score should be undertaken. This score directly identifies the effectiveness of the existing key controls and indirectly the priority to complete further action.

Where the existing controls are ineffective or only provide limited mitigation the residual risk score could be the same or a small reduction against the inherent risk score.

Consideration of risk scores assists management in prioritising resources to mitigate risks. The following table outlines the options normally available for mitigating the risks.

Options for risk response and appropriate register for recording risks

There are four standard options for mitigating risk and these are:

- **Terminate** - can you avoid the activity as the risk is unacceptable due to consequences due to the impact on reputation, financial loss or death? This normally applies to risks with very high residual risk scores.
- **Treat** - can you mitigate the risk? the checks and balances which are built into our everyday business processes (the main type of mitigation)
- **Tolerate** - can you accept the risk? This normally applies to very low residual score risks only.
- **Transfer** - can you transfer the risk? For example, through an insurance programme.

The following table outlines the suggested risk treatment options that are related to the level of risk and their related risk register in the Council.

LEVEL/ Risk Register	Options for mitigation of risk
MAJOR CRR	<ul style="list-style-type: none"> Terminate activity. Treat Transfer
MODERATE/ SRR	<ul style="list-style-type: none"> Treat Transfer
MINOR/ ORR	<ul style="list-style-type: none"> Treat – where cost is not prohibitively expensive. Tolerate

Proposed Actions to Reduce Residual Risk Score

After identifying the residual risk score there should be consideration as to whether further actions are required to reduce the residual risk score to be within the Council’s risk appetite. Risk appetite will vary dependent on the activity or objective’s importance to the Council. The risk owner is responsible for ensuring that reasonable actions to further mitigate the risk score to fall within the Council’s appetite are identified, allocated and implemented in a timely manner.

For each action that has been identified an assessment should be made of the effectiveness of the action to reduce the residual risk score to the target score.

Target Score

The target score should be completed in the risk register to identify the level of risk exposure we aim to achieve and are prepared to tolerate following completion of all the mitigation tasks. The target score should be recorded using the risk descriptors for likelihood and probability considering the Council’s risk appetite.

Risk Appetite

Risk appetite can be defined as ‘the amount and type of risk that the Council is willing to take in order to meet its strategic objectives.’ Organisations in general will have different risk appetites depending on their sector, culture, and objectives.

Sefton uses a Risk Appetite Framework (RAF) (Annex C) to enable us to set out our risk appetites in a consistent, clear, and useful way to guide how much risk the Council is willing to seek and accept. The RAF sets out the level of risk that Members have decided is acceptable for the Council and gives a framework within which Officers can make proposals and take delegated decisions. The purpose of developing a Risk Appetite Framework (RAF) rather than a risk appetite statement is that this recognises that there are different risk appetites for different aspects of the Council’s activities.

The RAF sets out five appetite levels that broadly equate to five impact scores (1=low risk appetite; 5=high risk appetite). The areas highlighted in green indicate the Sefton’s current risk appetite levels.

The risk appetite will vary over time, depending on the changing priorities, environment, and ambitions of the Council. The RAF will be reviewed periodically to check that it still recognises the current risk appetite of the Council. Further information on the use and application of the RAF can be found in Annex C.

Response and Assurance

Response

- Identify how each risk is to be dealt with
- Ensure this reduces the level of risk.
- Assess whether the control is cost effective and does not exceed the cost of the risk being realised.
- Create an action plan with a named owner.
- Ensure action plan is managed.
- Don't stifle with control.

Assurances

- Is the assurance acceptable?
- Are there are effective controls in place?
- How are the controls tested?
- Is there an auditable trail to demonstrate risk management.

Action Planning

If it is identified that the residual risk score is deemed to be above the Council's risk appetite and should be reduced, further actions should be designed so that when they are implemented, they reduce the residual risk score to the target risk score. In determining the mitigation required to manage a risk, regard must be had to the proportionality of the cost of the mitigation to the cost impact if the risk occurs, it makes no sense if the cost of control exceeded the cost of impact.

A risk action owner, who may not be the risk owner, should be assigned as the named owner and an achievable target time scale for completion should be formally agreed. It is unacceptable to set a target date of "ongoing" as this does not facilitate the effective management of action delivery.

Risk Monitoring

Risk registers of all levels (Corporate, Service, Operational, Project) should be monitored on a quarterly basis to ascertain:

- If all key risks are included
- If new controls need to be put in place
- If any risks can be closed. Closed risks should be recorded on a separate tab of the risk register along with the date they were closed and the reason for closure
- The progress in implementing agreed actions. The completed actions should be transferred to the existing key controls column.
- If residual risk scores should be rescored, e.g., to reflect completed actions.

- Whether any risks need to be escalated or de-escalated between risk registers. This is dependent on the residual score of the risk.

Risk Registers are dynamic documents; therefore, managers should not wait for the next formal quarterly review to include any newly identified risks in their service area.

Risk Reporting

Where issues are identified in undertaking action to mitigate risk, or where the risk has reduced, then the risk owner should consider either escalating a risk upwards (e.g., from Operational Risk Register to Service Risk Register) or de-escalating the risk (e.g., from Corporate Risk Register to Service Risk Register).

Where to record and escalate a risk

Identify Risks			
Assess Each Risk			
Evaluate Each Risk			
*	Risk Score 1– 6 (Minor Risk)	Risk Score 7 – 18 (Moderate Risk)	Risk Score 19 – 25 (Major Risk)
	Record in Operational Risk Register	Record in Service Area Risk Register	Record on Corporate Risk Register
	Allocate an Owner - Assistant Director/or Service Manager as appropriate	Allocate an Owner - Assistant Director/or Service Manager as appropriate	Allocate an Owner - Executive Director/Assistant Director
	Manage the risk - consider 4 T's which apply	Manage the risk - consider 4 T's which apply	Manage the risk - consider 4 T's which apply
	Define actions, responsible officers, and timescales	Define actions, responsible officers, and timescales	Define actions, responsible officers, and timescales
	Report to Assistant Director	Report to DMT	Report to SLB/ELT & Members as appropriate.
	Review the residual risk	Review the residual risk	Review the residual risk
	Re-assess.	Re-assess.	Re-assess.

* In determining where the risk is recorded, please note:

- The distinction between 'Inherent' and 'Residual' risk; based on the prevailing control environment (as per the 'Existing Controls') column of the register, **it is the 'residual' risk that determines where the risk is recorded.**
- The importance of ensuring that 'Existing Controls' defined against each risk are in place and operate effectively, since reliance is placed on them to reduce the inherent risk value.

- Whilst it is recognised that ‘Projects’ will include their own designated risk registers and arrangements for reporting and accountability, it is important that the principles in terms of risk evaluation and reporting are still applied; any project risks scored as ‘Major’ should always be reported to SLB.
- On a quarterly basis, the Audit and Governance Committee receives a report on the Corporate Risk Register to support the Committee in delivering its responsibilities in respect of risk management.

Annual Assurance

The Chief Executive, Executive Directors and Assistant Directors will provide annual assurance in respect of the development, maintenance, and operation of effective control systems for risks under their control. This will provide a key assurance source for the Annual Governance Statement which is prepared by the Council as part of the annual Statement of Accounts.

Risk Management in other Business Processes

The risk management processes defined in other business processes should be complied with. Other business processes include:

Councillors’ Decision Making

- Risk associated with proposals must be considered and be included with the standard reporting procedures for Committee.

Service Planning

- Senior managers must consider the risks to achieving their service plans and ensure that these are recorded in the Service Risk Register.
- Growth and saving proposals should include a risk assessment.
- Reports requesting approval of annual and medium-term plans will include risk assessment.

Business Continuity

- The Civil Contingencies Act 2004 places a statutory responsibility on the local authority to establish a system of Business Continuity Management to ensure that critical services continue to be delivered at a time of disruption.

Project Management

- Risk and issue management is a key part of effective Project Management and should be recorded throughout the lifetime of the project, and link to service and corporate risk registers.

Risk Management Awareness

- The Council is committed to ensuring that all members, officers, and partners (where appropriate) have adequate knowledge of the Council's Risk Management approach, and this will be delivered through workshop, briefings, and internal communication channels.

Completing the “Risk Implications” requirements For Committee and Executive Reports

1. Reports dealing with Key Decisions contained in the Forward Plan

A Key Decision is defined as follows:

- Any executive decision which is not in the Annual Revenue Budget or Capital Programme approved by the Council, and which requires a gross budget expenditure, saving or virement of more than £100,000 or more than 2% of a Departmental Budget, whichever is the greater.

Or

- Any decision where the outcome will have a significant impact on a significant number of people living or working in two or more Wards.
 - *Such reports would require a risk assessment exercise to have been carried out prior to the report being written.*
 - *The associated risks would need to have been identified and scored according to the prescribed process.*
 - *Mitigating controls should be identified and a ‘residual risk’ score assigned.*
- Any risks above low priority should be set out within the body of the report along with any proposed controls to further mitigate the risks.
- The ‘Risk Implications’ comment should refer to the section of the report dealing with risks.

2. Other Committee and Executive Reports

Reports for decision should contain a comment in respect of risk implications. Several possible scenarios might apply.

- A full risk assessment has been carried out.
The exercise should be referred to in the body of the report. The ‘Risk Implications’ comment should refer to the appropriate section of the report.
- No specific risk assessment has been carried out, but the risks associated with the report are already being addressed as part of the Service Level approach to risk management.
The main body of the report should state this, along with the main risks, control measures and proposed new controls. The ‘Risk Implications’ comment should refer to the Service Risk Management process.
- The risks are not, or only partially addressed, either separately or as part of the Service Level approach.
The ‘Risk Implications’ comment should state this. It should list the potential key risks and should state that a separate exercise will be undertaken and reported to the relevant Cabinet Member.

Reports for information or decision where there are no risk implications should include the phrase *No risks have been identified* within the ‘Risk Implications’ comment.

Examples to assist when completing the ‘Risk Implications’ requirements on Committee Reports

Having completed your risk evaluation, the following standard phrases may assist you with describing the outcome of your risk assessments (choose the most appropriate statement):

1) A risk assessment has been undertaken; the identified risks have been scored in accordance with the process. Mitigating controls have been identified. The details are referred to in the main body of this report.

2) A risk assessment has been undertaken; the identified risks have been scored in accordance with the process. Mitigating controls have been identified. The residual risk has been entered to the Service / Corporate Risk Register (delete as appropriate). The details are referred to in the main body of this report.

3) A Risk Assessment has been undertaken. The most significant risk is in not meeting the required outcomes of this report. This is referred to in the main body of the report.

4) No specific risk assessment has been carried out, but the risks associated with the report are already being addressed as part of the Departmental approach to risk management.

5) The risks are not, or only partially addressed, either separately or as part of the Departmental approach.

Annex A

The Risk Management Strategy

The Risk Management Policy

Roles and Responsibilities

Risk Management Strategy

1. The aim of this strategy is to ensure that within Sefton, risks are identified and managed effectively and are aligned with the ISO 31000 standards.
2. Risk Management is to be an integral part of the planning and decision-making processes of the Council.
3. The Strategy is intended to ensure that Risk Management is embedded in the overall planning process.
4. As Risk Management is integral to the planning and decision-making processes, risks will be identified by all levels of management and staff to ensure that the process reflects both a top down and bottom-up approach.
5. The process will be driven by a framework of monitoring, review, and reporting both internally and by External Audit.
6. Whilst the process of risk management is routinely undertaken within the Council in a number of areas, both at a strategic level (e.g. Management Assurance Framework) and operationally (e.g. procurement 'Risk Assessment' system), it is recognised that there is scope to develop a more integrated risk management approach that facilitates provision of a clear 'golden thread' that links overarching strategic objectives (as per One Council objectives) with Service Area objectives and then to specific (section based) operational activities. As such, the 'three tier' approach ensures that:
 - All activity throughout the Council is focussed towards supporting strategic objectives, and management are better able to allocate resources efficiently (potential to generate savings).
 - There is a clear alignment between management accountability and responsibility (e.g., The Chief Executive/SLB should only be concerned with the most significant risks).
 - All staff, at all levels, operate with a greater understanding of how their role is valuable to the Council, and the importance of risk mitigation in the fulfilment of their duties (a fully embedded risk management approach).
7. In order to move towards a more formal, integrated, embedded approach, and recognising that such fundamental changes in approach and mind set cannot be achieved overnight, this strategy sets out a plan to bring together and develop existing risk management practices.
8. In tandem with the above developments, it is important that an according level of training is provided, initially at senior management level, and then cascading down to other managers.

Risk Management Policy

Introduction

This policy defines how Sefton will implement the effective management of risks and opportunities.

Risk management is a central part of Sefton's strategic management and its corporate governance. Effective risk management makes sound business sense and is good management.

The focus of good risk management is the identification and treatment of risk.

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.

Risks have always been managed but it is necessary to formalise this process and to make it transparent, as prescribed by 'Delivering Corporate Governance in Local Government' (CIPFA, 2016).

The Chief Executive and SLB have the responsibility for promoting the strategy throughout the Authority. The Executive Director of Corporate Resources and Customer Services is the designated risk champion.

Objectives of the Risk Management Strategy

1. To embed risk management into the culture and operations of the Council.
2. To promote risk management as an integral element of business planning and decision making and performance management.
3. To maintain an effective process of key risks identification, analysis, and control.
4. To manage risk in accordance with best practice.
5. To anticipate and respond to changing requirements whether political, economic, social, technological, legislative, or environmental (PESTLE)
6. To ensure that there is clear accountability for both the ownership and cost of risk and the tools used to effectively reduce risk.
7. To improve governance and raise awareness of the need for risk management by all those connected with the Council's delivery of services.
8. To increase organisational resilience.
9. To improve stakeholder confidence and trust
10. To reduce the overall cost of risk

The Council aims to achieve these objectives by:

1. Establishing clear roles, responsibilities, and reporting lines within the Council for Risk Management.
2. Developing a common approach to the identification and analysis of risk and evaluating the most cost-effective method of treating each significant risk identified.
3. Developing a framework for allocating resources to identified priority risk areas.
4. Reinforcing the importance of effective risk management through training and providing opportunities for shared learning.
5. Incorporating risk management considerations into the Council's decision-making, business planning and performance management processes.
6. Monitoring risk management and internal control arrangements on a regular basis.
7. Reporting to Members and stakeholders on the effectiveness of the strategy.

Key Member Roles and Responsibilities

All Elected Members are responsible for governing the delivery of services to the local community. Members have a responsibility to understand the strategic risks that the Council face and will be made aware of how these risks are being managed through the annual strategic and service planning process.

Members should not seek to avoid, or delegate this overall responsibility, as it is key to their stewardship responsibilities.

Members' Key Responsibilities

Cabinet Member with Corporate Services portfolio will be the Council's Member Champion for Corporate Risk Management.

Cabinet

- Approve the risk management strategy and policy.
- Monitor the Council's risk management and internal control arrangements through the Audit and Governance Committee.

Cabinet Members with Portfolio Responsibility

- Will collaborate with Assistant Directors to ensure effective Risk Management, by developing action plans for the key risks and establishing relevant Performance Indicators to measure their performance through the performance management framework.

Audit and Governance Committee

- Will approve the Annual Governance Statement that reflects the effectiveness of the Council's risk management process.
- Will review the effectiveness of the Council's risk management framework and ensure that it is fit for purpose through quarterly risk reporting.

- Will note the Chief Internal Auditors annual opinion which comments on risk management effectiveness within the Council.

Overview and Scrutiny Committee

- Will review the strategic performance and associated risks of partners, through the powers of the Local Government and Public Involvement in Health Act 2007 and will hold partners to account where appropriate.

Key Officer Roles and Responsibilities

Chief Executive and the Strategic Leadership Board

The Chief Executive and the Strategic Leadership Board play key roles in promoting and embedding risk management within the Authority.

They will:

- Support and promote risk management throughout the Council.
- Identify and assess strategic risks on a regular basis.

The individual Assistant Directors will be responsible for developing relevant action plans for key risks and establishing KPIs to measure their performance.

Executive Director of Corporate Resources & Customer Services

- Will be the lead officer for the Council on Risk Management.
- Maintain an effective corporate risk strategy and policy and, through the Chief Internal Auditor, report to Audit and Governance Committee on the adequacy of the risk management arrangements.

Executive Directors/Assistant Directors

Will demonstrate commitment to risk management by:

- Incorporating the risk management process into service planning processes
- Prepare, review and refresh Service Risk Registers and ensure that Operational Risk Registers are completed in accordance with guidance in the Corporate Risk Management Handbook on a quarterly basis.
- Ensure that there is a DMT agenda item on risk every quarter, usually when the completed Service Risk register is considered.
- The Service Risk Registers are shared with the relevant Cabinet Member(s) on a quarterly basis.
- Provide the completed Service Risk Register on a quarterly basis to the Risk and Resilience Team
- Ensure that management within the Service Area update their Operational Risk Registers and they are provided to the Risk and Resilience Team on a quarterly basis.
- Encouraging staff to be innovative and recognise their achievements.
- Encouraging staff to be open and honest in identifying risks or missed opportunities.
- Ensuring that the risk management process is formally part of all major projects, partnerships, and change management initiatives.
- Regularly monitor and review actions plans and associated KPIs to reduce or control the significant risks.

Managers

- Need to understand their role in the risk management process.

- Understand risk management and the benefits in order to achieve their objectives.
- Understand how to evaluate risks and when to accept the right risks in order to pursue an opportunity.
- Maintain sound systems of internal control.

All Employees

- Have responsibility for identifying opportunities as well as risks in their day-to-day duties and take advantage of opportunities or limit the likelihood and impact of risks.

Risk Management Coordinator - Chief Internal Auditor

- Provide a quarterly update on risk management to the Audit and Governance Committee on behalf of the Executive Director of Corporate Resources and Customer Services.

Risk and Resilience Team.

- Co-ordinate and promote the adoption of the Council's Risk Management policy and Strategy across the Council.
- Facilitate the completion of Corporate, Service and Operational Risk Registers across the Council
- Evaluate the completeness, accuracy and content of the various risk registers against the guidance in Corporate Risk Management Handbook and good risk management practice.
- Annually review the Corporate Risk Management Handbook including the risk management strategy to provide to Audit and Governance Committee.
- Provide and organise risk management training for Officers.
- Co-ordinate and facilitate the quarterly update of the Corporate Risk Register before providing a report to SLB and Audit and Governance Committee.
- Attend Management Meetings within each service to support the revision of operational and service risk registers and consider escalation of risks to Corporate Risk Register.

Internal Audit

- Internal audit's role is to provide assurance to officers and members on the effectiveness of controls. Internal Audit reflects on the results of the corporate and departmental risk analysis when developing the annual audit plan. In addition, the team will provide an Annual Opinion to the Audit and Governance Committee which reviews risk management arrangements within Sefton.

Annex B

Risk Register Template

(name of service) Risk Register					Reported to:						
					Date:						
Details of Risk					Inherent Risk Score	Existing Controls	Residual Risk Score	Actions			Target Score
Ref	Risk Description	Trigger	Result	Owner				Proposed Action Plans	Owner	Target Date	
Page 84 ²											
3											
4											
5											

Annex C

Risk Appetite Framework

Risk Appetite Framework

Risk appetite level  Risk appetite area 	Minimal	Cautious	Moderate	Exploratory	Seeking
Appetite description	Areas where Sefton will apply a strong control environment to reduce or minimise the likelihood that a risk will occur and/or reduce the impact of any risk	Areas where Sefton will try tried and tested approaches to minimise the likelihood of a risk occurring and/or the impact of any risk	Areas where Sefton seeks low-risk delivery options and will pilot innovation only in a controlled environment	Areas where Sefton strikes a balance between the potential upside benefits and downside risks of a decision and explores new solutions and options for delivery	Areas where Sefton takes risks by working with new ideas and approaches, looking for innovation and recognising that failures are an opportunity for learning and improving
Risk Impact score	1	2	3	4	5
Service delivery	Minor changes to a single service	Some sustained changes to a single service/minor change to a number of services	Sustained changes to several services	Sustained changes to most services	Revised approach to almost all services
Finance	Maximum of £5,000	£5,001 - £20,000	£20,001 - £100,000	£100,001 - £750,000	£750,001 - £1m
Reputation	Single service/unit comments Low level of local comment	Noticeable level of local comment including social media comment	Professional/local government interest Persistent media interest	National media coverage Central government interest	Remembered for years International social media interest Sustained national media coverage Sustained central government interest
Innovation/regeneration	Services delivered as planned with mandated developments only	Tried and tested changes made	Use of limited pilots to develop new approaches	Open to new ways of doing things and taking a balanced and pragmatic (capacity-driven) approach to making changes	Continuous re-evaluation of services and how they are delivered to explore new ideas, learn from failures to invest in ever-improving delivery
Environment	No environmental impact tolerated in any circumstances	Minor, temporary environmental impact in pursuit of critical council objectives	Minor, temporary environmental impact in pursuit of council objectives	Potential permanent minor environmental impact in pursuit of critical council objectives	Potential permanent environmental impact in pursuit of council objectives
Health and safety	Minor injury to an individual No RIDDOR report	Minor injury to more than one individual No RIDDOR report	Major injury to an individual. Potential RIDDOR report	Major injury to more than one individual RIDDOR report required	Fatality RIDDOR report required

Risk Appetite Framework (RAF)

The RAF sets out the level of risk that members have decided is acceptable for the Council and gives a framework within which officers can make proposals and take delegated decisions. The current agreed levels are indicated in dark green.

Determining the Council's risk appetite is an important step in the evolution of risk management at Sefton, to support the delivery of its 2030 Vision and other objectives.

As individuals we all have different attitudes to different types of risk, and it is important that the Council determines a common attitude and approach to both risk and opportunity to enable it to make consistent, transparent, and informed risk-based decisions about future activities and controls. In that way, it will be able to respond to risks and opportunities in a proportionate way, putting in place appropriate mitigation and control measures that align with the appetite.

The purpose of developing a Risk Appetite Framework (RAF) rather than a risk appetite statement is that this recognises that there are different risk appetites for different aspects of the Council's activities.

There will always be flexibility when using the risk appetite statements and the RAF is a tool to stimulate thought and discussion while making decisions. The RAF follows the form of the impact scales set out in this handbook. It presents five appetite levels that broadly equate to the five impact scores (1=low risk appetite; 5=high risk appetite) to determine the risk appetite across most, but not all, areas covered by the impact scales. However, for the RAF to work effectively there needs to be collective agreement on the identified risk appetite.

The RAF could be used quickly and informally to assess whether a decision to proceed on a proposed change to an activity, new spending commitment or new plan meets the Council's risk appetite. To further embed the concept of risk appetite into the Council's operating process a change to the header sheet to Committee reports has been made. This ensures that decisions to Committees are evaluated against the RAF and a record of the agreed level of risk of the proposal across the identified areas is presented.

If a proposal was outside the Council's Risk appetite it may still go ahead. There should be careful assessment and evaluation as to why it is proceeding. A clear rationale should be provided.

The risk appetite will vary over time, depending on the changing priorities, environment, and ambitions of the Council. We expect that members will want to review the RAF periodically (certainly at each change of administration) to check that it still meets their political and administrative needs and aims.

The current risk appetite for Sefton Council is highlighted as the dark green box in the table on page 28. Any entry in light green is currently within the Council's risk appetite and conversely any box highlighted in yellow is currently outside of the Council's risk appetite.

Staff should look at each strand of the framework and determine the box in the table whether the proposed action or decision is. For example, Finance if the cost is £250k this would sit within the Council's current risk appetite. Assess for each strand/ risk appetite area and determine if overall the decision will overall meet the criteria. Where there are exceptions, or the decision is completely outside of the risk appetite then careful consideration of the options should be considered before proceeding.

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In reality the proposals staff members are considering will likely involve Committee reports which will require SLB and Members approval. There is a section of the Committee agenda which should be completed outlining the risk appetite assessment, the link to the corporate risk or the identification of the relevant risk. The risk appetite section should be completed outlining whether the proposals are inside or outside of the risk appetite and why. The section should describe options that can be taken if any to mitigate to the risk appetite and where a decision is recommended to continue a careful evaluation of the rationale to proceed with both positive and negative factors.

Training has been provided to DMT and Assistant Directors however further support and assistance can be provided.

Advice can be obtained from the Risk and Resilience section.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 July 2023
Subject:	Financial Management Code		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards)
Cabinet Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The Chartered Institute of Public Finance and Accountancy (CIPFA) have issued a Financial Management (FM) Code which aims to ensure a high standard of financial management in local authorities. This requires an annual assessment of the Council's compliance with the code and is accompanied by an action plan for improvement.

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

Recommendation(s):

It is recommended that the Committee:

- (1) Note the principles of good financial management
- (2) Note the approaches and lessons learnt from the implementation of the FM Code
- (3) Note the progress in implementing the actions which have been carried out to further improve both compliance with the Code and financial management across the Authority
- (4) Note the additional actions identified to further improve compliance

Reasons for the Recommendation(s):

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

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

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

What will it cost and how will it be financed?

(A) Revenue Costs

There are no direct revenue costs associated with this report.

(B) Capital Costs

There are no direct capital costs associated with this report.

Implications of the Proposals:

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

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

Legal Implications:

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

Equality Implications:

There are no equality implications.

Impact on Children and Young People: Yes

Whilst the FM Code itself does not have a direct impact on Children and Young People, the service requirements around Value for Money (VfM), which involves finding a balance between achieving relatively low cost, high productivity and valued outcomes, affects all service areas including those providing support to Children and Young People.

Climate Change Implications:

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

Contribution to the Council's Core Purpose:

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

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

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

The Executive Director of Corporate Resources and Customer Services (FD 7289/23.....) and Chief Legal and Democratic Officer (LD 5489/23....) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

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

Implementation Date for the Decision

Immediately following the Committee.

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Appendices:

The following appendices are attached to this report:

Appendix – Action Plan Progress Update

Background Papers:

None

1. Introduction/Background

- 1.1 During the past few years, it has been widely publicised that a number of authorities have encountered real financial difficulties with some issuing Section 114 notices or requiring other elements of government intervention and support.
- 1.2 To support financial sustainability, CIPFA have produced a Financial Management (FM) Code to ensure that financial management is of the required standard across local authorities. For the first time the FM Code sets out the standards of financial management for local authorities. This Code was launched in November 2019 and at that stage authorities were advised that they should introduce this in 2020/21 prior to full implementation in 2021/22. This should also be considered by local authorities alongside the annually published CIPFA resilience index.
- 1.3 The Code is based on establishing Principles of Good Financial Management with these being translated into financial management standards. Each local authority has to then detail how it meets these standards through self-assessment and what improvements are required in order to ensure compliance.
- 1.4 An initial review the Council's self-assessment was carried out in early 2021, together with the development of an action plan that was presented to Members of Audit and Governance committee for consideration in March 2021. A follow-up review was presented in June 2022 which identified progress against the action plan and further areas to improve compliance with the Code.
- 1.5 This report presents the output from a further review which was conducted in 2023, updates to the action plan and output from a review conducted by CIPFA into the experiences of Local Authorities implementing the FM Code and lessons learned.

2. The CIPFA Statement of Principles of Good Financial Management

- 2.1 The FM Code applies a principle-based approach rather than prescribing the financial management processes that local authorities should adopt. They have been developed by CIPFA in consultation with senior practitioners from local authorities and associated stakeholders. The principles have been designed to focus on an approach that will assist in determining whether, in applying standards of financial management, a local authority is financially sustainable.

2.2 The principles include:

- i. Organisational **leadership** – demonstrating a clear strategic direction based on a vision in which financial management is embedded into organisational culture.
- ii. **Accountability** – based on medium-term financial planning that drives the annual budget process supported by effective risk management, quality supporting data and whole life costs.
- iii. Financial management is undertaken with **transparency** at its core using consistent, meaningful and understandable data, reported frequently with evidence of periodic officer action and elected member decision making.
- iv. Adherence to professional **standards** is promoted by the leadership team and is evidenced.
- v. Sources of **assurance** are recognised as an effective tool mainstreamed into financial management, including political scrutiny and the results of external audit, internal audit and inspection.
- vi. The long-term **sustainability** of local services is at the heart of all financial management processes and is evidenced by prudent use of public resources.

2.3 CIPFA's view is that all financial management practices should comply with these principles.

3. **Implementation of the FM Code: Approaches and Lessons Learned**

3.1 In late 2022, CIPFA published their findings following a review into the different approaches adopted in implementing the FM Code and they identified 8 lessons learned which can support local authorities in further improving their compliance with the FM Code and maximising its beneficial impact. These lessons include:

1. *The FM Code reinforces good financial management practice*

3.2 *“The FM Code brings together established financial management principles and standards in one place. And it does so in a way that helps authorities to ‘sell’ these principles and standards to others across their organisation and to embed them into their organisations’ ways of working.”*

3.3 These principles and standards are not new but represent good financial management practice and help to improve financial understanding and awareness.

2. *Authorities do not have to do everything at once*

3.4 *“Authorities do not have to achieve perfect compliance with the FM Code from the outset. They can take action over time to improve on their initial level of compliance as they strengthen their financial management practices.”*

3.5 Whilst some standards within the code offer a binary state of compliance others are more subjective. This allows local authorities to identify baseline performance and then seek to improve over time while enhancing financial management arrangements and producing a growing base of evidence to support compliance with the Code.

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3. The FM Code helps authorities to see the bigger picture

- 3.6 *“By bringing together the principles and standards that together contribute to effective financial management, the FM Code allows authorities to take a holistic view of the arrangements in place across their organisations to manage their financial resources effectively.”*
- 3.7 The FM Code provides authorities with the opportunity to take a step back, view the big picture and reflect on current practices and how these can be improved.

4. Authorities need to interpret the FM Code in the light of their local context

- 3.8 *“The subjective nature of some aspects of the FM Code – for example, the difficult-to-define notion of value for money – means that authorities need to interpret some of the requirements of the FM Code in the light of their individual local circumstances.”*
- 3.9 The FM Code applies to different types of public authorities and this review has been conducted in the context of a local Council and its specific challenges.

5. Compliance can be more work than authorities might anticipate

- 3.10 *“For many authorities, the process of assessing compliance and, in particular, collating the evidence to support their assessment, has proven to be more time- and resource intensive than they had anticipated at the outset.”*
- 3.11 This is driven by the need to take views from across the organisation. However, many of the activities required to improve compliance are already being undertaken with the FM Code simply bringing these together into one place. CIPFA has also provided accompanying guidance notes to support this process.

6. The FM Code itself will not ensure financial stability

- 3.12 *“While the FM Code sets out the standards required to demonstrate sound financial management, compliance with the FM Code is not in itself sufficient to ensure the financial resilience or sustainability of individual authorities or of the sector as a whole.”*
- 3.13 CIPFA recognise that there are many internal and external factors beyond a local authority’s financial management arrangements that can impact on financial resilience and sustainability such as: service demands; funding settlements; cost pressures; central government decisions; and many more. Compliance with the code will not mitigate these but will help to identify issues when they arise, assess their impact and respond to them proactively and promptly.

7. Authorities need to consider how they will report against the FM Code

- 3.14 *“Many authorities have shared their self-assessment of compliance internally with their audit committee and/or with some other forum of elected office-holders, such*

as their executive or cabinet or, for policing bodies, the police and crime commissioner. The most common way in which authorities have reported on their compliance to an external audience is in their annual governance statement.”

- 3.15 In the case of Sefton, the FM Code review is included on the Audit and Governance Committee workplan – with updates led by the Finance Service in consultation with the Senior Leadership Board, the Service Manager Finance and the Chief Internal Auditor. The output from the exercise is also subject of review and initial approval by the Council's Monitoring Officer, prior to presentation to Members and then shared with the Council's external auditor in due course.

8. Financial management needs to be embedded across the organisation

- 3.16 *“It is important that the development of robust financial management arrangements is accompanied by a drive to ensure that these arrangements are embedded across the organisation. They cannot be an add-on. Rather, they need to be an integral part of how the authority thinks and works.”*
- 3.17 This cannot be achieved by the Finance Service alone. It requires an overarching culture of financial management that is embraced by Members, senior leaders, managers and staff alike so that the principles and standards of financial management are embraced even when the finance team is not involved directly in a particular activity.

4. Self-Assessment and Action Plan

- 4.1 As part of the budget setting process for 2023/24, the Council's finance service has completed an update of the self-assessment of compliance with the Code and progress against the latest Action Plan that was presented to Audit and Governance Committee in June 2022. This included input from the Strategic Leadership Board to reflect that financial management and good practice needs to be embedded across the Council and at all levels of the organisation.
- 4.2 The action plan set out activities to improve compliance with the Code. These were not necessarily new, with many already being progressed, but were brought together in one place to show what is being done to sustain and improve good financial management across the Authority.
- 4.3 An update to the Action Plan, including progress in implementing improvements, is attached at the appendix to this report.
- 4.4 The key areas of progress and ongoing activity include:
- Contract Procedure Rules (CPRs)**
 - As reported previously, an update to the CPRs was completed – including changes linked to the UK's exit from the EU – which supports the achievement of Value for Money for the authority. Further action is anticipated in the next 12-28 months to capture any additional legislative requirements.

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CIPFA Graduate Trainee Programme / Succession Planning / Recruitment

- This action relates to succession planning arrangements within the Council's Finance Service and recruitment within Internal Audit.
- Trainees continue to gain a range of experience across the whole finance function contributing towards ensuring that the Finance team continues to be suitably resourced and fit for purpose in future. Three trainees have now qualified and are in substantive posts within the service.
- Sefton's cohort of trainees continue to develop well. Trainees were recognised for their successes as part of National Apprenticeship Week by the Council and by CIPFA. Trainees also received nominations for PQ Awards for their outstanding commitment and dedication and one trainee received a certificate for the Best Overall Performance in CIPFA's Financial Management examination for their exemplary performance.
- Other development opportunities have been made available to existing staff within the service.
- Recruitment for the post of VAT Officer is underway. It is critical that this post is filled to ensure that the Council's VAT requirements are met.
- New members of the Internal Audit service have been appointed and a new placement has been made for a CIPFA Graduate Trainee to provide additional support. Options are being considered to fill the remaining vacancies.

Partnership Agreements

- The Annual Governance Statement 2021/22 highlighted that not all Assistant directors had provided assurances with respect to the review of Partnership Arrangements as required by the Council's Financial Procedure Rules. Assistant Directors have been reminded to provide such assurances.

Progress is being made with regard to this action. The Financial Procedure Rules were updated to clarify the requirements around Partnership Arrangements to support Assistant Directors in meeting these requirements and these updates were shared with Assistant Directors.

Supplementary guidance is being developed for officers and will be issued in due course. This guidance will be subject to internal review by the relevant officers before it is finalised and issued to Executive Directors and Assistant Directors.

This will support Executive Directors and Assistant Directors to carry out their responsibilities regarding partnership arrangements in line with the FPRs and to make evidence available to provide assurance that partnership arrangements are being adhered to.

Governance Documentation

- Work in relation to the update to the Code of Corporate Governance is ongoing. This has been included within the Audit and Governance Committee Annual Work Programme and the next update is scheduled to be presented in March 2024.

Demand Management

- This action related to supporting the financial resilience of the authority.
- As per the Revenue and Capital Budget Plan 2023/24 – 2025/26 and Council Tax 2023/24 report presented to Council on the 2nd March 2023, demand led budgets across the Council are a significant proportion of the Council's budget. The budget has increased over recent years to include additional contributions to these areas which reflects an ever-increasing demand and further significant increases in these budgets were approved by Council for 2023/24. The report identifies, from the initial work of the Adult Social Care workstream, savings of £3.300m were identified in 2020/21, which were built into the Base Budget for 2021/22. The continuing work of the Adult Social Care workstream identified further savings of £3.800m, which partly relates to the full year impact of previously implemented savings, as well as new savings that have been identified. Of these, £2.800m were built into the 2022/23 Base Budget, with £1.000m assumed to be achieved in 2023/24. These savings are considered to be permanent at this stage but will continue to be reviewed.
- In response to the recent OFSTED inspection of Children's Social Care, an Improvement Plan was developed, and this will be supported by an appropriate financial plan which will be included within the Council's Medium Term Financial Plan (MTFP). The Revenue and Capital Budget Plan 2023/24 – 2025/26 and Council Tax 2023/24 report presented to Council on the 2nd March 2023 highlights the significant additional investment made in the service. The action is classified as GREEN as the improvement plan has been produced and aligned to the MTFP. However, the significant increase to the budget limits the Council's overall budget flexibility and therefore it is critical that expenditure is maintained within the approved budget. This remains the largest threat to the financial stability of the Council.

High Needs Budget

- This action relates to the need for financial sustainability with respect to the High Needs budget and associated strategic and operational plans and reporting.
- The Revenue and Capital Budget Plan and Council Tax report presented to Council on 2nd March states that the budget continues to face severe cost pressures and was forecast to be overspent by over £5m by the end of 2022/23. Initiatives to help reduce the costs are being rolled out and work is ongoing with mainstream schools to include more SEND children. However, more work is required and additional investment anticipated with a forecast overspend in 2023/24 expected to increase the overall deficit balance.

The Council is on the Delivering Better Value Programme and the findings will be reported to Council and Cabinet as part of the quarterly reviews and this will need to inform the resulting action plan.

The statutory override is in place until 2026 and it is at that point that this financial risk could crystallise if this moves from being a DSG issue to being funded by the General Fund as the Council does not have the reserves to fund this.

As per the report, it is therefore essential that the service's strategic and operational plans result in it delivering the service within the annual allocation

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at the earliest opportunity. In addition, it is essential that both members and officers engage with DFE, DLUHC and Treasury to understand the potential policy decision at 2026 and work with and lobby those departments on the impact of current deficits across the sector, the impact on financial sustainability, the fact this remains a DSG issue and options to address this in the long term.

Finance Business Partnering Project / Financial Training

- This action relates to improvements to monitoring financial performance.
- The project relating to the rollout of a business partnering approach across the Council is largely complete with further work being undertaken to embed this approach in Children's Social Care and Adult Social Care.
 - Financial policies and procedures and service schemes of financial delegation continue to be updated at regular intervals, communicated those with delegated budget responsibility and are readily available via the Council's intranet
 - A new dedicated budget forecasting IT solution has been implemented and this was supported by appropriate training for those with delegated budget responsibility and staff within the Finance Service.
 - The Cabinet Reporting Template will be reviewed as part of this project.

Additional work is being carried out regarding the arrangements for budget delegation within Adult Social Care so that the full benefits of the new approach can be realised.

Reserves Strategy

- This action relates to monitoring elements of the balance sheet that post a risk to the financial sustainability of the authority.
- The Reserves Strategy was set out within the Robustness of the 2023/24 Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25 as presented to Council on 2nd March 2023. This included a risk-based assessment and identified a reserves level of 6.5% of the Council's net budget – resulting in a General Fund reserve. The allocation within the budget 2023/24 report brings the balance to c£16.9m minimum by next year with a range of £1.0m. The level of reserves will continue to be reviewed each year.

It is essential that each year a balanced outturn is delivered so that there is no requirement to call on this balance as it remains below the associated risk levels for the Council. It is therefore recommended that the reserves strategy of the Council is revisited as part of the next Medium Term Financial Plan.

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

Value for Money (VfM)

- The FM Code is clear on the requirement that services demonstrate that they achieve VfM. Therefore, services should demonstrate that they achieve VfM and compare themselves against nearest neighbours and statistical comparators with the findings reported back into senior leaders to support decision making. This should be an annual review.

Internal Audit and Finance Team Capacity Reviews

- The volume, range and complexity of work and demands on these teams has increased significantly over recent years including work linked to changes in Adult Social Care, Children's Social Care, High Needs and support required in relation to the Towns Fund. Therefore, a full review of the capacity of these teams should be undertaken including benchmarking against other local authorities to ensure that the teams are suitably resourced and fit for purpose.

Member Training and Development

- This action relates to good governance arrangements.
- Audit and Governance Committee approved a programme of briefing sessions for committee members and substitutes in March 2022. An update was presented to committee in March 2023 including a number of recommendations for the briefing sessions and the associated training and development including additional Treasury Management training for all Councillors.

Targeted Training

- Additional targeted training is being provided during 2023/24 to Children's Social Care which represents a major proportion of the Council's budget and that has received significant additional investment in recent years. This will cover: the requirements of the Constitution, finance, performance, risk, audit and procurement.

Reserves Strategy

- The Reserves Strategy should be reviewed in full as part of the next 3-year budget plan 2024/25 to 2026/27 as when compared to nearest neighbours and statistical comparators the Council's overall level of general fund and earmarked reserves are low.

High Needs Deficit Balance

- This action supports the financial sustainability of the authority through the monitoring a significant balance sheet risk.
- The strategic and operational plans with respect to High Needs need to be robust, deliverable and affordable. The development and monitoring of the associated plans needs to be a key feature of the quarterly reports to Cabinet.

4.6 It is clear from this assessment that there are many areas of good practice in financial management evident across the organisation and that good progress has been made in implementing further improvements since the last report in Audit and Governance Committee in June 2022.

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5. **Conclusion**

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

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

Section	Statement	What FM Code guidance states in relation to compliance	Revised Self-Assessment June 2023	Action Plan	RAGB Status	Action Status Update – June 2023
1	The Responsibilities of the Chief Finance Officer and Leadership Team					
A	The leadership team is able to demonstrate that the services provided by the authority are Value for Money (VfM)	The authority has a clear and consistent understanding of what value for money means to it and its leadership team. There are suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services. The authority is able to demonstrate the action that it has taken to promote value for money and what it has achieved.	<p>The Council has the following frameworks and systems in place to support Value for Money (VfM) in service delivery.</p> <p>Governance</p> <ul style="list-style-type: none"> The Finance Procedure Rules (FPRs) (Chapter 10 of the Council's Constitution) and Contract Procedure Rules (CPRs) set out the financial governance arrangements for the Council including the requirement to achieve VfM. Supporting policies and procedures and service Schemes of Financial Delegation have been produced as per the requirements. The Leadership Team and services have been actively involved in the development of these and their associated roles and responsibilities have been communicated via departmental management team meetings and through wider communications. These documents are available to all employees via the Council's Intranet. The CPRs were updated –including changes linked to the UK's exit from the EU. The Assistant Director is engaged and attends all relevant seminars on how local authorities should administer procurement. <p>Assets</p> <ul style="list-style-type: none"> All members and staff have responsibility for taking reasonable action to provide for the security of assets under their control, and for ensuring that the use of these resources is legal, is warranted, properly authorised, provides VfM and achieves best value and is in the interest of the Council's citizens. Security of assets is governed by the Inventory Guidance issued as a supplementary document to the Council's FPRs. The Council has an Asset Management Strategy and Disposal Policy in place to sets out the vision and aspirations for the effective management of the Council's corporate asset portfolio and the role it plays in supporting and shaping the Council's agenda for the 2030 vision. <p>Procurement</p> <ul style="list-style-type: none"> The Council has dedicated procurement function in place which advises on procurement activity and helps to ensure VfM. For tender exercises the FPRs state that all tenders should be evaluated on the basis of quality and price to ensure VfM is obtained. The Council's CPRs require 	1. It is recommended that further action is carried out regarding the CPRs within the next 12-18 months to include any additional legislative requirements.	GREEN	Ongoing (Contract Procedure Rules) – This will be progressed as and when additional legislative requirements become clear.

that all award criteria must be designed to secure an outcome giving best VfM for the Council and these award criteria are defined by Assistant Directors or their representatives and all tenders are evaluated and awarded on this basis. Arrangements for contract management and procurement are subject to regular review, and the associated documents are updated as appropriate.

- A contracts register is maintained and reported to services on a regular basis

Audit and Risk Management

- The role of the Audit and Governance Committee includes the requirement to comment on the scope and depth of the assurance work and ensure it gives VfM. This includes consideration and approval of the Council's accounts, internal control systems, risk management and corporate governance issues, as set out in Chapter 7 of the Council's Constitution.
- External auditors conduct a VfM assessment on an annual basis and this is incorporated into the statement of accounts. In the latest published statements, the external auditors gave an opinion that the Council had put proper arrangements in place to secure economy, efficiency and effectiveness.
- Risk management reports are produced and shared with ELT, SLB and Audit and Governance each cycle.

Capital Expenditure Proposals

- The S151 Officer in conjunction with the Chief Executive have set up procedures in which capital expenditure proposals are appraised to ensure VfM is being achieved in accordance with the FPRs.

Financial and Performance Reporting on Service Delivery

- The Council operates regular budget monitoring which is co-produced by service areas with input from business partners within Finance. This is reviewed by the Leadership Team and reported to Cabinet and Council on a monthly basis. Action is taken where variances against budget are identified. All savings options are produced with full engagement of the Leadership Team and service areas.
- Reports include specific reference to service performance against non-financial outcomes in the form of key performance targets.
- Meetings are held between S151 Officer and Directors of Finance across the local region to discuss financial management including emerging pressures and how the Council is managing them.
- Executive Directors and Assistant Directors are

			<p>expected to achieve VfM in the delivery of services and reporting should demonstrate how this is achieved together with an analysis of how key policies and expenditure proposals have been implemented as per the FPRs.</p> <ul style="list-style-type: none"> • Benchmarking is used across a range of Council services and is used to inform the budget setting process. Most significantly this is used within Adult Social Care which represents a major element of the Council’s budget. Benchmarking is used to compare fee levels across the Liverpool City Region to inform the fee setting process and to demonstrate Value for Money (VfM). The Local Government Association (LGA) also completed a review of benchmark costs for Children’s Social Care in 2021 which was considered as part of the budget setting process. 		NEW	<p>ACTION (Value for Money) – The FM Code is clear on the requirement that services demonstrate that they achieve VfM. Therefore, services should demonstrate that they achieve VfM and compare themselves against nearest neighbours and statistical comparators with the findings reported back into senior leaders to support decision making. This should be an annual review.</p>
B	<p>The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government</p>	<p>The CFO is a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions. The CFO leads and champions the promotion and delivery of good financial management across the authority. The CFO is suitably qualified and experienced. The finance team is suitably resourced and fit for purpose.</p>	<p>CIPFA Statement on the Role of the Chief Finance Officer in Local Government The key principles of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government are:</p> <ul style="list-style-type: none"> • Principle 1 - The CFO in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest. • Principle 2 - The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority’s overall financial strategy. • Principle 3 - The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. • Principle 4 - The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose. • Principle 5 - The CFO in a local authority must be professionally qualified and suitably experienced. <p>The Executive Director for Corporate Resources and Customer Services is the CFO and Section 151 Officer at Sefton Council. They are a member of the Executive Leadership Team (ELT), help to develop and implement strategy, and to resource and deliver</p>	<p>2. It is recommended that succession planning arrangements, and the associated Finance Service’s CIPFA Graduate Trainee Programme, are progressed to ensure that the service continues to be suitably resourced and fit for purpose.</p>	<p>GREEN</p> <p>GREEN</p>	<p>UPDATE (CIPFA Graduate Trainee Programme) - Trainees are gaining a range of experience across the whole finance function through a system of rotations through a number of different disciplines during their 3 - 4 year training period.</p> <p>Three of the nine trainees recruited over the past 4 years have now qualified and are in substantive posts within the service.</p> <p>Sefton’s cohort of trainees continue to develop well. Trainees were recognised for their successes as part of National Apprenticeship Week by the Council and by CIPFA. Trainees also received nominations for PQ Awards for their outstanding commitment and dedication and one trainee received a certificate for the Best Overall Performance in CIPFA’s Financial Management examination for their exemplary performance.</p> <p>The CIPFA Graduate Trainee Programme is seen as critical to ensuring that the service continues to be suitably resourced and fit for purpose over the medium to long term.</p> <p>UPDATE (General Succession Planning) – Continued investment is being made in the finance service, with officers actively engaged in training programmes including those delivered by CIPFA, the Association of Accounting Technicians (AAT), other partner organisations and also through participation in the Council’s Senior Leadership Development Programme. Finance staff are also given opportunity to develop further through practical application of the knowledge, skills and behaviours in the workplace.</p> <p>Recruitment is underway for the post of VAT Officer as the substantive postholder is due to retire in July 2023. It is critical that this role is filled to ensure that the Council’s VAT requirements are met.</p>

			the year in order to maintain up-to-date knowledge and skills in relation to their specialist subject areas. Succession planning arrangements are being progressed via the Finance Service’s CIPFA Graduate Trainee Programme to ensure that the team continues to be suitably resourced and fit for purpose.			
2	Governance and Financial Management Style					
C	The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control	The leadership team espouses the Nolan principles. The authority has a clear framework for governance and internal control. The leadership team has established effective arrangements for assurance, internal audit and internal accountability. The leadership team espouses high standards of governance and internal control. The leadership team nurtures a culture of effective governance and robust internal control across the authority.	<p>The Leadership Team</p> <p>The leadership team espouses the 7 principles of public life (the Nolan principles) through compliance with the Council’s Governance Framework. The Council has the core frameworks and systems in place expected of a local authority to support proper governance and internal control, which are endorsed and overseen by the Council’s Leadership Team. This includes a Constitution, decision making through Committees, an Internal Audit function which focuses on governance, together with Codes of Conduct for Members and Officers, registers of gifts, hospitality and interests. To support this, the Council’s Chief Legal and Democratic Officer (Monitoring Officer) reports directly to the Executive Director of Corporate Resources and Customer Services and advises the Leadership Team and also attends meetings of Full Council and the Audit and Governance Committee.</p> <p>Controls</p> <p>There are a number of controls in place to ensure key financial decisions and scrutiny - including Investment Board, Growth and Strategic Investment Board, Transformation Board, Contract Procedure Rules (CPRs) and Financial Procedure Rules (FPRs). The FPRs are regularly reviewed and updated together with the supporting policies and procedures and schemes of financial delegation. They have been communicated via service management teams and are available on the Council intranet for all employees to view. Further training and support is available to services regarding these documents. Internal Audit are a key part of the Council’s assurance framework and meet routinely with the S151 Officer and chief officers to ensure that Audit resources are appropriately directed towards areas of greatest need (applying a risk-based approach) and that audit actions are followed up.</p> <p>Internal Audit</p> <p>The Annual Report and Opinion of the Chief Internal Auditor, as required by the Accounts and Audit regulations and the Public Sector Internal Audit</p>	3. The Annual Governance Statement 2021/22 highlights that not all Assistant Directors have provided assurances with respect to the review of Partnership Arrangements as required by the Council’s Financial Procedure Rules. It is recommended that Assistant Directors be reminded to provide such assurances.	GREEN	<p>Update (Partnership Arrangements) – Progress is being made with regard to this action. The Financial Procedure Rules were updated to clarify the requirements around Partnership Arrangements to support Assistant Directors in meeting these requirements and these updates were shared with Assistant Directors.</p> <p>Supplementary guidance is being developed for officers and will be issued in due course. This guidance will be subject to internal review by the relevant officers before it is finalised and issued to Executive Directors and Assistant Directors.</p> <p>This will support Executive Directors and Assistant Directors to carry out their responsibilities regarding partnership arrangements in line with the FPRs and to make evidence available to provide assurance that partnership arrangements are being adhered to.</p>

			<p>Standards, gives the Chief Internal Auditor’s opinion on the overall adequacy and effectiveness of the organisation’s governance arrangements, risk management and internal control environment, drawing attention to any issues particularly relevant to the preparation of the Annual Governance Statement (AGS). It also sets out key themes arising from the work of the Audit Team during the financial year, and compared the audit work undertaken with that planned, summarising the performance of the Internal Audit function against its performance measures and targets.</p> <p>Regular reporting on the Risk and Audit Service Performance to the Audit and Governance Committee are included within the work programme – including improvements. 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:</p> <ul style="list-style-type: none"> • 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 • To align the service with the Council’s changing needs. <p>The Council continually reviews the internal control arrangements that exist and reports on them to Audit and Governance Committee. Where there are areas for improvement found, these will be the subject of further review to address the issues identified.</p> <p>This review includes: the implementation of audit recommendations and ensuring compliance with the agreed risk management approach of the Council - including Corporate Risk Registers and Business Continuity Plans and continual reviews of working arrangements by Heads of Service.</p>			
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government:	The authority of aware of the provisions of the CIPFA Delivering Good Governance Framework. The authority has sought to apply the principles, behaviour and actions set	<p>Code of Corporate Governance</p> <p>The Council’s Code of Corporate Governance sets out the Council’s governance arrangements in conjunction with the CIPFA/SOLACE Delivering Good Governance in Local Government Framework. Compliance with Framework is confirmed within the AGS. The code engages the seven core principles of</p>	4. An update of the Code of Corporate Governance will be produced and taken to Audit and Governance Committee for approval and then to Council for approval.	GREEN	<p>UPDATE (Code of Corporate Governance) – work in relation to the update to the Code of Corporate Governance is ongoing. This has been included within the Audit and Governance Committee Annual Work Programme and the next update is scheduled to be presented in March 2024.</p>

	<p>Framework (2016)</p>	<p>out in the Framework to its own governance arrangements. The authority has in place a suitable code of governance.</p>	<p>corporate governance as set out in the CIPFA/SOLACE Framework and describes the systems and processes that support these in the Council. The review of effectiveness is informed by: Senior Managers who have responsibility for the development and maintenance of the governance environment within their service areas; the Chief Internal Auditor’s annual report; and feedback, recommendations and comments made by the external auditors and other review agencies and inspectorates. The Annual Governance Statement is linked to the Good Governance Code through assessment of compliance with the framework principles. The Code of Corporate Governance and Annual Governance Statement are reviewed and presented to Audit and Governance Committee on an annual basis.</p> <p>Statutory Officer Group Sefton has in place a Statutory Officer Group which meets monthly to discuss all things in relation to governance and includes the Chief Executive, the Section 151 Officer, the Monitoring Officer and the Chief Internal Auditor.</p> <p>Audit and Governance Committee The Council has an Audit and Governance Committee that meets regularly and provides independent assurance on the adequacy of the Council’s Risk Management Framework and the associated control environment. The role of the Audit and Governance Committee under their Terms of Reference includes considering the Council’s arrangements for corporate governance and agreeing necessary actions to ensure compliance with best practice; to monitor the effective development and operation of risk management and corporate governance in the Council; and to consider the Chief Internal Auditor’s Annual Report and Opinion, and the level of assurance it can give over the Council’s Corporate Governance arrangements. The Council has a Risk Management Handbook and the Audit and Governance Committee review the Corporate Risk Register at each meeting</p> <p>The Terms of Reference of the Audit and Governance Committee are reviewed and updated regularly and are presented to Council for approval. Reviews of the Officers’ and Members’ Codes of Conduct are also carried out and presented to Audit and Governance Committee for approval.</p>	<p>5. Audit and Governance Committee approved a programme of briefing sessions for committee members and substitutes in March 2022. An update was presented to committee in March 2023 including a number of recommendations for the briefing sessions and the associated training and development including additional Treasury Management training for all Councillors.</p>	<p>NEW</p>	<p>ACTION (Member Training and Development) – As noted in the report presented to committee in March 2023, it is important that these sessions are delivered and that they are attended as appropriate.</p>
<p>E</p>	<p>The Financial</p>	<p>The authority has an</p>	<p>Financial sustainability underpins the Council</p>	<p>6. It is recommended that</p>	<p>NEW</p>	<p>ACTION (Targeted Training) – Additional targeted training is being</p>

	<p>Management Style of the authority supports financial sustainability</p>	<p>effective framework of financial accountability. The authority is committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services. The authority's finance team has appropriate input into the development of strategic and operational plans. Managers across the authority possess sufficient financial literacy to deliver services cost-effectively and to be held accountable for doing so. The authority has sought an external view of its financial management style, for example through a process of peer review.</p>	<p>corporate objectives with Sefton's '2030 Vision' being the key focus for service transformation. The Council's financial management style has the following characteristics:</p> <ul style="list-style-type: none"> • As highlighted in the Section 151 Officer's Annual Report to Cabinet, it is prudent and cautious. • The MTFP process means that the Council is able to understand longer term risks and plan a response to those appropriately. • The use of resources is controlled through the Constitution, Finance Procedure Rules, Policies and Procedures and Schemes of Financial Delegation. • All budget managers are given direct access to financial information to enable them to do this, including the Council's Financial Management System Agresso and budget monitoring system Collaborative Planning, for forecasting their outturn position. Budget managers are expected to understand and explain significant variances from the budget to relevant Service Managers. • The MTFP sets targets based on a minimum level of General Reserves by the end of each rolling financial planning period. • All spending and resource proposals are brought to the attention of the Executive Director of Corporate Resources and Customer Services (s151 Officer) and/or their Deputy for prior sign-off. <p>A finance business partnering culture is embedded within the organisation to maximise performance and support the effective use of resources. Financial training is also provided to aid the financial literacy of staff within the organisation.</p>	<p>targeted financial training be provided to support the financial literacy of officers with delegated budget responsibility within the organisation.</p>		<p>provided during 2023/24 to Children's Social Care which represents a major proportion of the Council's budget and has received significant additional investment in recent years. This will cover: the requirements of the Constitution, finance, performance, risk, audit and procurement.</p>
<p>3</p>	<p>Long to Medium Term Financial Management</p>					
<p>F</p>	<p>The authority has carried out a credible and transparent Financial Resilience Assessment</p>	<p>The authority has undertaken a financial resilience assessment. That assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios. The authority has taken appropriate action to address any risks identified as part of the assessment.</p>	<p>Robustness of Budget Estimates An annual report is taken by the Chief Finance Officer on the "Robustness of the Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25 " along with the "Revenue and Capital Budget Plan and Council Tax " to Cabinet and Council with statements on:</p> <ul style="list-style-type: none"> • The robustness of the estimates made for the purposes of the calculations of the budget; and • The adequacy of the proposed level of financial reserves. <p>CIPFA Financial Resilience Index <u>Budget Flexibility</u> The latest CIPFA Resilience Index indicates that, when compared to other metropolitan district councils, that social care spend in Sefton is classed as</p>	<p>7. It is recommended that Demand Management workstreams within the Framework for Change continue to ensure budget flexibility to respond to risk and financial sustainability as per CIPFA Resilience Index.</p>	<p>GREEN</p>	<p>Update (Demand Management) – As per the Revenue and Capital Budget Plan 2023/24 – 2025/26 and Council Tax 2023/24 report presented to Council on the 2nd March 2023, demand led budgets across the Council are a significant proportion of the Council's budget. The budget has increased over recent years to include additional contributions to these areas which reflects an ever-increasing demand and further significant increases in these budgets were approved by Council for 2023/24.</p> <p>The report identifies, from the initial work of the Adult Social Care workstream, savings of £3.300m were identified in 2020/21, which were built into the Base Budget for 2021/22. The continuing work of the Adult Social Care workstream identified further savings of £3.800m, which partly relates to the full year impact of previously implemented savings, as well as new savings that have been identified. Of these, £2.800m were built into the 2022/23 Base Budget, with £1.000m assumed to be achieved in 2023/24. These</p>

			<p>a medium to high risk to the authority within the latest resilience index analysis due to the restrictions this places on the Council’s budget flexibility.</p> <p>However, this was based on analysis carried out prior to further significant investment in Children’s Social Care (including additional budget of over £20m in 2023/24). This included investment in staffing to ensure that caseloads of workers are manageable, to keep up with increased demands for services and to support improvements in good practice. From a financial resilience perspective, this continues to reduce future budget flexibility of the Council as a whole and increase the associated financial risk linked to this service area. Demand Management is included within the Council’s Framework for Change and aims to address these issues and it is critical that demand is controlled in order to control this risk.</p> <p><u>Income</u> Sefton also is less reliant on grant income, being more reliant on council tax income as an overall percentage of its funding.</p> <p><u>Financial Stress</u> The Index shows that Sefton is at a higher risk of financial stress (relative to others) due to its level of reserves (both General Fund Balances and Earmarked Reserves) being relatively lower than many other metropolitan councils. The Index has highlighted the relatively low level of Sefton’s earmarked reserves when compared to other metropolitan councils. However, the direction of travel regarding the level of reserves is positive with the level of reserves improving due to the Council’s reserves strategy. Therefore, it is important that an appropriate level of reserves is maintained to mitigate the risk.</p>		<p>GREEN</p> <p>NEW</p>	<p>savings are considered to be permanent at this stage but will continue to be reviewed.</p> <p>ACTION (Children’s Social Care OFSTED) – In response to the recent OFSTED inspection of Children’s Social Care, an Improvement Plan was developed and this will be supported by an appropriate financial plan which will be included within the Council’s Medium Term Financial Plan (MTFP). The Revenue and Capital Budget Plan 2023/24 – 2025/26 and Council Tax 2023/24 report presented to Council on the 2nd March 2023 highlights the significant additional investment made in the service.</p> <p>The action is classified as GREEN as the improvement plan has been produced and aligned to the MTFP. However, the significant increase to the budget limits the Council’s overall budget flexibility and therefore it is critical that expenditure is maintained within the approved budget. This remains the largest threat to the financial stability of the Council.</p> <p>ACTION (Reserves Strategy) – The Reserves Strategy should be reviewed in full as part of the next 3-year budget plan 2024/25 to 2026/27 as when compared to nearest neighbours and statistical comparators the Council’s overall level of general fund and earmarked reserves are low.</p>
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to Members	The authority has a sufficiently robust understanding of the risks to its financial sustainability. The authority has a strategic plan and long-term financial strategy that addresses adequately those risks. The authority reports effectively to the leadership team and to members its prospects for long-term financial sustainability, the	The Council’s Vision and Framework for Change programme are clear and demonstrates its commitment to its stakeholders. The Framework for Change has been developed to achieve financial sustainability, to ensure services align with the core purpose and that the Council works with partners to achieve better outcomes. Work is ongoing to update the Framework for Change. Medium-Term Financial Plan (MTFP) For longer term financial sustainability, the Council has prepared and consulted on a subsequently approved 3-year Medium Term Financial Plan. Sefton complies with CIPFA’s advocacy of a 3-year	8. In order to address the issues with the High Needs Budget, the High Needs Budget Improvement Plan has focused on three key areas: <ul style="list-style-type: none"> i. Short-term mitigating measures to help to reduce in-year spend; ii. Longer-term aims and objectives linked to improving process, consistency and transparency in the 	GREEN	<p>Update (High Needs Budget) – The Revenue and Capital Budget Plan and Council Tax report presented to Council on 2nd March states that the budget continues to face severe cost pressures and was forecast to be overspent by over £5m by the end of 2022/23. Initiatives to help reduce the costs are being rolled out and work is ongoing with mainstream schools to include more SEND children. However, more work is required and additional investment anticipated with a forecast overspend in 2023/24 expected to increase the overall deficit balance.</p> <p>The Council is on the Delivering Better Value Programme and the findings will be reported to Council and Cabinet as part of the quarterly reviews and this will need to inform the resulting action plan.</p>

		<p>associated risks and the impact of these for short- and medium-term decision making.</p>	<p>minimum MTFP. The Budget Report is reported to Members and provides them with an update on the overall financial position of the Council. It refreshes the MTFP. In addition, it provides an initial view on the likely funding position that the Council will face over the medium term. In doing so the report presents the proposed budget.</p> <p>As well as the aforementioned demand pressures highlighted in section 3F, there is a key risk to financial sustainability relating to the High Needs Budget.</p> <p>Capital Strategy Alongside the MTFP, the Council has a Capital Strategy, also a CIPFA requirement which is approved by Members. Again, this allows for visibility of long-term sustainability. The Capital Strategy is a key policy document for Sefton and follows guidance issued in the Prudential Code for Capital Finance in Local Authorities. It is an overarching document which sets the policy framework and governance for the development, management and monitoring of capital investment and the use of capital resources. The strategy reflects the Council’s Vision, Core Purpose, and sets out how capital expenditure will play a significant role in its delivery through the Framework for Change and Growth Programme. The Capital Strategy is aligned to the Treasury Management Strategy, MTFP, Asset Management Strategy and the Disposal Policy and all other approved policies and frameworks.</p>	<p>funding process; and</p> <p>iii. Sufficiency planning to ensure that future provision meets the needs of children and young people whilst ensuring financial sustainability.</p> <p>From a financial perspective the measures need to address the existing in-year funding shortfall, i.e. annual spend exceeding the annual High Needs funding allocation. The provision of specialist education needs to be provided within the available budget envelope from 2021/22 and from there a strategy to payback the accumulated deficit will need to be developed.</p>		<p>The statutory override is in place until 2026 and it is at that point that this financial risk could crystallise if this moves from being a DSG issue to being funded by the General Fund as the Council does not have the reserves to fund this.</p> <p>As per the report, it is therefore essential that the service’s strategic and operational plans result in it delivering the service within the annual allocation at the earliest opportunity. In addition, it is essential that both members and officers engage with DFE, DLUHC and Treasury to understand the potential policy decision at 2026 and work with and lobby those departments on the impact of current deficits across the sector, the impact on financial sustainability, the fact this remains a DSG issue and options to address this in the long term.</p>
H	The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities	The authority is aware of its obligations under the Prudential Code. The authority has prepared a suitable capital strategy. The authority has a set of prudential indicators in line	Sefton complies with the CIPFA Prudential Code through approval on an annual basis of: <ul style="list-style-type: none"> • Prudential indicators • Annual Treasury Management Strategy including an Annual Investment Strategy and an annual Minimum Revenue Provision (MRP) Policy 	No action required.		

		<p>with the Prudential Code. The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.</p>	<p>Statement</p> <ul style="list-style-type: none"> • A Capital Strategy • A Capital Programme <p>CIPFA’s Code has been adopted in setting the estimated Prudential Indicators for the Council. The indicators are reviewed annually. The Treasury Management Strategy has been produced to incorporate the requirements of the CIPFA Code of Practice on Treasury Management and the Prudential Code for Capital Finance. Updates on this are provided regularly to Audit and Governance Committee and to Cabinet and Council. Local Authorities have a statutory requirement to set aside each year part of their revenues as a provision for the repayment of debt, called the Minimum Revenue Provision (MRP). The provision is in respect of capital expenditure incurred in previous years and financed by borrowing. The MRP is reviewed annually. Updates on the Capital Programme are reported regularly to Cabinet to keep members informed of the progress of the Capital Programme against the profiled budget and agreed allocations for future years.</p>			
<p>I</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 111</p>	<p>The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans</p>	<p>The authority has in place an agreed medium-term financial plan. The medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy. The medium-term financial plan has been prepared on the basis of a robust assessment of the relevant drivers of cost and demand. The medium-term financial plan has been tested for resilience against realistic potential variations in key drivers of cost and demand.</p>	<p>Medium Term Financial Plan Sefton has a rolling multi-year MTFP which is revised annually and reflects the latest position of the Council in terms of funding, cost pressures, investments and savings. A Revenue and Capital Budget Update is presented to Cabinet monthly and provides a view on the forecast Revenue and Capital Programme outturn position.</p> <p>Financial Sustainability Financial sustainability within the MTFP is a key feature of the Framework for Change programme. The Framework for Change programme links to Sefton’s Vision and the Core Purpose and the MTFP underpins this.</p>	<p>No action required.</p>		
<p>4</p>	<p>The Annual Budget</p>					
<p>J</p>	<p>The authority complies with its statutory obligations in respect of the budget setting process</p>	<p>The authority is aware of its statutory obligations in respect of the budget-setting process. The authority has set a balanced budget for the current year.</p>	<p>A legal and balanced budget and corresponding Council Tax levels are set annually, by the statutory deadline of midnight on the 10th March. These, alongside the Robustness Report of the Chief Financial Officer, are presented to Cabinet ahead of final budget proposals being considered and agreed. Sefton’s MTFP process is designed to deliver a</p>	<p>No action required.</p>		

		The authority is likely to be able to set a balanced budget for the forthcoming year. The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so.	balanced budget each year. The authority is aware of the circumstances under which it should issue a section 114 notice and how it would go about doing so.			
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	The authority’s most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves. The report accurately identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates to be incorrect and the impact should this be the case. The authority has sufficient reserves to ensure its financial sustainability for the foreseeable future. The report sets out the current level of the authority’s reserves, whether these are sufficient to ensure the authority’s ongoing financial sustainability and the action that the authority is taking to address any shortfall.	To comply with statute, the Executive Director of Corporate Resources and Customer Services (s151 Officer) is required to report to Council prior to the approval of the budget and the setting of the Council Tax, to give assurance that the budget is robust and that there are adequate reserves and balances. This is set out in Robustness of the Budget Estimates and the Adequacy of Reserves – Local Government Act 2003 - Section 25 report alongside the Revenue and Capital Budget Plan and Council Tax report. As per Section 3F, the CIPFA Financial Resilience Index shows that Sefton is at a higher risk of financial stress (relative to others) due to its level of reserves (both General Fund Balances and Earmarked Reserves). The Council has previously adopted a strategy to increase the level of reserves and this is evidenced in the positive direction of travel highlighted in the CIPFA Resilience Index.	No action required.		
5	Stakeholder Engagement and Business Plans					
L	The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium term financial plan and annual budget	The authority knows who its key stakeholders are. The authority has sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget. The authority has assessed the effectiveness of this engagement. The authority has a plan to	The MTFP and budget is developed in consultation with Members and the Leadership Team as well as key partners and stakeholder groups. In recent years the Council has carried out extensive consultation with the community and has a proven track record of engagement, consultation, listening and considering feedback in the budget setting process. Engagement and consultation will continue over the budget plan period and standard Council procedures will be observed in the instances where we are required to inform the public. Significant consultation took place regarding the Sefton Vision which informs the Framework for	No action required.		

		improvement its engagement with key stakeholders.	Change and the Core Purpose. Whenever budget proposals are produced in relation to the Framework for Change then external and internal consultation takes place as necessary. The MTFP, annual budget and Sefton Vision are all published on the Council website.			
M	The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions	The authority has a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'. The authority offers guidance to officers as to when an option appraisal should be undertaken. The authority's approach to option appraisal includes appropriate techniques for the qualitative and quantitative assessment of options. The authority's approach to option appraisal includes suitable mechanisms to address risk and uncertainty. The authority reports the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s).	<p>Capital Investment Appraisals</p> <p>Sefton use the national Treasury Green Book Appraisal Methodology for all capital investment proposals to ensure they demonstrate VfM and officers receive guidance from the Finance Service when developing business cases and options appraisals for investment proposals. These include detailed sensitivity analysis to highlight the associated risks and uncertainty. These are captured within individual business cases together with clear recommendations.</p> <p>Where significant policy decisions of a revenue nature have financial implications, these should also be supported by appropriate options appraisals.</p> <p>Governance</p> <p>Internal governance processes are embedded in respective programmes of activity and workstreams including appropriate guidance on project development.</p> <p>Reporting</p> <p>Cabinet reports include revenue and capital implications to ensure decision makers are fully informed of the associated financial implications. To improve reporting, further training should be delivered regarding the early identification of the financial implications of policy proposals.</p> <p>Where significant policy decisions of a revenue nature have financial implications – they are supported by appropriate options appraisals. A section is included with the standard reporting template to capture alternative options considered and rejected.</p>	9. It is recommended that training is delivered to officers with delegated budget responsibility regarding the early identification of financial implications of policy proposals. A review will be undertaken of the Cabinet reporting template in support of this.	GREEN	UPDATE (Training in relation to Delegated Reporting Responsibility / Review of Cabinet Reporting Template) – Training has been provided as part of the rollout of the new budget forecasting IT solution as part of the Finance Business Partnering Project. The Cabinet Reporting Template will be reviewed as part of this project.
6	Monitoring Financial Performance					
N	The leadership team acts using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability	The authority provides the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability. The reports cover both forward- and backward-	Monthly summary financial monitoring is presented to Senior Officers, the Leadership Team and Members. Significant variances and emerging risks are identified, and mitigating actions are discussed and agreed in response. The reports cover the position to date and the forecast for the remainder of the financial year. Monthly Revenue and Capital updates are reported to Cabinet addressing pressures, savings and potential offsetting measures	10. It is recommended that the Finance Service continue with the rollout of a business partnering approach across the Council.	GREEN	<p>UPDATE (Finance Business Partnering Project) – The project relating to the rollout of a business partnering approach across the Council is largely complete with further work being undertaken to embed this approach in Children's Social Care and Adult Social Care.</p> <p>- Financial policies and procedures and service schemes of financial delegation continue to be updated at regular intervals, communicated those with delegated budget responsibility and are readily available via the Council's intranet</p>

			<p>Commercial Investment Activity The Council has an Investment Board which has delegated responsibility in relation to Commercial Investment activity as defined by the FPRs. Reports are made to members on this activity as and when required to ensure that any significant risks to financial sustainability are identified and appropriate action is taken.</p> <p>Treasury Management Treasury Management and Bank Reconciliations take place to ensure suitable cash levels are in place and any borrowing in line with treasury management code of practice.</p>			
7	External Financial Reporting					
P	<p>The Chief Finance Officer has personal responsibility for ensuring that the statutory accounts provided to the local authority comply with the Code of Practice on Local Authority Accounting in the United Kingdom</p>	<p>The authority’s leadership team is aware of the CFO’s responsibilities in terms of the preparation of the annual financial statements. The authority’s CFO is aware of their responsibilities in terms of the preparation of the annual financial statements. These responsibilities are included in the CFO’s role description, personal objectives and other relevant performance management mechanisms. The authority’s financial statements have hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.</p>	<p>The authority’s leadership team and the Executive Director of Corporate Resources and Customer Services (s151 Officer) are aware of their responsibilities in terms of the preparation of the annual financial statements. These responsibilities form part of the Executive Director of Corporate Resources and Customer Services job role description and personal objectives. The Council has consistently received an unqualified audit opinion from the external auditors. The statutory financial statements are prepared by appropriately qualified and skilled accountancy staff within the overall governance and control process and are approved by the Executive Director of Corporate Resources and Customer Services and the Council’s external auditors prior to submission to Audit and Governance Committee.</p>	No action required.		
Q	<p>The presentation of the final outturn figures and variations from budget allow the leadership team to make strategic</p>	<p>The authority’s leadership team is provided with a suitable suite of reports on the authority’s financial outturn and on significant variations from budget. The information in these reports is presented</p>	<p>The presentation of the final outturn position to the leadership team and Cabinet compares the financial year outturn to the final forecast and explains any further variances from budget. Monthly in-year and final outturn reports highlight and provide analysis of key variances with recommendations for actions where appropriate. Any key issues are reflected in the budget setting and</p>	No action required.		

	<p>financial decisions.</p>	<p>effectively. These reports are focused on information that is of interest and relevance to the leadership team. The leadership team feels that the reports support it in making strategic financial decisions.</p>	<p>MTFP process. The reports to Cabinet start with the financial position from when the budget is set and are updated monthly for known changes. They are an effective format for communicating variances in a concise, yet informative, manner.</p>			
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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 July 2023
Subject:	Treasury Management Outturn 2022/23 and Position to June 2023		
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:	Yes	Included in Forward Plan:	Yes
Exempt / Confidential Report:	No		

Summary:

This outturn report provides Members with a review of the Treasury Management activities undertaken during 2022/23 and an update to 30 June 2023. Audit & Governance Committee receives this outturn report to allow monitoring against the Treasury Management Policy & Strategy and Prudential Indicators approved by Cabinet and Council in March 2022.

Recommendation(s):

Members are requested to note the Treasury Management position during 2022/23 and the update to 30 June 2023, 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 during 2022/23 and also to 30 June 2023 in order to meet the reporting requirements set out in Sefton's Treasury Management Practices and those recommended by the CIPFA code.

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

N/A

What will it cost and how will it be financed?

- (A) Revenue Costs**
None

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(B) Capital Costs

None

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): A surplus in investment income has been experienced for 2022/23 financial year.								
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 2022/23, invested its reserves and balances overnight with either banks or money market funds in order to maintain high security and liquidity of such balances. It has not had the opportunity to invest in longer term financial instruments or investment funds for which there may be a chance to consider the impact on the Council's Climate Emergency motion. 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: Good treasury management supports strategic planning and promotes 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

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7288/23) is the author of the report.

The Chief Legal and Democratic Officer (LD 5488/23) has been consulted and any comments have been incorporated into the report.

(B) External Consultations

The Council's external Treasury Management Advisors: Arlingclose have provided advice with regards to Treasury Management activities undertaken during the financial year.

Implementation Date for the Decision

Immediately following the meeting.

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

Appendices:

None

Background Papers:

There are no background papers available for inspection.

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BACKGROUND:

1. Introduction

- 1.1. The CIPFA Prudential Code for Capital Finance in Local Authorities (The Prudential Code) was introduced following the Local Government Act 2003. The Prudential Code details a number of measures / limits / parameters (Prudential Indicators) that, to comply with legislation, must be set in respect of each financial year to ensure that the Council is acting prudently and that its capital expenditure proposals are affordable.
- 1.2. A requirement of the Prudential Code is the reporting to Cabinet and Full Council of the outturn position of indicators following the end of the financial year. In accordance with this requirement, this report outlines the 2022/23 outturn for the following Prudential Indicators:-
 - i. Capital Expenditure (Section 2);
 - ii. Capital Financing Requirement (Section 3.1);
 - iii. Gross Debt and the CFR (Section 3.2);
 - iv. Borrowing Limits (Section 3.3);
 - v. Financing Costs as a proportion of Net Revenue Stream (Section 3.4);
 - vi. Treasury Management Indicators (Section 6).
- 1.3. The Treasury Management Policy and Strategy Statements are agreed annually by the Council as part of the budget process. A requirement of the Policy Statement is the reporting to Cabinet and Full Council of the results of the Council's treasury management activities in the previous year. Treasury management in this context is defined as:

'The management of the authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'
- 1.4. In accordance with the above this report outlines the results of treasury management activities undertaken in 2022/23 covering the following issues:
 - borrowing strategy and practice
 - compliance with Treasury Limits
 - compliance with Prudential Indicators
 - investment strategy and practice.
- 1.5. The results of treasury management activities in 2022/23 are reflected in the net expenditure on Capital Financing Costs included within the Council's Revenue Budget. The Capital Programme is also agreed annually as part of the budget process. It sets out the anticipated capital expenditure to be incurred within the year.

2. Capital Expenditure

- 2.1. The original estimate for 2022/23 expenditure together with the actual capital expenditure calculated on an accruals basis for the financial year is as follows:

	Estimate £m	Actual £m
Capital Expenditure	47.015	38.705

2.2. Capital expenditure in 2022/23 was £8.31m less than the original estimate reported in March 2022. The Council has therefore remained within the limits for expenditure set at the start of the year. The variation is due to the phasing of capital budgets and grant allocations to future years. These adjustments were approved by Cabinet and Council as part of the monthly budget monitoring for the capital programme during 2022/23.

2.3. A full report on capital expenditure and the out-turn position for 2022/23 can be found in the separate Financial and Corporate Performance report also presented at this meeting.

3. The Council's Overall Borrowing Need

3.1. Capital Financing Requirement

3.1.1. The Capital Financing Requirement (CFR) reflects the Authority's underlying need to borrow for capital purposes and is based on historic capital financing decisions and the borrowing requirement arising from the financing of actual capital expenditure incurred in 2022/23.

3.1.2. The Council is currently internally borrowed meaning it temporarily uses its own cash balances to fund some capital schemes instead of external borrowing, a strategy which saves the cost of interest payments on loans.

3.1.3. The actual level of Capital Financing Requirement as at 31 March 2023 compared to the initial estimate for 2022/23 is as follows:

	Estimate £m	Actual £m
Capital Financing Requirement	235.437	232.445

3.1.4. As mentioned in paragraph 2.2 (above), the level of capital expenditure for 2022/23 was less than anticipated and therefore the requirement for the financing of this expenditure from borrowing is also lower.

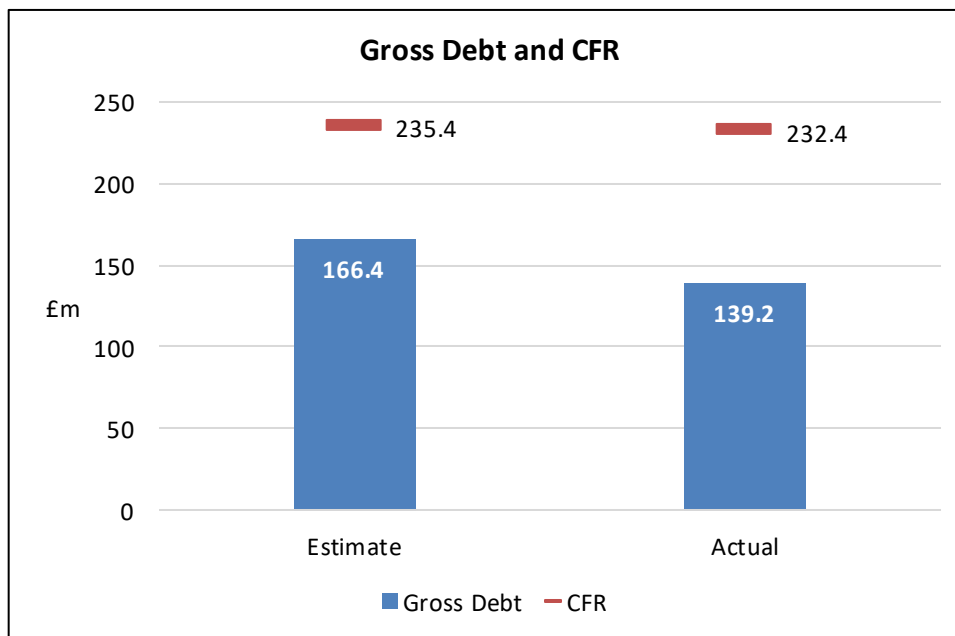
3.2. Gross Debt and the CFR

3.2.1. CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following statement as a key factor of prudence:

"In order to ensure that over the medium-term debt will only be for a capital purpose, the local authority should ensure that debt does not, except in the short term, exceed the total of capital financing requirement in the preceding year plus the estimates of any additional capital financing requirement for the current and next two financial years."

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3.2.2. In the report to Cabinet and Council in March 2022, it was stated that the Authority would comply with this requirement in 2022/23. During the financial year, gross external borrowing did not exceed the total of the Capital Financing Requirement. The chart below shows the out-turn position compared to the CFR and a comparison with the original estimate:



3.2.3. The actual level of borrowing at year end was significantly lower than anticipated compared to the original estimate for the year. As mentioned previously, the Council is currently internally borrowed meaning it will take the opportunity where prudent to use its own cash balances instead of external borrowing, a strategy which has continued throughout 2022/23 financial year.

3.3. Borrowing Limits

	2022/23 £m
Authorised limit	220.000
Operational boundary	205.000
Maximum Gross Borrowing Position	173.686

3.3.1. The Operational Boundary sets a boundary on the total amount of long-term borrowing that the Council is estimated to enter into. It reflects an estimate of the Authority's current commitments, existing capital expenditure plans, and is consistent with its approved Treasury Management Policy Statement and practices.

3.3.2. The Authorised Limit sets a limit on the amount of external borrowing (both short and long term) that the Council can enter into. It uses the Operational Boundary as its base but also includes additional headroom to allow for exceptional cash movements.

3.3.3. The Maximum Gross Borrowing Position shows the highest level of actual borrowing undertaken during 2022/23 financial year. This level remained within the Operational Boundary and did not exceed the Authorised limit.

3.4. Financing Costs as a Proportion of Net Revenue Stream

3.4.1. This indicator measures the financing costs of capital expenditure as a proportion of the net resource expenditure of the General Fund.

	Estimate 2022/23	Actual 2022/23
Financing Costs / Net Revenue	3.8%	3.3%

3.4.2. The overall ratio is lower than the original estimate by 0.5%. The financing costs for the repayment of debt incurred in previous years was lower than originally forecast. The net revenue stream for 2022/23 by comparison remained broadly on target hence the reduced ratio. The Council's debt therefore remained within affordable levels.

4. Borrowing Strategy and Practice

4.1. The Council's debt portfolio at the 31st March 2023 and a comparison to the position at the end of last financial year is summarised as follows:

Actual Debt Outstanding	31st March 2022 £m	31st March 2023 £m
Public Works Loans Board	167.205	133.694
Other Long-Term Liabilities	6.481	5.497
TOTAL	173.686	139.191

4.2. The category of other long-term liabilities represents transferred debt from the Merseyside Residuary Body (£0.875m) and finance lease liabilities (£4.622m).

4.3. The Council's PWLB debt activity during 2022/23 is summarised in the following table:

Movement in Year	Actual £m
PWLB opening debt 1 st April 2022	167.205
Less principal repayments	(33.511)
Add new borrowing	-
Closing PWLB debt 31st March 2023	133.694

4.4. The policy of internally borrowing, running down the Authority's cash balances rather than taking out new borrowing, continued with regards to the Capital

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Programme in 2022/23 as no new expenditure was financed from external borrowing.

- 4.5. The average rate of interest on Council loans with the Public Works Loans Board (PWLB) in 2022/23 and a comparison to the previous year is shown below:

	2021/22	2022/23
Average PWLB Interest Rate in Year	3.74%	3.89%

- 4.6. The average rate of interest is based upon the total interest amount paid as a proportion of loan principal held. The slight increase in the average rate of interest from 2021/22 to 2022/23 has resulted from maturing loans during the year reducing the balance of principal held, but interest payments remaining proportionally higher due to historic loans within the portfolio that were taken out when rates were higher.

5. Debt Maturity Profile

- 5.1. This is a profile measuring the amount of borrowing that is fixed rate maturing in each period as a percentage of total borrowing that is fixed rate:

Fixed Rate Debt Maturity	Upper Limit	Lower Limit	Actual 31st March 2023
Under 12 months	35%	0%	8%
12 months and within 24 months	40%	0%	4%
24 months and within 5 years	50%	0%	11%
5 years and within 10 years	50%	0%	19%
10 years and within 15 years	75%	0%	18%
15 years and above	90%	25%	40%

- 5.2. The spread of debt across the various maturity periods shows how the authority has acted prudently and controlled its exposure to refinancing risk by not having overly large amounts of debt concentrated in one period, especially those in the shorter term.

6. Compliance with Treasury Limits

- 6.1. The following Treasury Limits were approved by Council during the 2022/23 Budget Setting process:

6.1.1 Borrowing Limits

	Limit £m	Maximum Borrowing 2022/23 £m
Authorised Borrowing Limit	220.000	173.686
Short Term Borrowing Limit	30.000	0

6.1.2 Investment Limits

	Upper Limit £m	Maximum Invested 2022/23 £m
Principal sums invested for longer than 365 days	15	5

6.2. The amounts above show the maximum amounts borrowed or invested during the year compared to the limits set. The Council therefore remained within the limits for borrowing and investments set for the year and no short-term borrowing was undertaken.

7. Investment Strategy and Practice

7.1. The Council invests all available cash balances, which includes school balances and the insurance fund, following a policy of obtaining maximum returns whilst minimising risks.

i. **Externally Managed Investments**

No externally managed funds are held.

ii. **Internally Managed Investments**

The Council's available funds during the year averaged £91.10m and were managed internally with advice from our treasury consultants.

7.2. The level of the Council's investments during 2022/23 and comparable figures from the previous year are summarised in the following table:

	2021/22	2022/23
Total Investment of Cash Balances at year end	£98.69m	£31.11m
Average Investment Balance during the year	£104.98m	£91.10m
Average Return on Investments	0.27%	2.25%

7.3. In 2022/23 a weighted average return of 2.25% was achieved. The majority of the funds are invested with major banks and Money Market Funds (MMF's), with the

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remaining balance of £5m invested with the CCLA Property Fund. The return of 2.25% can be disaggregated into a return of 1.97% on bank and MMF investments, whilst 4.25% was returned by the CCLA investment.

- 7.4. The Bank Rate has increased from 0.75% at the beginning of the year to 4.25% at the end of March 2023. Short-dated cash rates, which had ranged between 0.7% - 1.5% at the beginning of April, rose by around 3.5% for overnight/7-day maturities and 3.3% for 6-12 month maturities. The Council's investments have therefore significantly outperformed the target set in the budget as the majority of funds were invested in the short term and increased in line with short term money market rates. The table below shows the outturn position for 2022/23:

Budget Profile	Budget £m	Actual £m	Variance £m
Outturn 2022/23	0.789	1.917	1.128

8. Treasury Position for 2023/24 – Update to 30th June 2023

8.1. Investments held at the 30/06/2023 comprise the following:

Institution	Deposit £m	Rate %	Maturity	Rating
Money Market Funds:				
Aberdeen	4.11	4.78	01.07.23	AAA
Aviva	4.11	4.84	01.07.23	AAA
Blackrock	0.97	4.68	01.07.23	AAA
BNP Paribas	4.11	4.93	01.07.23	AAA
Goldman-Sachs	3.79	4.70	01.07.23	AAA
HSBC	3.97	4.72	01.07.23	AAA
Invesco	3.12	4.70	01.07.23	AAA
Morgan Stanley	3.79	4.76	01.07.23	AAA
Federated	4.11	4.73	01.07.23	AAA
Insight	4.11	4.78	01.07.23	AAA
Total	36.19			
Property Fund:				
CCLA	5.00	4.25	n/a	n/a
Total	5.00			
TOTAL INVESTMENTS	41.19			

8.2. 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.

8.3. 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.

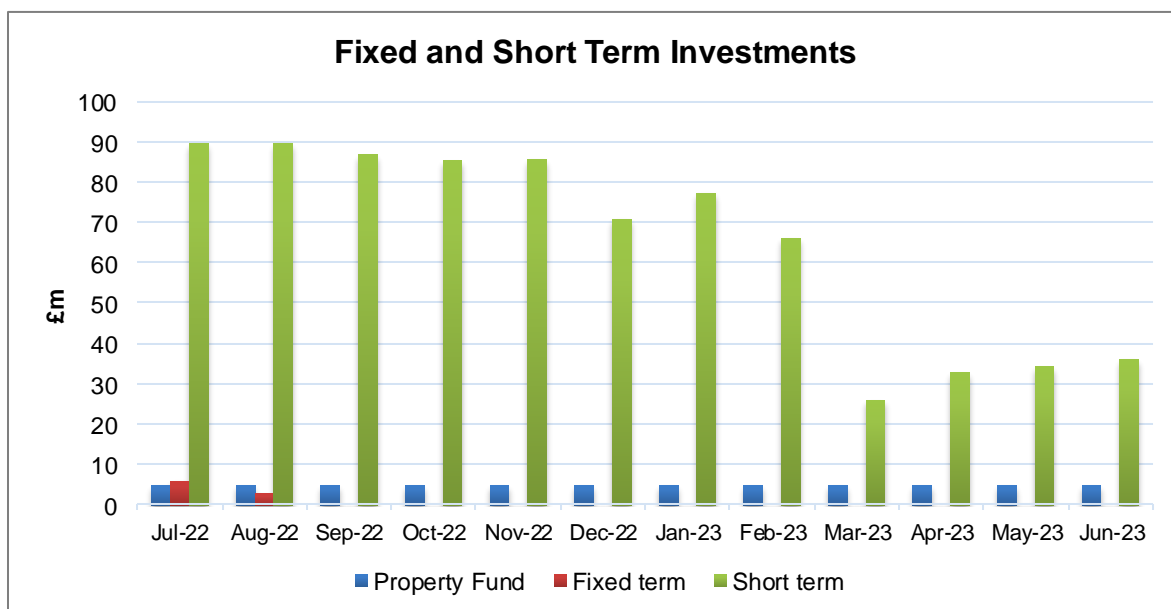
8.4. The Council will only invest in institutions that hold a minimum Fitch rating of A- for banking institutions, or AAA for money market funds. The ratings applied to investment grade institutions, and the much riskier speculative grade institutions, as defined by Fitch, have been placed into a risk matrix (paragraph 8.8).

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8.5. 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.

8.6. The Net Asset Value (NAV) of the Property Fund has decreased over a 12-month period to May 2023 from 363.21p per unit to 289.20p per unit, a decrease of 20%. The fund is considered to be a long-term investment and fluctuations in value are to be expected with this type of asset. The investment market over the past 12 months has been turbulent and driven by interest rates rather than property fundamentals. The CCLA is well positioned in the property market and has experienced no material change in tenant default rates with income levels remaining stable and reliable. The fund has a high industrial weighting with future growth potential and is making a strategic shift away the weaker office sector. The overall value of the Council's investment in the fund still remains higher than the original principal sum invested. It should also be noted that much of the fluctuation mentioned above took place in the latter half of 2022 and NAV prices have now stabilised in recent months. 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 May 2023 was 4.25% which is above the level of returns received in the past.

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



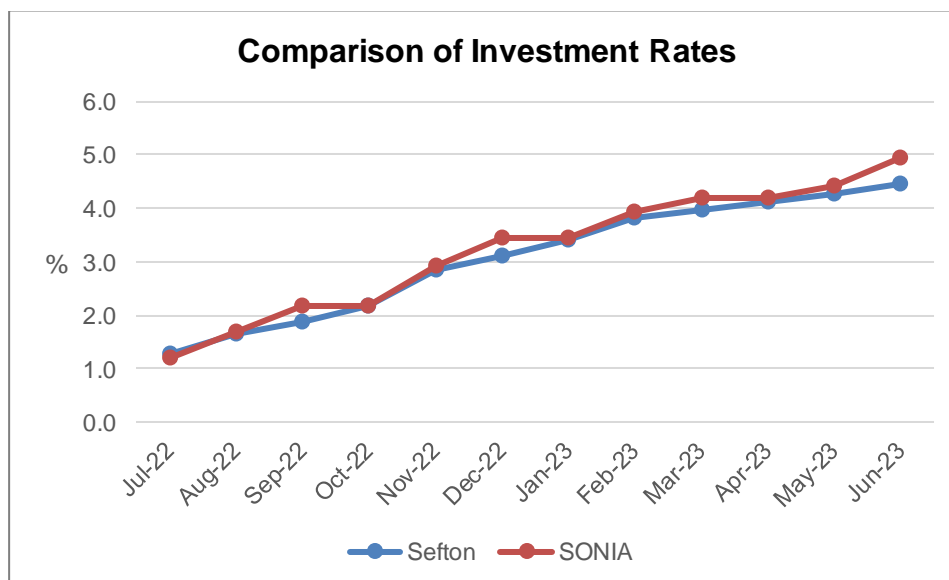
8.8. The matrix below shows how the Council has set its risk appetite by being risk averse and putting security and liquidity before yield when investing:

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	Budget £m	Actual £m	Variance £m
Jun-23	0.272	0.451	0.179

	Budget £m	Forecast £m	Variance £m
Outturn 2023/24	1.317	1.549	0.232

- 9.2. The forecast outturn for investment income shows the level of income to be above the target set in the budget for 2023/24. Investment rates have increased significantly over the past 12 months (see 9.4. below) largely in response to rises in interest rates. The forecast income for 2023/24 is therefore estimated to be at a higher level when compared to the budget estimates set out in the Council's medium term financial plan.
- 9.3. It is not envisaged that improved rates will lead to a significant increase over and above the current forecast income from investments during 2023/24 as cash balances are diminishing and held in short term deposits.
- 9.4. The Council has achieved an average rate of return on its investments of 4.45% to the end of June 2023. The chart below shows the average monthly rate of return plotted against the SONIA benchmark.



- 9.5. As can be seen from the chart above, Sefton's investments have slightly underperformed compared to SONIA to the end of Jun 2023, although remain broadly aligned with the benchmark. The investment income received is above target compared to the 2023/24 budget as shown in paragraph 9.1 (above).

10. Interest Rate Forecast

10.1. Arlingclose, the Council's treasury advisors, have provide the following interest rate view as of 23 June 2023:

	Current	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26
Official Bank Rate													
Upside risk	0.00	0.50	0.75	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	5.00	5.50	5.50	5.50	5.25	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00
Downside risk	0.00	0.50	0.50	0.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00

- The MPC raised the Bank Rate by 50bps to 5.0% in June. Due to current inflation and wage data, we believe that Bank Rate will rise to 5.25% in August and to 5.50% in September.
- The risks lie to the upside. Further strong inflation data for June (released in July) will likely result in another 50bps rise in Bank Rate in August.
- The MPC will cut rates in the medium term to stimulate the UK economy but will be reluctant to do so until services inflation and wage growth ease. The stickiness of these data suggests that rate cuts will happen later than previously expected. We see rate cuts from Q2 2024 to a low of around 3% by mid-2025.
- Arlingclose expects long-term gilt yields to eventually fall from current levels reflecting the lower medium-term path for Bank Rate. However, yields will remain relatively higher than in the past, partly due to quantitative tightening, with continued elevated volatility.

11. Compliance with Treasury and Prudential Limits

11.1. As at the end of Jun 2023, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 July 2023
Subject:	Risk and Audit Service Performance		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Regulatory, Compliance and Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report details the performance and key activities of the Risk and Audit Service for the period 1 March 2023 to 30 June 2023.

The report also discusses the resourcing position across the Team as well as in particular the Internal Audit Team, the response and the actions planned for the rest of the financial year.

Recommendation(s):

(Members are requested to:

(1) Note the progress in the delivery of the 2022/23 and 2023/24 Internal Audit Plan and the activity undertaken for the period 1 December 2022 to 28 February 2023.

(2) Note the progress in completing the actions from the 2021/2022 Corporate Governance Review and the follow up of audit agreed actions detailed in the December 2022 report.

(3) Note the contributions made by the Health and Safety, Insurance, Assurance and Risk and Resilience teams in facilitating the management of the Council's key risks

Reasons for the Recommendation(s):

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

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

None

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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):

There are no direct resource implications from the report. However, the report does outline the current recruitment activity across the Risk and Audit Team and the potential implications for internal audit plan delivery where resources are unlikely to be in post by end of July which will require a further Annual Audit Plan to be provided to the Committee for approval.

Legal Implications:

There are no specific legal implications from the report.

Equality Implications:

There are no equality implications.

Impact on Children and Young People: No

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 in line with Council and Government guidance during the lockdown and afterwards has been working from home except for 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 proposed Council agile working although the footprint will slightly increase at this point as staff move back to the office at an agreed frequency. Some of the function's teams such as health and safety are already visiting sites where required.

We are currently exploring with the Council's insurers and broker their actions to reduce

Climate Change which we will respond on in future reports following renewal when the information is available. One of the audits within the 2022/23 approved audit plan as well as 2023/24 is Climate Change which will provide assurance on the Council's response to the Climate Emergency. As the Climate Emergency is a Corporate Strategic Risk

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.

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7281/23.....) and the Chief Legal and Democratic Officer (LD.5481/23.....) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

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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 2022/23 (as approved by this Committee on 16 March 2022).

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

1. Introduction

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

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

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- 1.3 The Service has the following objectives:
- To lead the Council in embedding a system of internal control and risk management that facilitates the achievement of the organisation's objectives.
 - To be a valued corporate influence in promoting the due consideration of risk in Council decisions, strategies, and plans.
 - To align the service with the Council's changing needs.
- 1.4 In delivering this mission and objectives, the Service encapsulates the following teams:
- Internal Audit
 - Health and Safety
 - Insurance
 - Risk and Resilience
 - Assurance
- 1.5 This report summarises the main aspects of the performance of the Service during the period 1 March 2023 to 30 June 2023., and gives members a detailed overview of the following areas:
- Internal Audit:
 - o work undertaken in the period, including a summary of work and an outline of the high priority recommendations made
 - o performance against Key Performance Indicators
 - o developments relating to this part of the Service
 - o progress on the completion of actions stemming from the Corporate Governance Review 2022/23
 - 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
19 July 2023

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 March 2023 to 30 June 2023.

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

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

1.3 The report highlights the following key points:

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

2. Introduction

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

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

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

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

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

3. Internal Audit: Performance Update

3.1 Completion of 2022/23 Audit Plan from 1 March 2023 to 30 June 2023

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

Audit Engagement	Audit Opinion	Recommendations			Progress since last update
		High	Medium	Low	
2022/23 Final Reports issued					
Procurement	Moderate	0	10	0	Final Report issued 17 April 2023.
Green Park Primary School	Moderate	0	4	1	Draft issued 26 Jan 23; Final issued 01 June 2023
Corporate Debt Management	Moderate	0	6	1	Draft issued 16 Jan 23; Final issued 02 March 2023
Risk Management	Moderate	0	3	2	Draft issued 7 Mar 2023; Final issued 13 April 2023
Fleet Management	Moderate	0	2	1	Draft issued 28 Feb 2023; Final issued 14 April 2023
ASC Debt Management 2022/23	Moderate	1	3	0	Draft issued 10 Feb 2023; Final issued 20 Apr 2023
Fleet Management 2022/23	Moderate	0	2	1	Draft issued 28 Feb 2023; Final issued 14 April 2023
Cleansing Vehicles – Keys Management 2022/23	Moderate	0	3	3	Draft issued 20 Jan 2023, Final Issued 21 April 2023

Audit Engagement	Audit Opinion	Recommendations			Progress since last update
		High	Medium	Low	
All Saints School 2022/23	Moderate	0	6	1	Draft issued 7 Feb 23. Final Report Issued 02 June 2023
Covid-19 grants process 2022/23	Moderate	0	8	2	Draft issued 20 April 23. Final Report Issued 12 June 2023
Housing Benefits and Council Tax Reduction Scheme 2022/23	Minor	0	1	1	Draft report issued 24 May 2023. Final Report Issued 12 June 2023
Recycling Credits	Minor	0	3	0	Draft report issued 01 June 2023. Final Report issued 14 June 2023
Draft Report issued					
Data Protection – Data Breaches 2022/23	Moderate	0	2	4	Draft report issued June 2023
Newfield School 2022/23	Moderate	0	5	1	Draft report issued 12 June 2023
St Robert Bellarmine School 2022/23	Moderate	0	4	0	Draft report issued 12 June 2023
Springwell Primary School 2022/23	Moderate	0	4	2	Draft issued 26 January 23. The school have been reminded of need to respond to the Draft Report.
Marshside School 2022/23	Moderate	0	5	1	Draft issued 15 March 2023. The school have been reminded of need to respond to the Draft Report.
On-going work					
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

Audit Engagement	Audit Opinion	Recommendations			Progress since last update
		High	Medium	Low	
					tree management which the review has identified and tried to address. As a result, there is a need to draw up a Council wide approach. The Risk and Audit Team are seeking to facilitate with Green Sefton, the Council's in house tree management service, a corporate tree management approach that can be presented to SLB/ELT for approval.
Investment in Highways 2022/23					Fieldwork complete, awaiting Audit Management review.
Children's Services Demand Management					Initial planning work was undertaken. The Ofsted Inspection covered aspects of demand management. Audit plan to review progress against the Improvement Plan later in the year.
PSIAS					Self-assessment undertaken and progress made in improving procedures.
Sand way Homes – Financial Sustainability 2022/23					Fieldwork complete. Findings to be discussed with management ahead of issue of draft report
Highways Maintenance Procurement 2022/23					Fieldwork complete. Findings to be discussed with management ahead of issue of draft report
SHOL 2022/23					Annual Governance Review. Fieldwork in progress.
Sefton New Directions 2022/23					Annual Governance Review. Fieldwork in progress.
St John's, Crossens Primary School					Fieldwork has commenced and is in progress.

Audit Engagement	Audit Opinion	Recommendations			Progress since last update
		High	Medium	Low	
Annual Governance Statement 21/22					Updates on the progress to implement SGIs and Other Findings are obtained from ADs and EDs to inform this Committee.
Annual Governance Statement 22/23					Governance Assurance Statements issued. Those returned have been reviewed to prepare the AGS22/23.
Leisure Centres					Initial meeting held with Head of Service to agree scope and timing of audit.
Damp and Mould					Initial Audit Brief is prepared and timing of fieldwork to be agreed.
Social Value					Background planning work in progress.
Grants Management					Background planning work in progress.
Grants certified					
Bootle Area Action Plan 2022/23 Q4					£3.6k certified
Lord Street 2022/23 Q4					£Nil certified
TT Cables Q 22/23					£8.7k certified
Marine Lake Event Centre Q4 22/23					£37k certified
Supporting Families 2022/23 Q4					£53.6 certified
Biodiversity Net Gain Grant 2022/23 s31 Grant					£19.5k certified

Audit Engagement	Audit Opinion	Recommendations			Progress since last update
		High	Medium	Low	
Urban Traffic Control 2022/23 Q4					Nil claim
Crosby Lakeside Adventure Centre 2022/23 Q4					£121k certified
Mayors Charity 2022/23					Accounts Certified
Southport Eastern Access Corridor - Q4 Claim					£196k certified
Maritime Corridor 2022/23 Q4 claim					£21.1k certified
City Region Sustainable Transport Settlement Grant - 2022/23 Q4 Claim					£2.5 million certified

3.2 High Priority Recommendations

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

Adult Social Care (ASC) Debt Management

The Accounts Receivable (AR) Manager and ASC management should coordinate to establish a standard process for referring queried invoices back to ASC. All referred invoice queries should adhere to this process complete with an audit trail detailing who handled the query. Additionally, the ASC management must assign an owner to all invoice queries received from the AR team and ensure that these queries are responded to promptly.

3.3 Internal Audit Review of Risk Management

The Statement of Purpose for the Audit and Governance Committee includes ‘to provide independent assurance to the members on the adequacy of the risk management framework...’ and ‘it provides independent review of Sefton’s governance, risk management and control frameworks...’. In addition, the Committee is ‘to monitor the effective development and operation of risk management and Corporate Governance in the Council.’ To facilitate the Committee in fulfilling its responsibilities it is good practice inform members of in house or external assessments of the effectiveness of the Council’s risk management framework. A Risk Management Audit approved by the Committee for inclusion in the 2022/23 Internal Audit Plan was completed during the last quarter.

The audit review details the process and findings regarding risk management within the Council. The Chief Internal Auditor has management responsibilities for Risk and Resilience team which includes operational risk management, integral to the review. The CIA maintains independence during the audit review through the Internal Audit Manager having operational responsibility for the review and issuing the report and liaising with the CIA’s line manager for agreeing the brief and feeding back on the audit findings. The review identified that:

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

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

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

1. Clearly define the role of the Risk and Resilience Team and update the Risk Management Handbook.
2. Develop a checklist to assess each risk register against.
3. Ensure that the Risk Appetite Framework is included in the Risk Management Handbook.

4. Progress the risk management training with the Corporate Learning and Development Team and review how risk management information is shared across the Council.
5. Review whether managers received adequate notice of deadlines to return updated risk registers.

Actions to address the weaknesses identified have been agreed by the Chief Internal Auditor and the Risk and Resilience Team. The implementation of agreed actions will be followed up in line with Internal Audit’s normal procedures.

3.4 Other Added Value Work Completed

To assist the Committee in its understanding of the broad range of assistance and value that the Audit team has provided across the Council we have included some examples.

- Liaised with Legal Services regarding property transaction. No further Internal Audit involvement was required at that time.
- Provided advice to Financial Management Education regarding ‘Statements of Internal Control’ and declarations of interests in schools.

3.5 2022/23 Resources and Performance

The following table outlines the Audit Team’s performance against the Key Performance Indicators outlined in the Audit Plan agreed by the Committee in March 2022. In December 2022, this Committee approved a revised Internal Audit Plan based on reduced resources in the Internal Audit Team. We have previously updated this Committee with details of the Internal Audit resourcing issues experienced during 2022/23.

Description and Purpose	Target	Actual	Variance and Explanation
<p>Percentage of the Internal Audit Plan completed.</p> <p>This measures the extent to which the Internal Audit Plan agreed by this Committee is being delivered. The delivery of the Plan is vital in ensuring that an appropriate level of assurance is being provided across the Council’s systems.</p>	<p>100%</p> <p>See graph below</p>	<p>82%</p> <p>See graph below and narrative</p>	<p>18%</p> <p>Resources have not been in post as originally planned and discussed with the Committee. Performance based on actual resources in post slightly ahead see description below.</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%	No variance
<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

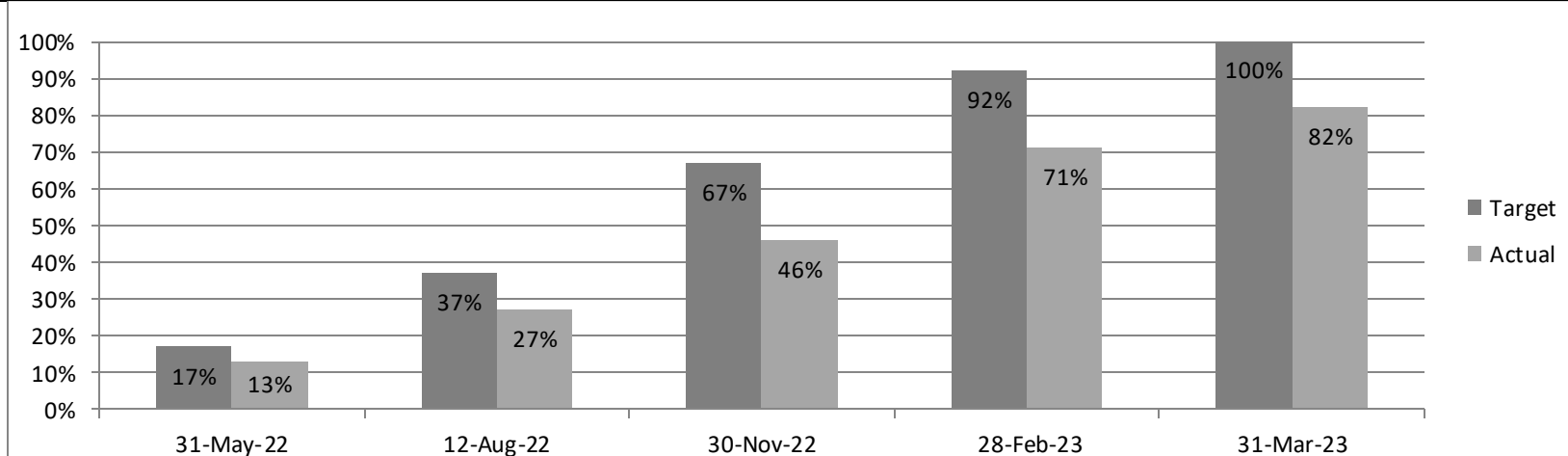


Figure 1: Percentage of the Internal Audit Plan 2022/23 completed (profiled to coincide with the Audit and Governance Committee reporting dates based on revised audit plan)

Figure 1 above shows the percentage of the revised audit plan completed during the year with 82% of the plan completed. Of the audits in the revised plan, there were four that were not undertaken at the request of management and one audit is on-going and is expected to be completed in the coming weeks.

The Audit engagements that were not completed during the year are listed below.

Audit Engagement	Comment
Adult Social Care – Market Sustainability	At the request of management, this audit was not undertaken.
Adult Social Care – Workforce (Recruitment and Retention)	At the request of management, this audit was not undertaken.
Children’s Social Care and Education – Demand Management	At the request of management in light of delivery of improvement plan, this audit was not undertaken.
Children’s Social Care and Education – Placements and Packages	At the request of management in light of delivery of improvement plan , this audit was not undertaken.
Sefton Hospitality Operations Limited	Audit is ongoing but there have been delays in obtaining some information from the client.

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

- One of the Principal Auditors is employed on a fixed term contract which will end on 30 June 2023 in line with the employee’s wishes. We have been attempting to secure a permanent Principal Auditor replacement since March 2023, but currently we have not been successful.
- The CIPFA trainee joined the team from Financial Management at the end of January 2023 and is expected to return to a role in Financial Management after six-months at which time a new CIPFA trainee will join the Audit team.

- Financial Management in February 2023 as part of the audit planning process agreed that a newly qualified CIPFA apprentice or other resource would join the Internal Audit team from July 2023 for the 2023/24 financial year. The 2023/24 Audit Plan was designed on this basis and approved by this Committee in March 2023 based on this assumption. Finance have confirmed that we are unlikely to have this particular resource by July 2023 and are considering options- a further update on this will be provided to the committee at the next meeting and it is acknowledged that this additionality influences the delivery of the agreed audit plan.

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

- Inability to recruit a replacement Principal Auditor from July 2023. Up to 14% of the plan is at risk of non-completion if a replacement Principal Auditor is not recruited.
- Financial Management do not release CIPFA graduate or provide additional resource to the team. Up to 14% of the plan is at risk of non-completion if the CIPFA graduate does not join the team.
- Laptop failures during the first few weeks of the year have resulted in several non-productive days for the team. The impact is currently less than 1% of the plan, and this will be continued to be monitored.

It is likely that a revised Annual Audit Plan will be required for the rest of the financial year as there is little planned contingency within the plan, a deliberate approach, and we envisage that this will be provided to the next meeting in September to approve.

Members of the committee are also asked to note that a full review of resourcing and capacity across the finance and internal audit service will be completed in 2023/24.

3.6 Annual Corporate Governance report

The following two tables outlines the progress at 30 May 2023 against the Significant Governance issues identified in the final report, which populated the Council’s Annual Governance Statement, issued in September 2022 and the other findings and recommendations in a separate table below.:

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
1	There were three SGIs in the Council’s 2020/21 Annual	GAS Review	JTAI - In June 2021, an interim Executive Director of Children’s Social	May 2023 – Risthardh Hare/ Jan McMahon	Dwayne Johnson, Chief

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
Page 154	<p>Governance Statement relating to inspections as follows.</p> <ul style="list-style-type: none"> A Joint Targeted Area Inspection (JTAI) for Children's Mental Health in Sefton took place in September 2019. <ul style="list-style-type: none"> An Ofsted and Care Quality Commission (CQC) revisit in April 2019 relating to weaknesses in the Written Statement of Action (WSOA). 		<p>Care and Education was appointed. An overarching Children's Plan was developed and in April 2021, an independent person was identified as chair for the partnership Children's Improvement Board. The Department for Education (DfE) issued an Improvement Notice for Children's Social Care Services in May 2021. The Council has further external advice from a DfE advisor who is a member of the Board. This has opened a range of advice and support to Sefton at all levels in the organisation.</p> <p>Ofsted and Care Quality Commission (CQC) - In June 2021, a review of the Improvement Notice was undertaken by Department for Education (DfE) and NHS England (NHSE) advisers and officials. The evidence from the review demonstrated significant progress the Council and partners had made and its success in addressing and embedding the improvements identified in Ofsted's/CQC revisit in 2019. The Improvement Notice was revoked, and the Council and partners formally exited departmental intervention. The SEND Continuous Improvement Board continues with oversight of the SEND system in</p>	<p>Since December 2022 a further Monitoring Visit took place in February 2023. Further monitoring visits will take place this year which will follow the Ofsted Framework. Phase 3 of the Improvement Plan is now in development.</p> <p>Significant progress has been made in respect of the Commissioner's recommendations.</p> <p>December 2022 - Martin Birch Following the 2022 Ofsted inspection an improvement plan has been devised and completed which has been submitted to Ofsted. The improvement plan focuses on four main themes: Improving quality. Implementation of leaning Improving tools Improving strategic partnerships</p> <p>The commissioner's report has been finalised with 22 recommendations. Following this, a Commissioner has now been appointed.</p> <p>Phase one of the improvement</p>	<p>Executive and Martin Birch, Executive Director of Education and Children's Services Dwayne Johnson, Chief Executive and Martin Birch, Executive Director of Education and Children's Services</p>

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
	<ul style="list-style-type: none"> Sefton was overdue an Ofsted Inspection of Local Authority Children's Services. Following a pause in the inspection framework due to COVID-19, Ofsted undertook a 'restart' focused visit of Children's Social Care in March 2021. This was not a full inspection and therefore was not graded. A letter to the Council was published on the Ofsted website on 10 May 2021 with the visit's findings and identification of priority action. <p>Areas for priority action in the letter included:</p> <ul style="list-style-type: none"> Timely application of the pre-proceedings stage of the Public Law Outline where risks for 		<p>Sefton. Since the 2019 Inspection the Board are aware of the additional 800 educational health and care plans required to support individuals and families and the resource impact on the workforce and high needs budget. Mitigated actions have been put in place to address these matters.</p> <p>Ofsted - In February 2022, an inspection of Sefton Local Authority Children's Services took place, and the judgement was graded inadequate. A revised Improvement Plan is being developed and this was submitted to Ofsted by 17 August 2022. Following the inspection, the DfE appointed a Children Commissioner to review the Council capacity and capability and would report to the Children Social Care Minister in October 2022.</p> <p>The pace of the required change is a challenge given capacity and so the Council has invested an additional £11.6m in Children's Services, secured the required interim</p>	<p>plan has now been completed and phase 2 is being developed which incorporates the 22 recommendations.</p> <p>A monitoring visit by Ofsted of our Integrated front door took place in November. Further monitoring visits will take place this year which will follow the Ofsted Framework</p> <p>October 2022 - Martin Birch Following the 2022 Ofsted inspection an improvement plan has been devised and completed which has been submitted to Ofsted. The improvement plan focuses on four main themes:</p> <ul style="list-style-type: none"> Improving quality Implementation of leaning Improving tools Improving strategic partnerships <p>The Commissioner is in the process of finalising his report.</p>	

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
Page 156	<p>children are not reducing through child protection planning; and</p> <ul style="list-style-type: none"> The effectiveness of case supervision and the monitoring of children who are subject to child protection planning, including those children in the pre-proceedings process, to prevent drift and delay. <p>What needs to improve in this area of social work practice:</p> <ul style="list-style-type: none"> The quality assurance arrangements and senior management oversight of social work practice. The strategic and operational focus on achieving change and reducing risk for vulnerable children, including disabled children and care leavers, and The capacity in social work teams and the number of children on social workers' caseloads. 		<p>transformational resources, put in place a robust Improvement Plan, developed a new approach to recruiting the Children's Social Care workforce and appointed a new Executive Director of Children's Social Care and Education.</p>		
2	<p>There was a Local Government Association (LGA) Peer Review Revisit on 21 and 22 April 2022.</p> <p>The LGA Peer team reviewed progress against the recommendations since the last Corporate Peer Challenge in September 2018, under the following</p>	GAS Review	<p>The Council will consider the public feedback report and then publish an action plan in response within eight weeks of the report's publication.</p> <p>6-month check-in to be scheduled - an opportunity to discuss progress and next steps.</p>	<p>May 2023 Action has now been completed therefore the SGI is now closed.</p> <p>December 2022 Action has now been completed therefore the SGI is now closed.</p> <p>October 2022 - Dwayne Johnson</p>	Dwayne Johnson, Chief Executive

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
	<p>themes:</p> <ul style="list-style-type: none"> • Local Priorities and Outcomes. • Corporate Transformation. • Economic Growth, and • Member Development. <p>Following the Revisit, the Peer team will produce a public feedback report which is expected June 2022.</p>			<p>The LGA report was published on 20 July 2022, and a report was presented to Cabinet on 27 July, this included the actions to address the recommendations made by the peer review team. We are expecting a further full Corporate LGA peer review in the autumn of 2023. So, we will need an SGI on it and the actions will be to state we will be preparing for the peer review over the next 12 months.</p>	
3 Page 157	<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 authorities were advised that they should introduce this in the 'shadow year' in 2020/21 prior to full implementation in 2021/22.</p> <p>On 17 March 2021, the Council's Audit and Governance Committee has noted the introduction of the CIPFA FM Code and the self-assessment of compliance with the Code and noted the Action Plan to further improve both compliance with</p>	GAS Review	<p>As agreed, a further report on progress on the FM Code is due to be presented to the Audit and Governance Committee at the 22 June 2022 meeting as scheduled in the 2022/23 Work Programme for the Committee.</p> <p>Stephan Included: -</p> <p>"A further report on progress on the FM Code will be presented to the Audit and Governance Committee in 2023."</p>	<p>May 2023 - Stephan Van Arendsen</p> <p>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.</p> <p>David McCullough</p> <p>Next revision to go to committee July 2023.</p> <p>December 2022 - Stephan Van Arendsen</p> <p>The Council will continue to take annual updates to Audit & Governance Committee to provide</p>	<p>Stephan Van Arendsen, Executive Director, Corporate Services and Customer Services</p> <p>Chief Legal and Democratic Officer (Monitoring Officer)</p>

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
Page 158	<p>the Code and financial management across the Council.</p> <p>CIPFA's Better Governance Forum has issued guidance on Local Authority's Corporate Codes of Governance that recommends that these are reviewed and approved annually by the Audit Committee. The Council's Corporate Code of Conduct was last reviewed in 2019.</p>		<p>At the meeting of the Council's Audit and Governance Committee on 16 March 2022 the Committee agreed a work programme for 2022/23 which included that a revised Code of Corporate Governance will be presented for approval to the meeting on 15 March 2023. It will be scheduled on future work programmes for annual review and approval.</p>	<p>assurance on continued compliance and progress against the action plan. The next report will be taken to the June 2023 meeting of the committee.</p> <p>David McCullough The intention is still to present a revised Code to the A&G Committee on 15 March 2023.</p> <p>October 2022 Update - Stephan Van Arendsen On 22 June 2022, a further report was presented to the Council's Audit and Governance Committee which provided an update on the good progress made in implementing the action plan and also identified additional actions to further improve compliance.</p> <p>David McCullough It will go to A&G Committee in March 2023.</p>	
4	<p>Sefton Council declared a 'Climate Emergency' on 18 July 2019 and work has progressed within the Council on the agreed actions that were contained and approved by Members. There is a Strategy in place and delivery is via an Action Plan for the period to 2030. This will</p>	GAS Review	<p>Climate Change e learning is mandatory for all staff.</p> <p>All Cabinet Reports specify that the Climate Emergency Implications must be considered in the report within a specific section on the front sheet of all Cabinet Reports.</p>	<p>May 2023 - Stephan Van Arendsen In addition to the detail below the next 3-year implementation plan has now been approved by Cabinet and Council.</p> <p>A communications strategy has</p>	<p>Dwayne Johnson, Chief Executive and the Cabinet Member for Regulatory, Compliance and Corporate</p>

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
	<p>establish and refine a baseline position on the Council's carbon emissions (carbon footprint) with the development of three-year implementation plans to make the Council's activities net-zero carbon by 2030.</p>		<p>The Officers' Working Group has continued to meet on a monthly basis and the Member Reference Group chaired by the Cabinet Member for Regulatory, Compliance and Corporate Services also meets on a regular basis.</p> <p>The Street Lighting LED programme is underway as is the retrofit of Bootle and Southport Town Halls.</p> <p>The next annual report will be presented to Cabinet in June/July 2022.</p>	<p>now been agreed and moved to delivery phase.</p> <p>The recommendations made by the internal audit report have been agreed and implementation is in progress.</p> <p>The next annual report will be presented to June cabinet and July council.</p> <p>The councils 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>December 2022 - Stephan Van Arendsen</p> <p>Following the September update the following has been completed or is in progress.</p> <ul style="list-style-type: none"> -Internal audit of the programme has been completed with no significant or high-risk recommendations- management action plan has been agreed. -Overall position in terms of key projects and funding requirements has been taken through ELT and member reference group providing clear position on each strategic 	<p>Services.</p>

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
Page 160				<p>issue. -Clear timeline agreed for next three-year implementation plan 2023-2026 agreed by members.</p> <p>October 2022 Update - Stephan Van Arendsen The Council continues to work on this long-term project as set out with monthly officer meetings and regular member reference group being held. In June/July Cabinet and Council received the latest annual report for the financial year 21/22.</p> <p>Work is on target for agreed projects and further work is currently being undertaken to determine: -</p> <ul style="list-style-type: none"> • the capital costs of delivering the required projects that will deliver the objectives by 2030; and • the timing of such projects <p>This will then inform future member decision making and central government lobbying.</p>	
5	COVID-19 continued as an SGI in 2021/22.	GAS Review	COVID-19 Outbreak Management (Health Protection) Board and the Stakeholder Board have stood down. Oversight of outbreaks will be	<p>May 2023 - Margaret Jones This issue can be closed. Public Health and colleagues across the</p>	Dwayne Johnson, Chief Executive, Margaret Jones,

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
			<p>managed through routine health protection arrangements and led by UKSHA. Sefton Health Protection Forum stood up in April 2022 and will provide local oversight and assurance, reporting to Health and Wellbeing Board.</p> <p>As of May 2022, the local mitigation against the possible threat of COVID-19 is reducing. Testing, contact tracing and the legal requirement to self-isolate have all ceased. A significant reduction in local authority health protection workforce will also take place over coming months. Public Health will continue to engage with UKHSA, CHAMPs, Directors of Public Health network and LGA to escalate concerns and ask for assurance from UKHSA that they will continue to fulfil health protection functions.</p> <p>The Budget Plan 2022/23 presented to Cabinet on 10 February 2022 by the Executive Director of Corporate Resources and Customer Services highlighted that consideration was given to the ongoing impact of the pandemic. Reporting on these will continue to Cabinet in 2022/23.</p>	<p>council should be back to business as usual re threats from infectious disease. We have no mitigations in place against Covid in particular. We continue to review alerts and monitoring as we would any other infection threat.</p> <p>December 2022 - Margaret Jones Covid booster offer remains.</p> <p>Covid managed as per other seasonal respiratory infections.</p> <p>October 2022 - Margaret Jones National booster programme was announced July 2022.</p>	<p>Director of Public Health and the Cabinet Member for Health and Wellbeing</p>
6	On 11 February 2021, the Government published a White Paper	GAS Review	The Integrated Care System (ICS) delivery has been put back by Central	May 2023 - Deborah Butcher This programme of work is now	Dwayne Johnson, Chief

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
Page 162	<p>'Integration and Innovation: Working Together to Improve Health and Social Care' - Department of Health and Social Care (DHSC), 2021, setting out a raft of proposed reforms to health and care to create Integrated Care Partnerships.</p> <p>'Shadow' arrangements were introduced in 2021/22 and to be delivered in full by April 2022.</p>		<p>Government until July 2022. Deborah Butcher, the Executive Director for Adult Social Care and Health Services has been appointed as the Sefton Place Director to the Cheshire and Merseyside Partnership Integrated Care Board (ICB). The role is a joint appointment between the NHS and Sefton Council, and she takes this role on in addition to her current duties as Executive Director for the Council. Place Directors will have statutory responsibilities in both the ICB and the relative Local Council. Good progress has been made in year in respect of integration between health and social care.</p>	<p>business as usual. There are regular reviews of governance and Place systems from the C@M integrated care board and no issues have arisen as a result. Place Plan has been received by the Health and Wellbeing Board.</p> <p>December 2022 - Deborah Butcher The Sefton Partnership is now fully operational this the local part of implementation of the Health and Social Care Act, the legislation that mandates Integration through the establishment of Integrated Care Partnerships (the outcome of the white paper referenced). The establishment of these Partnerships and their operation are monitored by the Cheshire and Merseyside Health Care Partnership or ICS and the required level of maturity has been confirmed through regular review meetings chaired by the Chief Executive of the ICS.</p> <p>October 2022 - Deborah Butcher Deborah Butcher has been appointed as Exec Director of Adult Social Care and Health – NHS Place Director Sefton in a</p>	Executive

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
7	<p>In the 2020/21 Corporate Governance Internal Audit Review it was recommended that a self-assessment against the Local Government Association's National Framework is carried out in line with the conclusions of the Council's Ethical Working Group.</p> <p>Changes internally and at Social Value Portal mean that this work has stalled and will start again in the first quarter of 2022/23.</p>	GAS Review	<p>A Social Value Policy is in development with a view to implementing the policy in 2022/23.</p> <p>A self-assessment against the Local Government Association's National Framework has been carried out in line with the conclusions of the Council's Ethical Working Group.</p> <p>As a new national policy is introduced the Council will consider the required changes and update policies and approaches accordingly.</p>	<p>joint role from 1st May 2022.</p> <p>May 2023 - Jan McMahon Over 70 staff are now trained on the Social Value Portal.</p> <p>In February Overview and Scrutiny Committee (Regulatory, Compliance and Corporate Services) considered Ethical Business Practices Working Group Final Report – Update on Recommendations. The Committee agreed that this would be the final update as all the recommendations contained in the Final Report have now been implemented.</p> <p>December 2022 - Jan McMahon The Social Value Policy was agreed by Cabinet Member Regulatory and Compliance in August 2022.</p> <p>Work has continued on the development of the Social Value portal and 60 plus staff are scheduled to attend training in January 2023.</p> <p>The Procurement Bill is due its second reading in the House of Commons.</p>	Jan McMahon, Assistant Director Corporate Resources (Strategic Support)

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
Page 164				<p>October 2022 - Jan McMahon Internal consultation has taken place on the draft Social Value Policy and the policy will be considered by Cabinet Member Regulatory and Compliance in August 2022. The draft policy will be supported by an Equalities Impact Assessment.</p> <p>The Procurement Bill has been introduced in the House of Commons and progress can be viewed. https://bills.parliament.uk/bills/3159</p>	
	<p>In the 2020/21 Corporate Governance Internal Audit Review (IAR) it was recommended that Partnership Agreements are reviewed by Heads of Service (HoS) to provide assurances in line with the Council's Financial Procedural Rules (FPRs) for access for Internal Audit.</p>	<p>GAS Review</p>	<p>Partnerships The Chief Legal and Democratic Officer (Monitoring Officer) has sent a reminder e mail on 11 May 2022 regarding the provision of information relating to Partnerships Agreements to all HoS.</p>	<p>May 2023 - Andrew Bridson An initial draft of the guidance has now been produced and will be subject to internal review by the relevant officers before it is issued to Executive and Assistance Directors.</p> <p>December 2022 - David McCullough The issue has moved on a little with Finance recently presenting a revised version of the Financial Procedures Rules to Full Council on Thursday 19th January 2032 which was approved.</p>	<p>Partnership Agreements ADs</p>

	Significant Governance Issue (SGI)	Source	Action to Address the Issue	Update	Lead
				<p>This included a review of how the Council will deal with its partnership arrangements and the inclusion of new provisions - the section of the FPR's has been simplified to include the high-level responsibilities of Executive Directors (ED) and Assistant Executive Directors (AED).</p> <p>The S151 Officer will now issue separate guidance to support EDs and AEDs to meet those responsibilities. This will include a checklist of all necessary requirements before entering into a partnership, during it and following its cessation.</p> <p>October 2022 - David McCullough</p> <p>The partnership arrangements we have don't necessarily fit with the original thinking about partnerships albeit that we do have some partnership arrangements. It's on my 'to do list' to review what arrangements we do have.</p>	

Other Findings

In addition to the SGIs detailed above, other findings were also identified in the Action Plan for 2021/22 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. A follow up audit is scheduled for Autumn 2022 and an update on progress will be provided to the Audit and Governance Committee.

The following comments were included in the Internal Audit Corporate Governance Report for 2020/21 for the Other Findings in that report:

Of these other findings and recommendations, the recommendation for finding three was not implemented from the 2018/19 Internal Audit Corporate Governance Report. This relates to the location of partnering arrangements and the checking against the requirements in Sections 262a-262l of Financial Procedure Rules. This was reiterated in the 2019/20 Internal Audit Corporate Governance Report, and it is reiterated for the second year in this the report. Two of the other findings and recommendations, findings two and four recommendations were not implemented from the 2019/20 Internal Audit Corporate Governance Report and are reiterated in this report. Finding two relates to a self-assessment against the LGA National Framework and finding four relates to the provision of Third-Party Assurance Statements for the Council's Audit and Governance Committee.

Where the action is not completed on recommendation three by 31 March 2022 the action will likely to be considered a Significant Governance Issue due to the risk rating, the date when it was first identified and the extent of the progress.

A review of progress on these items for the 2021/22 AGS has indicated that the action relating to these has not been implemented by 31 March 2022 and consequently these have been escalated to Significant Governance Issues (6 and 7) in the 2021/22 AGS.

In 2021/22 Other Finding 5 relating to the review and regular audit of the quality and accuracy of data used has not been actioned in 2021/22 and it is reiterated in Other Finding 1 in this report.

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.
Low	A matter that requires attention and would improve the system under review.

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Update	Lead Officer(s)
1	High	<p>The CIPFA/SOLACE Governance Framework also highlights that the review and regular audit of the quality and accuracy of data used in decision making and performance monitoring demonstrates good practice in governance. The GAS returns from Head of Service (HoS) indicated that whilst this was in place in some Services it was not always in place for all Services.</p> <p>This issue was highlighted in Other Findings in the 2021/22 Internal Audit Governance Report and in response each appropriate HoS/Senior Manager was to review the provision and</p>	<p>HoS review their arrangements for the review and regular audit of the quality and accuracy of data used in decision making and performance monitoring and confirm these arrangements are in place to their Executive Director (EDs).</p>	<p>From Q1 of 2022, quarterly performance reports are now produced for each service - these utilise key performance information and data and align with the financial performance and risk. This informs discussions at DMT and with Cabinet members around what is performing well and what areas of the service are performing below the standard required together with remedial plans were required. these are held on a shared file. It is intended that this quarterly report will be embedded in</p>	<p>May 2023 - Stephan Van Arendsen</p> <p>Quarterly finance/ performance/ risk reports have been produced in year and submitted to cabinet in order to reflect delivery of priorities, financial implications and risk issues arising.</p> <p>Quarterly service performance reports also produced and shared with cabinet members to inform decision making.</p> <p>The council has now agreed a corporate plan, and this is in place for</p>	EDs

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Update	Lead Officer(s)
		<p>use of data initially before 31 December 2021 and then before 31 March 2022 - to define what data is produced and is used to inform decision making.</p> <p>As this has not been implemented the recommendation is reiterated in this report.</p> <p>Risk Noncompliance with CIPFA/SOLACE behaviours and actions that demonstrate good governance.</p> <p>Potential Implications A lack of assurance on the quality and accuracy of the Council's data.</p>		<p>2022/23 and will support quarterly monitoring of the same to Cabinet.</p>	<p>23/24. This is supplemented by individual service plans for each area.</p> <p>This will build on the progress from 22/23.</p> <p>December 2022 - Stephan Van Arendsen</p> <p>Quarterly performance reports for Cabinet members continue to be produced.</p> <p>In addition, a consolidated mid-year review report was presented to Cabinet in November 22/23 that covered finance, performance, and risk - this was extremely well received by members. This will be followed by three quarter review and then an outturn report on the same basis.</p>	

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Update	Lead Officer(s)
					<p>October 2022 Update - Stephan Van Arendsen From Q1 of 2022, these quarterly reports are now being produced and discussed with Cabinet members- In addition the consolidated finance and performance report for the financial year has been produced and approved by Cabinet in July 2022.</p> <p>To develop this further there is now the proposal to produce a quarterly cabinet report that brings together finance, performance, and risk, again to reflect performance and inform future decision making</p>	
2	High	<p>Work has continued to further embed the Risk Management Framework in 2021/22 with the implementation of SLB actions.</p> <p>The Corporate Risk Management Handbook is normally updated</p>	Implementation of the e-learning package, the development of the Council's Risk Appetite with the external provider, training, and the references to risk in	The Risk Appetite work is due to be completed in June 2022 and the Risk Appetite will be presented to SLB and Cabinet for approval. The Risk Management Handbook	<p>May 2023 - David Eden The Risk Appetite was presented and approved by SLB in February 2023 and subsequently Audit and Governance Committee in March</p>	Executive Director, Corporate Resources and Customer Services/Chief Internal

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Update	Lead Officer(s)
		<p>each year, and this was last approved by the Audit and Governance Committee in December 2020. There was no planned update of the Corporate Risk Management Handbook in December 2021 as the Council was awaiting the outcome of work to define the Council's Risk Appetite due to take place in 2022/23 before carrying out another review of the Handbook. The next update of the Handbook is scheduled in the Audit and Governance Committee 2022/23 Workplan for 14 December 2022. The Corporate Risk Register is updated and presented to the Audit and Governance Committee each cycle following sign off by SLB.</p> <p>The Council's Risk Management Handbook states that it will achieve its objectives by <i>'reinforcing the importance of effective risk management through training and providing opportunities for shared learning.'</i> It also states <i>'that at present, there is not a Sefton formal definition of Risk Appetite'</i></p>	<p>ELT/SLB reports are developed further in 2022/23.</p>	<p>will be updated to incorporate the Risk Appetite and reviewed by the Audit and Governance Committee in December 2022 in line with its Workplan.</p> <p>The training will incorporate the Risk Appetite.</p>	<p>2023.</p> <p>The Risk Appetite Training is currently being developed alongside the revised Corporate Risk Management Handbook which will be presented to the Audit and Governance Committee in July 2023.</p> <p>The format of the revised Committee header paper is currently being discussed with Democratic Services.</p> <p>December 2022 - David Eden</p> <p>The Risk Appetite will be presented to SLB in February 2023 and subsequently Audit and Governance.</p> <p>The Risk Management Handbook will be updated to incorporate the Risk Appetite and reviewed by the Audit</p>	<p>Auditor</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Update	Lead Officer(s)
		<p><i>however this will be developed over the next 12 months.</i></p> <p>As yet the risk e learning package and definition of the Council's Risk Appetite and have not yet been actioned. In March 2022, the Council have appointed an External Consultant who has undertaken interviews with Members and Senior Management to formulate and finalise a Risk Appetite.</p> <p>The Council's Insurance Claims Management Company has also been appointed to provide risk training in two modules, one will provide basic risk management knowledge and the second will provide the knowledge to complete risk registers. The planned work in April 2022 has commenced on ELT/SLB Reports incorporating references to risk.</p> <p>Risk The Corporate Risk Management Framework will not be fully embedded within the Council.</p>			<p>and Governance Committee in June 2023 in line with its Workplan.</p> <p>The proposed risk management e-learning training will incorporate risk appetite.</p> <p>October 2022 - David Eden The external facilitator was appointed in March 2022 and interviews took place with Officers and Members in April 2022. A proposed risk appetite framework has been developed and is currently with Management to consider how to go forward.</p>	

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Update	Lead Officer(s)
		<p>Potential Implications Lack of compliance with the Council's Corporate Risk Management Handbook. This may compromise or prevent the achievement of Council aims and objectives and result in the inadequate monitoring of associated controls and/or mitigations.</p>				
3	High	<p>As part of the Council's Corporate Governance Framework Review for 2021/22 members of the ELT, including the Chief Executive, have provided formal assurance in respect of their role and responsibilities, by each of them completing a Governance Assurance Statement (GAS). HoS have also been asked to provide a 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 GASs was set for 1 April 2022 and despite reminders two HoS</p>	<p>The respective HoS complete and return their GASs.</p> <p>The Chief Executive should e mail EDs and HoS to remind them of their obligation to submit their GASs and on a timely basis and in line with the deadlines for the production of the Council's AGS.</p> <p>In 2022/23 the Executive Director, Corporate Resources and Customer Services should provide the initial GAS requests to EDs and HoS. The dates</p>	<p>In the next year, 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.</p>	<p>May 2023 - Stephan Van Arendsen The response previously provided still stands so no further information on that one.</p> <p>December 2022 - Stephan Van Arendsen The position as of September remains the same for the guidance and direction that will be provided for the completion of the 22/23 AGS.</p> <p>When the current update of progress on 21/22 is complete this will be considered by SLB, and</p>	<p>Executive Director, Corporate Services and Customer Services</p> <p>Respective AEDs</p>

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Update	Lead Officer(s)
		<p>GAS's have not been received. The two HoS that have not returned GASs are the Head of Economic Growth and Housing and the Head of Highways and Public Protection.</p> <p>Risk Not all assurances have been received 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 Government (2016 Edition) caused by a lack of assurances which may result in reputational damage to the Council.</p>	of the return of GASs by EDs and HoS should be regularly monitored and reported to SLB meetings.		<p>a reminder has been sent to SLB around the production of timely, accurate and robust responses.</p> <p>October 2022 Update - Stephan Van Arendsen It has been agreed with the Chief Internal Auditor that progress on delivery of the AGS will be reported to SLB throughout the year.</p> <p>The requirement to complete the annual GAS on time will be emphasised during this process and when the exercise for 22/23 is launched the roles and responsibilities of Assistant Directors will be re-iterated.</p>	
4	High	The Council has an agreed approach on the governance, risk management and performance assurances that the Council receives from its wholly owned	A report is received by Cabinet for Sefton New Directions Limited in line with the forward plan for June 2022	The report for Sefton New Directions was presented to Cabinet in June 2022.	May 2023 - Deborah Butcher A report will be presented to Cabinet Report in the Autumn outlining any	Deborah Butcher, Executive Director, Adult Social Care

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Update	Lead Officer(s)
		<p>subsidiaries, and this is achieved by reports delivered to Cabinet.</p> <p>There is a remaining action in respect of Sefton New Directions Limited to report to Cabinet and this is on the forward plan for June 2022.</p> <p>Internal Audit have already provided assurance having conducted an audit review of one of the subsidiaries, Sandway Homes Limited. Internal Audit will be conducting an audit review of the assurances received from the other wholly owned subsidiaries in accordance with the Internal Audit Plan 2022/23, which was approved by the Audit and Governance Committee in March 2022.</p> <p>Risk The Council does not adequately manage its wholly owned subsidiaries nor its other financial assets.</p> <p>Potential Implications Lack of assurance to the Council with potential loss and/or reputational damage to the</p>			<p>associated risks.</p> <p>March 2023 - Deborah Butcher</p> <p>No update available</p> <p>December 2022 - Deborah Butcher</p> <p>No response provided.</p> <p>Internal Audit are completing for SND a review of governance in quarter 4 2022/23 and SHOL. A further review of Sandway Homes focused on financial viability is also due to be undertaken in Q4 2022/23</p> <p>October 2022 - Deborah Butcher</p> <p>An audit and assurance work plan with ND has not yet been developed.</p>	and Health

No.	Priority	Other Findings	Action/ Recommendation	Auditee Response	Update	Lead Officer(s)
		Council.				

3.7 Public Sector Internal Audit Standards

In March 2018 the Internal Audit Service was externally assessed as “generally complies” with the Public Sector Internal Audit Standards. This was reported to the Committee at the time. Each year the Internal Audit develops and implements an Improvement Plan to enhance systems and processes to improve the service. The Internal Audit Service was due to be externally assessed during 2022/23. With the absence of the Internal Audit Manager for four months the planning for the assessment was unable to take place. Planning for assessment to take place this financial year is due to start over the summer.

3.8 Developments

Since the last Audit and Governance Report Internal Audit has:

- Continued to monitor staff wellbeing during the prolonged period of home working maintaining frequent regular contact with all team members and planning for our agile/hybrid return to Magdalen house.
- Strengthened the school audit programme to include procurement frameworks.
- Undertaken recruitment exercises to find a suitable permanent Principal Auditor to join the team.
- We have provided proposals on the introduction of the Three Lines Model to management. Have started analysis work to categorise controls in the Corporate Risk Register to the Three Lines Model.

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

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

4. Health and Safety: Performance Update

4.1 Progress

- 4.1.1 There has been significant change during the quarter within the Corporate Health and Safety Team, which consists of three positions - two permanent and one fixed term until 31 March 2024. The fixed term Health and Safety Officer (Schools and Commercial) was appointed in May 2023, to fill a vacant post since August 2022, and is currently contracted until 31 March 2024. There have been issues with attracting suitable experienced and qualified candidates using the Council's prescribed route of recruitment to find suitable candidates. The Senior Health and Safety Advisor left the Council for alternative employment in December 2022 and has now been replaced with the post holder starting in April 2023. The third post, a permanent position, the post holder is leaving the Council with effect from 30 June 2023 and recruitment has been started to fill this vacancy using the Council's prescribed recruitment process. We are currently reviewing the resourcing position and intend to benchmark the Council's resources against other LAs within the Merseyside area.
- 4.1.2 Whilst perhaps not ideal to have so many changes occurring within such a short space of time, the outlook remains positive, with the new members bringing a wealth of skills and experience to the Council. However, resources continue to be extremely stretched to meet the various demands. Resultantly, expectations require managing, with a greater need for prioritisation. The Corporate Health and Safety team supports nearly 8,000 staff (including maintained school staff, and schools with a Service Level Agreement), plus agency staff, contractors, and volunteers working on behalf of the Council.
- 4.1.3 The Team continues to deliver a range of services across all departments and schools, which can generally be divided into three main areas:
- Policy and communication
 - Operational reactive and proactive response
 - Active monitoring.

- 4.1.4 Health and safety objectives and key performance indicators have been aligned to the Councils 'Vision 2030' and 'One Council' initiatives and core values. These are continually reviewed and drive the programme of work, not only for the team but for services areas through the health and safety sub-committees.
- 4.1.5 Consultation arrangements continue to work well, with the Corporate Health and Safety Committee playing a key role in conjunction with the Departmental Health and Safety Committees. The next scheduled corporate meeting will take place in September 2023. Most committee meetings continue to be held virtually, using TEAMS, which has proved to be successful, though one or two are now reverting to a face-to-face format. The Education Excellence Health and Safety Committee is an example of this.
- 4.1.6 The Health and Safety Team (Team) are attending corporate sites to advise and ensure statutory compliance, as well as restarting school visits, to review safety management systems. Such visits have been severely restricted in recent years due to the pandemic.
- 4.1.7 Perceived under reporting of accidents / incidents and near misses has been an issue for some time and Sefton is not alone in experiencing this. 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 possible in the event of future claims as well as to comply with a legal duty to report accidents under the Social Security (Claims and Payments) Regulations. We are reviewing the quality of the incident reporting which in some cases requires improvement and have noticed that some RIDDOR incidents are being mis reported as being work related when they have merely occurred at work. This over reporting can provide a misleading appearance that the Council may be a higher risk than is the case. With ongoing monitoring in this area, it is believed that the number of RIDDOR reports submitted each year can be reduced, thereby only allowing genuine ones to be forwarded to the HSE. The team is committed to ensuring quality information is received, which then allows true analysis and targeting where necessary. The Team continues to encourage work-related accidents or incidents that occur whilst staff are working in their home to be reported and recorded in accordance with the Council Incident Reporting procedures and are examining options to promote the reporting during July 2023.
- 4.1.8 As we approach the summer months and continue to adapt to living alongside Covid, we are again beginning to receive plans via the Events Safety Advisory Group relating to summer shows, fairs and other events occurring on Council land. These are shows that can potentially attract significant numbers of people. The volume of documentation that can be submitted for such events can be significant which does impact on the Team's activities.

- 4.1.9 The Service Level Agreement with a significant number of Sefton's schools has been renewed for the 2023/24 period. Visits to those schools are being planned to allow the review of their safety management systems, however, it is anticipated that most of those visits will occur following the summer break. The Team is currently reviewing both the pricing and content of the SLA to ensure Sefton's provision remains both affordable and attractive as a package. This should help to retain the schools we currently contract with, as well as potentially attracting those schools who have sought alternative solutions.
- 4.1.10 Risk assessment remains the mainstay of health and safety and the health and safety team receive such documents from a range of sources, including corporate departments, schools (via the Evolve database) and from event organisers (via the Events Safety Advisory Group). We are focused on ensuring that there is consistent approach to risk assessments from these different groups and are providing guidance and support to achieve this. Risk assessments and safe systems of work should be reviewed following accidents or incidents and this message is regularly disseminated by the health and safety team to wider management to secure a more robust due diligence system.
- 4.1.11 The Team is encouraging a general review of risk documentation as we continue progress from the pandemic. Health and safety procedures that may have been suspended, or very much restricted over the last couple of years (as an example, carrying out audits) is now being resumed and this is a policy actively being put into place by the health and safety section. Re-starting the schools' visits programme is an example of this. Similarly, we are promoting the reviews of Display Screen Equipment should take place, especially where there have been changes following Covid.
- 4.1.12 The Team has been assisting Property Services who are the managers of a number of corporate buildings to undertake a review of security arrangements in Magdalen House, following an uptick in reported incidents at the site. The health and safety team are working in conjunction with Property Services to create a report highlighting possible solutions to reduce instances of aggression and its effects within this area. The findings of this report will be disseminated to all relevant service managers to allow consideration within their own buildings.
- 4.1.13 The Team has also been assisting with the review of the asbestos management policy within maintained schools.
- 4.1.14 The Corporate Health and Safety Committee and its Sub-Committees continue to provide good avenues for the quick dissemination of information to both managers and safety leads. Areas of current focus include the need for comprehensive accident investigations to ascertain the immediate, underlying and root causes of that accident. Another area of focus relates to slips, trips, and falls at ground level, which always features highly in most organisations' accident data.

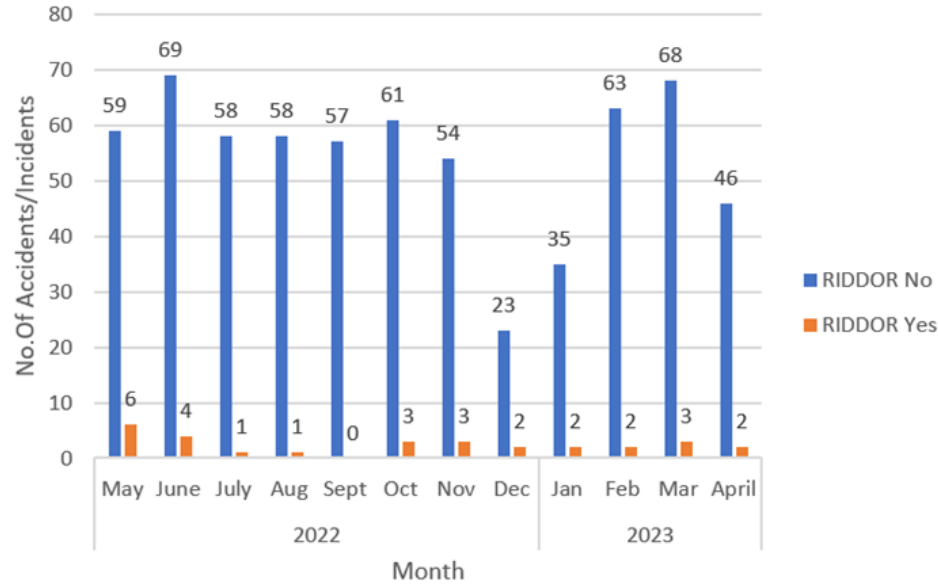
4.14 Other issues dealt with by the health and safety team in the last quarter include:

- Advising in relation to third-party involvement in the running of activities at Crosby Lakeside Activity Centre.
- Advise staff at Thornton crematorium.
- Advising leisure managers on investigation requirements following an incident on council premises.
- The review of Covid screens in Council buildings.
- First Aid and Fire Marshal duties – the practicalities in view of increased home working.
- The next phase of PAT testing and how this is best undertaken.

4.2 Key Incident Data

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

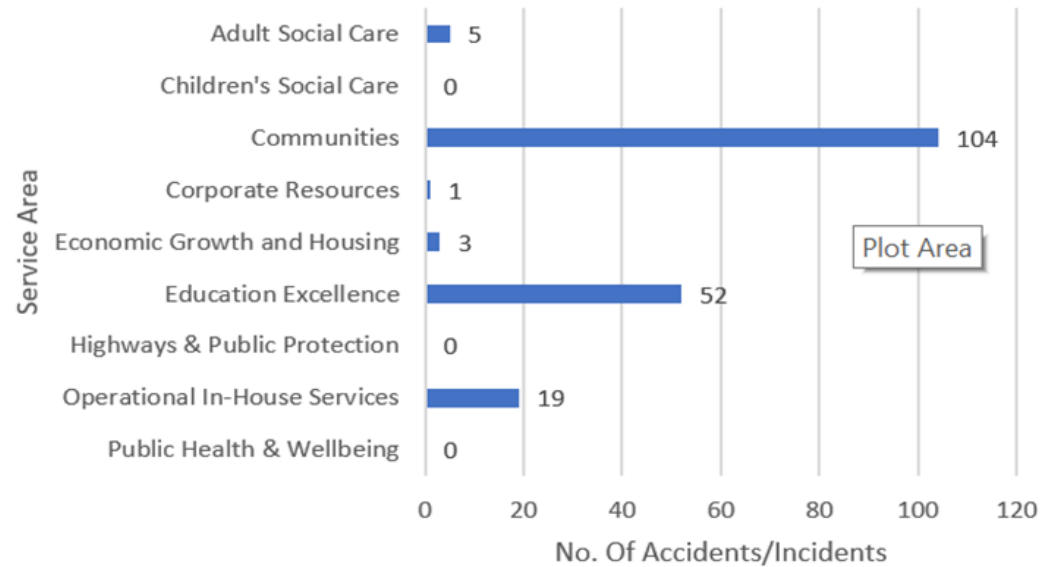
Graph 1 below provides reportable Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) and non-reportable accident and incident data for the Council from 1 May 2022 to 30 April 2023 over the past 12 months.



Graph 1: Accident and incident data between 1 May 2022 to 30 April 2023

The graph shows relatively steady reporting figures, save for a drop in December, January, and April. Drops in reporting can usually equate to more staff being on leave, so the run up and aftermath of Christmas and Easter may have an impact upon this. The expected drop over the summer months of quarter two last year did not apparently occur.

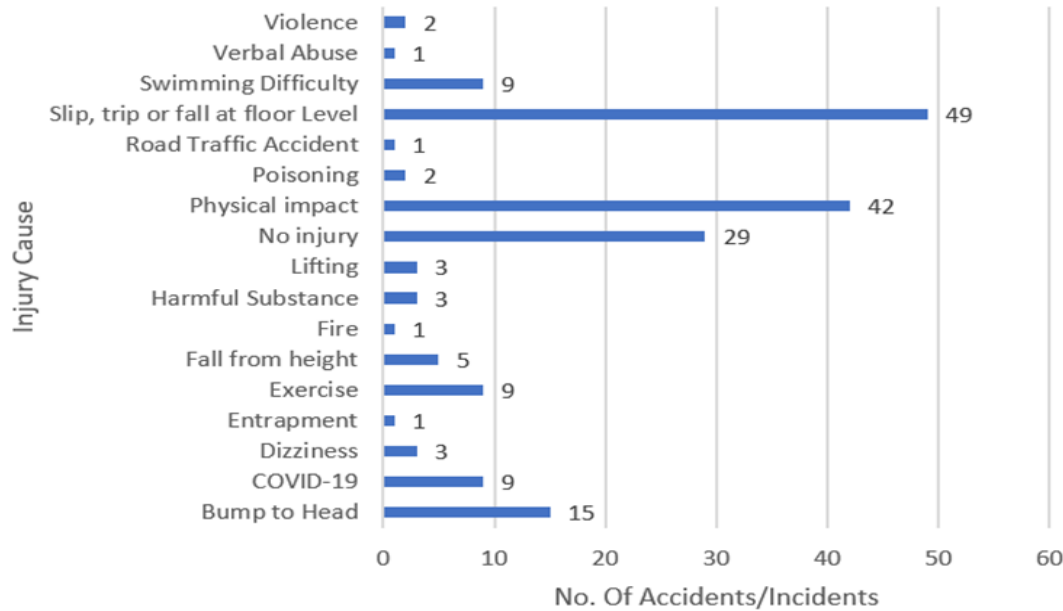
Graph 2 provides accident and incident data comparisons between departments between 1 February 2023 and 30 April 2023.



Graph 2: Accident and Incident data across Council Service Areas between 1st February 2023 to 30th April 2023

The higher the figure can reflect several different aspects. It may be a reflection of the size of the department, as a higher employee count will likely lead to a higher incident rate. Similarly, it can reflect higher risk positions, or possibly, just that one department is better at reporting near misses etc. than others. In the quarter under review, Communities topped the reporting of accidents and incidents. The graph also highlights some potential under reporting by departments and this matter will be raised accordingly.

Graph 3 shows the reported causes of accidents and incidents reported across Sefton Council from 1st February 2023 to 30th April 2023.

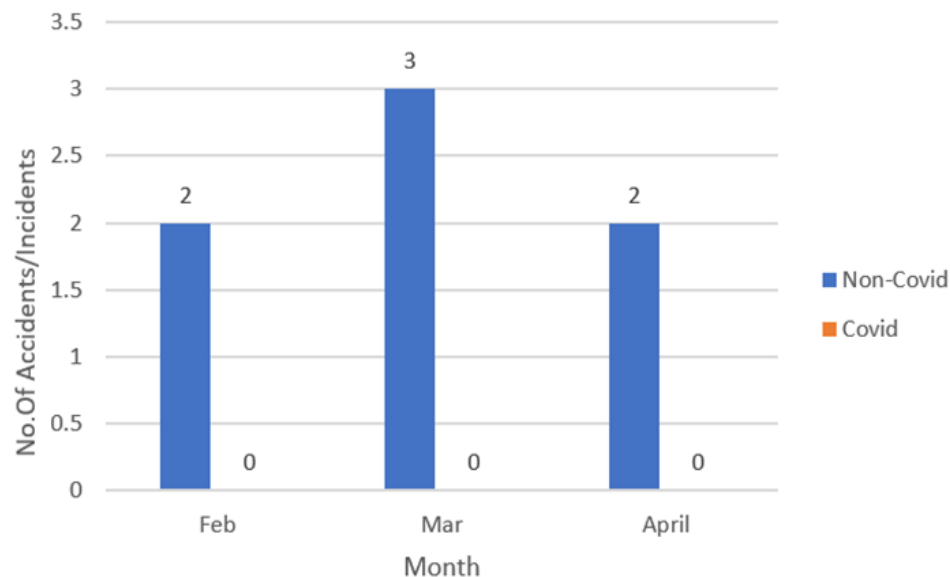


Graph 3: Accident and incident data by Cause between 1st February 2023 to 30th April 2023

Injuries from slips, trips and falls remains highest, however, this must be read in context as many of these will result from playground activity, as will physical impact, which can result from contact sports and games. Instances of physical impact away from where it is expected will be fully investigated.

Covid 19 remains present; however, this should only relate to cases where it can be demonstrated or strongly suspected that it was contracted whilst at work. This will be reiterated to relevant managers to ensure a reduction in future quarters. Covid 19 contracted away from work should be reported under normal sickness reporting and not via accident / incident reporting.

Graph 4 shows the number of notifications made to enforcement authorities and insurers under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), between 1 February 2023 to 30 April 2023.



Graph 4: RIDDOR Reports raised between 1 February 2023 to 30 April 2023

There were no cases of reportable COVID-19 cases due to the changes in the Governments reporting requirements.

As highlighted previously, RIDDOR reporting is currently under review to ensure that only those reports that meet the criteria are put through. Generally, they must relate to an accident and be work related. These elements are crucial. The determination of an accident is defined by the HSE as an identifiable external event that causes the injury, e.g., a falling object striking someone. Feeling a sharp twinge in the back would not be classed as an accident.

Work related is defined as 'out of or in connection with work' – i.e., it must be part of the work process.

4.3 Developments

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.

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.
- Continue to deliver a health and safety monitoring regime across the Council, to schools where the Council retains responsibility for the health and safety as the employer and those schools with a Service Level Agreement with the Councils Corporate Health and Safety Team. This will provide assurance that health and safety management systems are suitable and effective.
- Monitor outdoor education activities, offering advice and reviewing risk assessments for off-site visits and adventurous activities involving young people in schools. This is managed by the EVOLVE system which schools can purchase as part of the Service Level Agreement offering.

- The Team continues to support and monitor schools in the safe storage and where necessary, destruction of their radioactive sources.

5. Insurance: Performance Update

5.1 Work Completed

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

- The major focus of the Team since the last update has been on the preparation for the upcoming insurance tender for the Council's Insurance Programme to be in place for 29 September 2023. As agreed by Cabinet on 9 March 2023, this will be for a three year term, with optional extensions of two one-year periods. The tender is currently live on the Council's The Chest. The result of the exercise will be provided in a future update.
- Following the previously reported consultation with the Council's Maintained Schools to gather views on their participation in the insurance tender, it is pleasing to note that, with the exception of one school, all have indicated that they wish to remain with the Council for insurance cover rather than joining the Government's Risk Protection Arrangement alternative.
In addition, after liaising with the Councils Brokers and Insurers, the Team have secured, at no extra premium, insurance cover for schools who undertake any faith based activities. Previously, schools were required to pay a premium to the Archdiocese to cover such activities.
- The Council continues to defend cases robustly to protect the public purse and, where necessary, will enlist the assistance of Weightmans to provide litigation support for appropriate claims. With Weightmans assistance, two insurance claims were recently successfully defended at Liverpool County Court. In the first, reserved at £15k, cross examination at Trial produced a number of concessions by the claimant in relation to the cause of the accident and how it happened, and this resulted in their subsequent discontinuance of the claim. The second, although a very low level reserved claim, saw the Judge satisfied that the Council had done all that it should in the circumstances by taking reasonable steps in difficult circumstances and therefore found that there was no breach of duty attached.
- The Team has been involved in providing insurance advice to colleagues in Sefton Hospitality Operations Ltd to support their new bar/restaurant facility at The White House, based at Southport Golf Course to ensure adequacy of cover for their growing portfolio of activities.

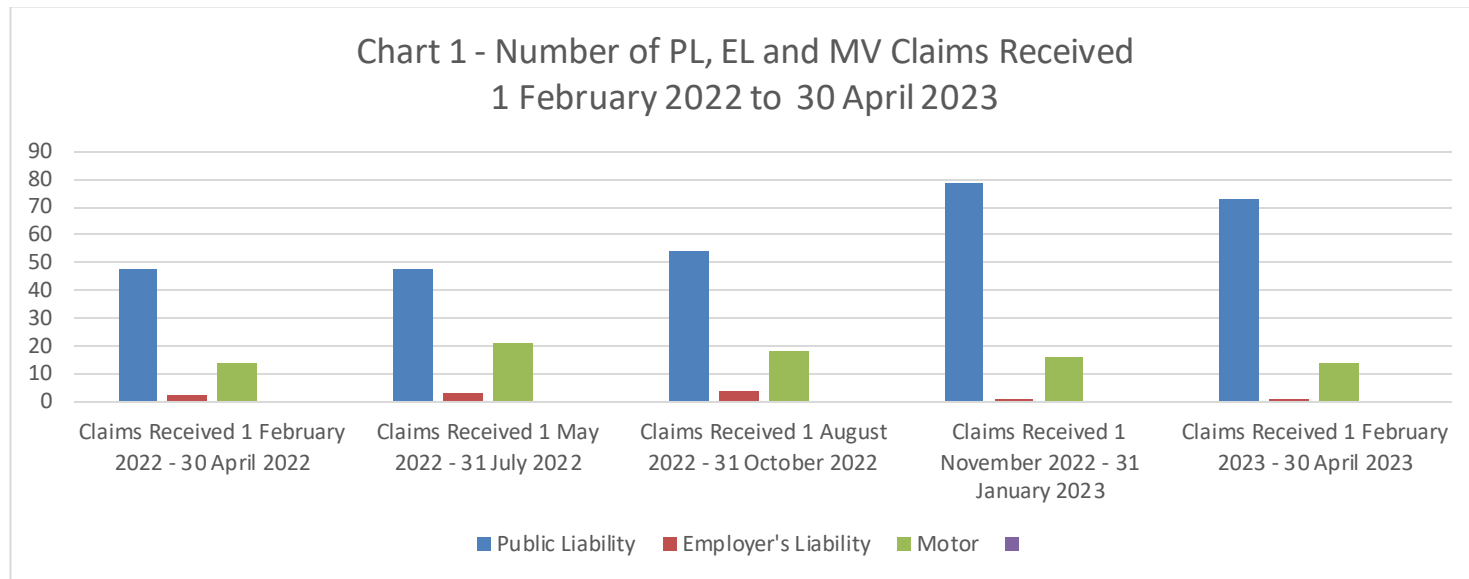
- To assist with major events organised by the Tourism service area, the Team have also assisted in procuring cancellation insurance for both the Southport Airshow and the British Musical Firework Championship to be held later this year.
- The valuation of Council properties reported in previous updates has not been finalised at the time of writing although it is due to be completed by 30 June 2023. The exercise will ensure that the Council has assurance that it has the appropriate level of material damage cover in place for each Council building. An update will be provided at the Committee meeting.
- 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 February 2022 to 30 April 2023.
- Value of the reserves for PL, EL and MV claims received by Sefton Council for the period 1 February 2022 to 30 April 2023.
- The average reserve value for PL, EL and MV claims received by Sefton Council for the period 1 February 2022 to 30 April 2023.

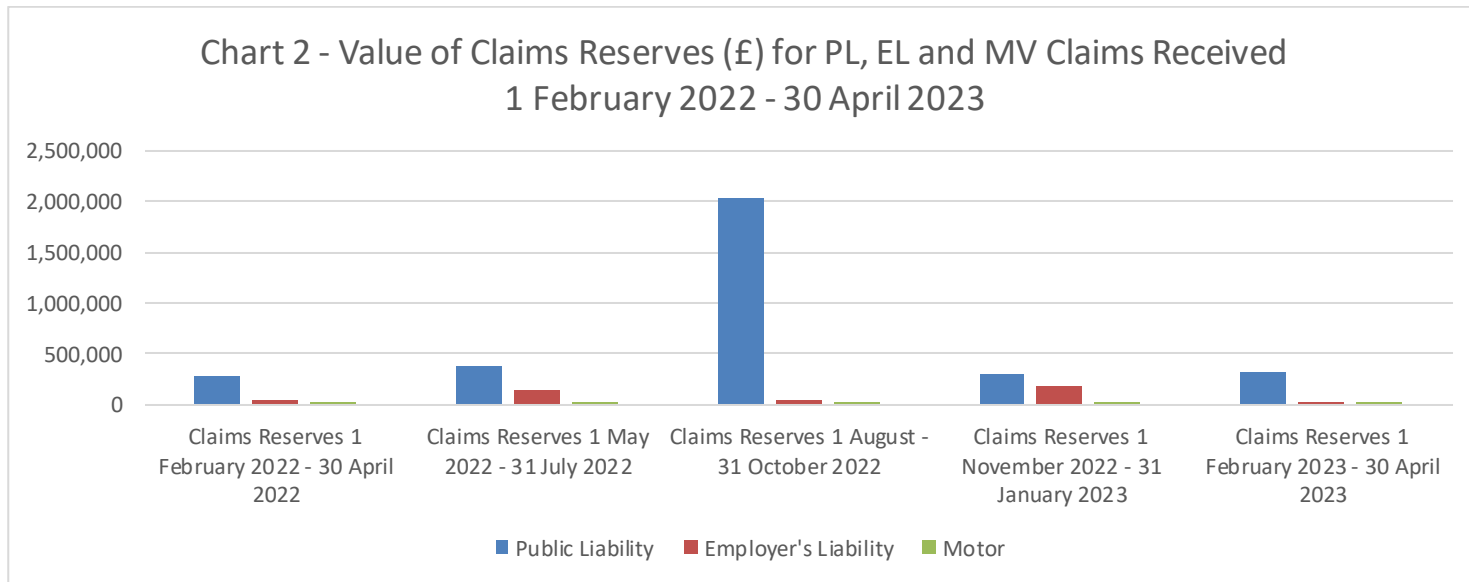
Chart 1 below outlines the number of claims for PL, EL and MV received for the period 1 February 2022 to 30 April 2023.



- 5.2.2 Numbers of PL claims have decreased by 8% from the previous quarter, although are the second highest of the overall reporting period, ending at an increase of 52% from the first quarter. Personal injury claims represent 34% of the claims received with the remainder being third party property damage. The majority of claims relate to the Highways service area which account for 84% of the personal injury claims and 83% of the property damage claims.
- 5.2.3 As per the previous quarter, one EL claim was received which stands 80% lower than at the start of the overall reporting period. Claim numbers continue to be below expectations for the size of the Council workforce.

- 5.2.4 The number of MV claims has decreased by 13% from the previous quarter and ends the overall reporting period in line with those received in the first quarter, and a decrease of 33% from the spike in the second quarter. Own damage claims count for 71% of the claims received with remaining 29% involving third party damage. The Waste and Cleansing service area account for 50% of the claims received. There have been no claims received for personal injury.
- 5.2.5 The current profile in all three areas presents no cause for concern however claim numbers will be monitored for any changes in trend.

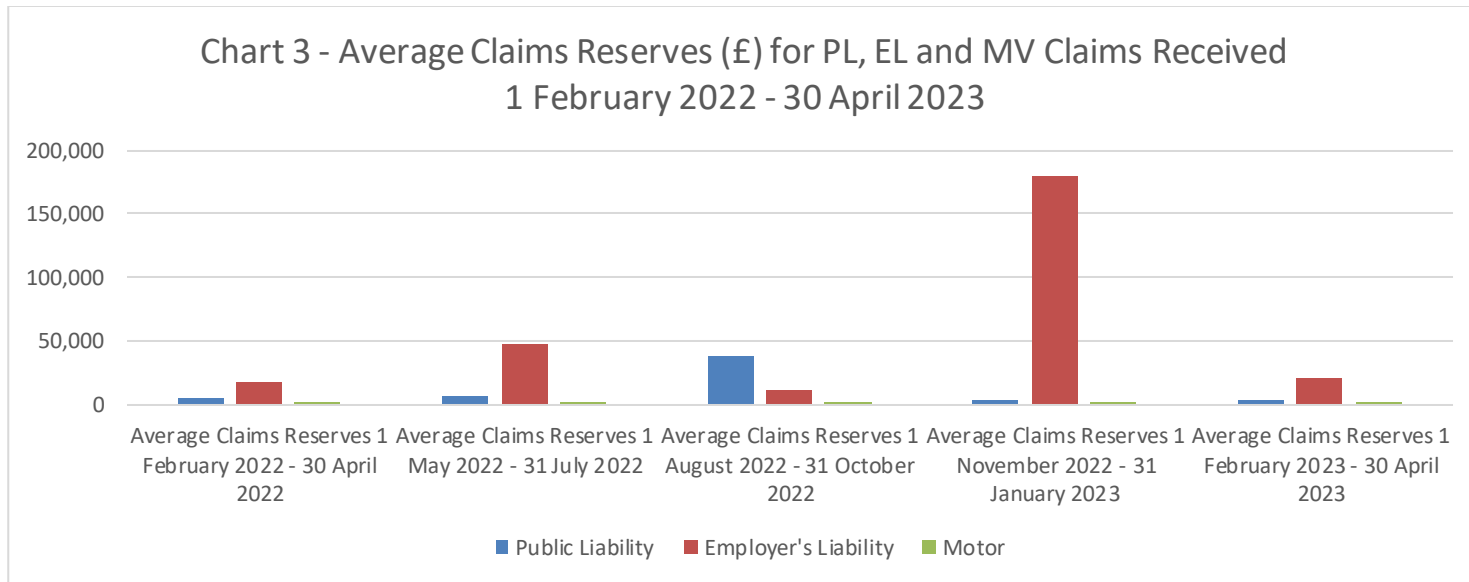
Chart 2 below outlines the value of the reserves for PL, EL and MV claims received for the period 1 February 2022 to 30 April 2023.



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

- 5.2.7 Although there has been a decrease in numbers of PL claims received, due to the nature of alleged property damage and/or personal injury occasioned to third parties, there has been a small increase of 7.9% in the value of claims reserves.
- 5.2.8 Despite the number of EL claims being constant since the previous quarter, claims reserves have seen a decrease of 88%. This is reflected in the type of injury sustained by the employee and any special damages claimed. The reserve value also represents the lowest quarter and ends 43% lower than at the start of the overall reporting period.
- 5.2.9 Despite the decrease in claim numbers since the previous quarter, the value of reserves is the second highest of the overall reporting period at a seismic increase of 509% from the previous quarter and an increase of 101% from the first quarter. As stated above, no injury claims have been received and therefore all costs are repair related and may still be impacted by the effect of both the Covid-19 Pandemic and Ukraine crisis on supply and demand.

Chart 3 below outlines the average value of the reserves for PL, EL and MV claims for the period 1 February 2022 to 30 April 2023.



- 5.2.10 The average reserve for PL claims shows an increase of 17% since the last quarter, although it is the second lowest of the overall reporting period and ends at a decrease of 25% since the first quarter.
- 5.2.11 As reported above, there has been a decrease of 88% in the EL average claim reserve from the last quarter, although this is an increase of 14% since the start of the overall reporting period.
- 5.2.12 The average MV claims reserve, which is the highest of the overall reporting period, has increased by a significant 594% in the last quarter, and has doubled since the first quarter.
- 5.2.13 Trends in claims performance will continue to be monitored.

5.3 **Developments**

- Due to the recent retirement of a long standing member of the Team, a recruitment exercise is currently underway for an experienced Insurance Claims Technician to bolster the strength within the Team and ensure that the service continues to provide a high level of service to both internal and external partners.
- Once the Insurance Tender is live on The Chest, end of June 2023, the Team will work with Brokers to ensure that any clarification questions received from potential bidders are responded to fully and in a timely manner within the agreed timetable of the exercise. In due course, they will also evaluate the bids received before presenting the outcome of scores for approval.
- As reported in the December 2022 Committee, a class action claim has been received by the Council involving historical claims of abuse. The Team is liaising closely with both Insurers and Solicitors acting for the Council and although the matter is still in the early stages of investigation. An additional six claims have now been received bringing the total to 39. Although the claimant's solicitor advises that a further 13 claimants have come forward, the Council or its insurers are yet to receive any correspondence in relation to these. Solicitors acting for the Council are now proposing a cut-off date to reduce the numbers of any further claims being received in the future. Updates on the claim will be provided as the claim develops.

- 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.
- In consultation with Health and Safety colleagues, the Team will continue to make use of the remaining allocation of free of charge Risk Management Days made available as part of the current liability insurance contract. These are utilised to provide service areas with training or advice for their specific roles. Once the 2023 Insurance Tender has been completed and a new contract is in place, more days should become available which will be considered for strengthening any relevant areas.
- To build on the already strong relationships forged, and to ensure the smooth running of all relevant contracts to provide value for money, regular meetings will continue with external suppliers to the Team – Brokers, Insurers, Claims Handlers, and Solicitors. Attendance at webinars will also be accepted where content is relevant and of interest to the Team and the organisation as whole.

6. Risk and Resilience: Performance Update

6.1 Work Completed

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

The Emergency Planning function of the Team is delivered at both organisational and multi-agency levels and the Team remain fully engaged with the planning, preparedness, response, and recovery activities of both the Council and partner agencies of the Merseyside Resilience Forum (MRF). The MRF has resumed pre-pandemic working groups to deliver on the business plan for the coming year and the team maintain strong working relationships and participation in various risk specific task and finish subgroups to plan and deliver multi-agency programmes of work.

The Team regularly promotes and shares invitations to MRF training opportunities to relevant Council colleagues and Emergency Duty Co-ordinators (EDCs) to enhance their knowledge and experience. During February 2023 several members of the council's crisis response team attended training for Emergency Assistance Centres, in April 2023 four colleagues attended a Tactical Emergency Management course and a validation session for the MRF Cyber Resilience Plan was also held.

In March 2023 the UK Government held Exercise Mighty Oak to seek assurance around the response and recovery from a national power outage scenario. The Risk and Resilience team attended the exercise for three days in an observational capacity and a multi-agency debrief was held in April to identify gaps and suggest further actions from the exercise.

As part of the ongoing Covid enquiry and in consultation with the Director of Public Health, the team were asked to contribute to a detailed questionnaire to understand the preparedness through existing plans to the pandemic. The enquiry will be conducted through several “modules” and feedback to the Local Government Association will be ongoing.

A webinar was held to outline the proposals for the introduction of Martyn’s Law (the Protect Duty), and this was attended by the team and various colleagues across the Council. The law will safeguard public spaces are risk assessed and comply with enhanced but proportionate measures to ensure public safety. The team will continue to share information on this subject across the Council as it becomes available.

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

A Business Continuity exercise was held in January 2023 for Assistant Directors and the Executive Leadership Team. Following a debrief, detailing suggested actions to improve the Council’s response, recommendations were be fed back to Strategic Leadership Board and will be part of a Business Continuity improvement plan for the coming year.

The Business Continuity Strategy and Policy documents have been reviewed and updated for consideration by SLB and approval by Audit and Governance Committee.

Following an internal audit review of the Risk Management function the team have followed recommendations and introduced a checklist to ensure compliance of Risk Register completion in several key areas. Feedback on compliance will be provided to risk owners to promote continual improvement.

A further recommendation was to provide clearer definition around roles and responsibilities applicable to both the Risk and Resilience team and all staff with respect to Risk Management. The Corporate Risk Management Handbook has been revised to reflect this additional detail and the handbook is included in these meeting papers for approval by Audit and Governance Committee.

The focus on risk management this quarter has been on working with specific service areas to improve the content of their Operational Risk Registers and ensuring appropriate escalation of risk to the Service Risk Register. This review is on-going, and each service area will have an in-depth study on a rotational basis.

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

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

The Council's Risk Appetite Framework (RAF) has been presented and approved by Strategic Leadership Board and Audit and Governance Committee. The team are currently working on a training presentation to successfully implement the changes associated with the use of the RAF and the detail of the framework has also been included in the revised Corporate Risk Management Handbook.

6.2 Developments

- Major incident plans and processes will continue to be reviewed and updated as necessary or following learning from any incidents.
- Continued engagement and 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 recommendations from the recent exercise.
- Planning an exercise for Business Continuity – Adult Social Care Suppliers
- Continue to facilitate opportunity to exercise and train the current pool of Decision Loggists following the latest exercise held on 8 March 2023
- 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 the limited resources for 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 response in particular to the potential power outages. The support is required in particular to the Health and Safety Team due to the staffing issues following the Health and Safety School and Commercial Advisor leaving in August 2022 and the difficulties in obtaining suitably qualified and experienced staff. Ensuring that there is sufficient capacity within Health and Safety Team to address business as usual, with the tight competent resources that are currently available is a key issue and takes priority over counter fraud work.

From 1 April 2023 the two staff members transferred permanently to the Revenues and Benefit 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 are plans to use this opportunity to restructure the Risk and Audit Team to provide a dedicated qualified counter fraud professional as well as address some other anomalies in the structure. The proposed re-structure has been difficult to undertake due to both the uncertainty from the official recruitment freeze as well as the Council's funding position and previous unplanned absences in the Audit Team. As there remains a recruitment freeze for

23/24 there will be limited progress on counter fraud until the resourcing issues are addressed both in this function and the wider Risk and Audit Team with any action dependent on the clarity on the Council's budget position for 2024/25.

8. Looking Ahead

8.1 The Service continues to develop, with a number of key projects being undertaken to embed the role and influence of the team over the next quarter:

- The embedding of regular risk management review across the Council to ensure that Operational and Service Risk Registers are updated on a regular basis.
- Assisting the implementing of a RAF across the Council should help in the delivery of the Council's strategic objectives by ensuring that governance arrangements receive an assessment of the risks associated with a proposed action and whether it sits within or outside of the prevailing risk appetite.
- Continued delivery of the Internal Audit Plans for 2023/24, focusing attention on reviewing the key risks to the organisation, which will evolve as the Council changes.
- Implement the actions from the business continuity exercise in January 2023 including the completion of the Corporate BC plan.
- Recruitment of Principal Auditor, and one Health and Safety staff.
- Completion of the review of the Health and Safety Policy, work on developing wider occupational health, safety and wellbeing of staff and the finalising of the Annual Health and Safety Report.

- Delivering on the service improvement plans for the Risk and Audit Team.

9. Conclusions

- 9.1 Internal Audit has made good progress in the completion of the revised Internal Audit Plan 2022/23 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 2022/23 audit plan has been promising.
- 9.2 The Council's accident record continues to be positive and there are plans to improve the risk management further by working with colleagues across the organisation with improved training offer.
- 9.3 The Health and Safety team has been continuing to respond to the significant impact of Covid-19 helping to ensure that management put appropriate risk assessments are in place and provide guidance and support to colleagues.
- 9.4 The Council's insurance claims performance remains good.
- 9.5 Further work is planned to improve risk management within the Council by looking at assurance mapping the key risks and embedding the Council's risk appetite through the Departmental Management Teams and the Committee reports. We will continue to ensure that there are risk registers are in place in line with the Corporate Risk Management Handbook.
- 9.6 Progress has been made in embedding business continuity with a focus this year of reviewing the existing BC plans clear road map for the completion of the outstanding business continuity plans shortly and a focus over the remainder of the financial year at testing and exercising the BC plans.

- 9.7 We are developing improvement places across each of the service areas to deliver improvements which will result in improved risk services as well as an integrated risk and audit approach.

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Agenda Item 9

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 July 2023
Subject:	Audit and Governance Committee - Quarterly Work Programme Update Report		
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 Audit and Governance Committee Work Programme has 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 are discharged during the municipal year.

This report provides an update on reports listed for submission at the meeting of the Audit and Governance Committee held on 15 March 2023 and reasons for non-submission of some of the reports listed.

The reports considered at the meeting on 15 March 2023 were listed in the Work Programme for the 2022-2023 Municipal Year, which had been approved by Audit and Governance Committee on 16 March 2022.

The Audit and Governance Committee Work Programme for 2023-2024 was approved on 15 March 2023.

Recommendation:

The Committee is requested to note the Audit and Governance Committee Work Programme update on reports listed for submission to the meeting held on 15 March 2023.

Reasons for the Recommendation

The Chartered Institute of Public Finance and Accountancy (CIPFA) publication - "Practical Guidance for Local and Authorities and Police" recommends as good practice, the provision of an annual Work programme to enable Audit and Governance Committees to discharge their duties in accordance with their Terms of Reference.

Adherence to the work plan ensures that the Audit and Governance Committee has a structured, consistent approach to fulfilling its responsibilities as detailed in the CIPFA guidance.

Agenda Item 9

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

To not have a Work Programme and not update the Committee on reasons for non-submission of expected reports would lessen the effectiveness of the Audit and Governance Committee.

What will it cost and how will it be financed?

(A) Revenue Costs

None directly

(B) Capital Costs

None directly

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no direct resource implications	
Legal Implications: There are no direct legal implications	
Equality Implications: There are no direct 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 reports to be provided to the Audit and Governance Committee in December 2022 as set in the Work Programme and as such does not have any climate emergency implications.	

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: 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 (FD 7297/23) and the Chief Legal and Democratic Officer (LD 5497/23) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee meeting.

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Appendices:

Appendix 1 - Update on Reports listed in the 2022-2023 Audit and Governance Committee Work Programme and ad hoc reports submitted for consideration by Audit and Governance Committee held on 15 March 2023.

Background Papers:

CIPFA – Audit Committees – Practical Guidance for Local Authorities and Police 2022 Edition can be viewed at the following link: [Sefton Home](#)

1. Introduction/Background

The Work Programme for each Municipal Year is an important element in planning the year ahead as being closely aligned with the Terms of Reference, it ensures that the Committee has a structured, consistent approach to fulfilling its responsibilities within the Terms of Reference and helps to ensure the effectiveness of the Audit and Governance Committee. It is also important to note that a degree of flexibility is applied in order that any ad hoc / urgent reports may be considered by the Committee as and when required.

2. Work Programme Update – March 2023

- 2.1 It is good practice to provide the Audit and Governance Committee with regular updates on reports listed in the Work Programme and submission of ad hoc reports for consideration at each of its quarterly meetings.
- 2.2 Appendix 1 provides details of the reports listed in the 2022-2023 Work Programme for consideration at the meeting of the Audit and Governance

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Committee held on 15 March 2023 and the reasons for non-submission of some of the reports listed. It also provides details of ad hoc reports submitted which were not listed in the Work Programme.

- 2.3 As agreed by Audit and Governance Committee on 22 June 2022, update reports on adherence to the Work Programme will be provided to each of the quarterly meetings of the Audit and Governance Committee throughout the municipal year.

**Update on Reports listed in the Audit and Governance Work Programme for consideration by
Audit and Governance Committee held on 15 March 2023**

	Report Title	Inclusion Rationale	Details	Comments and/or reason for delay
	Governance Reports			
(1)	Audit and Governance Committee Self - Assessment	Terms of Reference	Submitted and approved	Moved from December 2022
(2)	Review and approve the Audit and Governance Committee Annual Work Programme 2023-2024	Good Practice	Submitted and approved	
(3)	Review Audit and Governance Committee training requirements	Good Practice	Submitted and approved	Annual report providing update on 2022-2023 provision and proposals for 2023-2024
(4)	Audit and Governance Committee Work Programme Quarterly Update Report	Good Practice	Submitted and Noted	Update on reports listed in the Work Programme for consideration at the previous meeting
(5)	Code of Corporate Governance	Recommended by A&G	Deferred	Moved to meeting on 19 July 2023
	Internal Audit Reports			
(6)	Performance update on Risk and Audit Team including: <ul style="list-style-type: none"> • Audit Team • Health and Safety • Counter Fraud • Insurance and other risk areas such as Business Continuity 	Terms of Reference	Submitted and approved	Quarterly update provided to Members
(7)	Provide a regular report on health and safety	Terms of Reference	Submitted and approved	Quarterly update – incorporated in the Audit and Risk Performance Update report

	Report Title	Inclusion Rationale	Details	Comments and/or reason for delay
(8)	Approval of the Internal Audit Charter and the Internal Audit Plan 2023/24	Terms of Reference	Submitted and approved	
	Risk Management Reports			
(9)	Review of the Quarterly Corporate Risk Register	Terms of Reference	Submitted and approved	Quarterly update provided to Members
	Monitor Role			
(10)	Reporting of the anti- fraud, bribery and corruption strategy	Terms of Reference	Submitted and approved	Quarterly update – incorporated in the Audit and Risk Performance Update report
(11)	Annual report on the Council's anti-fraud strategy	Terms of Reference	Delayed	Deferred until 2024-2025 due to the report author having left the authority
	Accounts, Financial Statements & Treasury Management reports			
(12)	Treasury Management In-Year Position	Terms of Reference	Submitted and approved	
(13)	Write-offs of debt above £10,000 (if required)	Terms of Reference	Not submitted	Matters will be considered as required through the year

	Report Title	Inclusion Rationale	Details	Comments and/or Reason for delay
	Ad hoc Reports (not on Work Programme)			
(14)	Cyber Security	Good practice	Noted and approved	A glossary of terms used in relation to cyber security requested by Members was emailed to Members by the Senior Manager ICT and Digital following the meeting.
(15)	ICT Acceptable Usage Policy	Good practice	Referred to Council for final approval subject to rewording. Approved by Council on 24/04/23	Senior Manager ICT and Digital requested to reword the policy in relation to Use of email (key principles) - bullet point 3 to read: 'Officers should not make any 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'

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