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Sefton Council



MEETING: AUDIT AND GOVERNANCE COMMITTEE

DATE: Wednesday 19 June 2024

TIME: 3.00 pm

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

Member

Substitute

Cllr. Dave Robinson (Chair)
Cllr. Michael Roche (Vice-Chair)
Cllr. Janet Harrison Kelly
Cllr. Joe Johnson
Cllr. Ian Maher
Cllr. Dominic McNabb
Cllr. Dave Neary, PhD
Cllr. Dr. John Pugh
Cllr. Simon Shaw
Cllr. Tom Spring
Rachel Oakes

Cllr. Mike Desmond F.R.C.A.
Cllr. Paula Murphy
Cllr. Leslie Byrom C.B.E.
Cllr. James Hansen
Cllr. Laura Lunn-Bates
Cllr. Judy Hardman
Cllr. Catie Page
Cllr. Mike Sammon
Cllr. Mike Sammon
Cllr. Jen Corcoran

COMMITTEE OFFICER: Amy Dyson Democratic Services Officer
Telephone: 0151 934 2045
E-mail: amy.dyson@sefton.gov.uk

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

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

AGENDA

1. Apologies for absence

2. Declarations of Interest

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

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

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

3. Minutes

(Pages 5 - 14)

Minutes of the meeting held on 20 March 2024

4. Annual Report and Opinion of the Chief Internal Auditor

(To Follow)

Report of the Executive Director of Corporate Resources and Customer Services

5. Corporate Risk Management

(Pages 15 - 74)

Report of the Executive Director of Corporate Resources and Customer Services

6. Risk and Audit Performance

(Pages 75 - 122)

Report of the Executive Director of Corporate Resources and Customer Services

7. External Audit Plan 2023/2024

(Pages 123 - 162)

Report of the Executive Director of Corporate Resources and Customer Services

- | | | |
|------------|---|-------------------|
| 8. | Draft Statement of Accounts 2023/2024 | (To Follow) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 9. | Financial Management Code | (Pages 163 - 192) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 10. | Treasury Management Position to May 2024 | (Pages 193 - 202) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 11. | Sending / Discussing Personal Information Policy | (Pages 203 - 214) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |
| 12. | Unreasonably Persistent and Unacceptable Behaviour Policy | (Pages 215 - 236) |
| 13. | Work Programme Update Report | (Pages 237 - 246) |
| | Report of the Executive Director of Corporate Resources and Customer Services | |

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

AUDIT AND GOVERNANCE COMMITTEE

**MEETING HELD AT THE BIRKDALE ROOM - SOUTHPORT TOWN
HALL, LORD STREET, SOUTHPORT, PR8 1DA
ON 20 MARCH 2024**

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

Councillors Catie Page, Pugh, Shaw, Thomas and
Webster

43. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillors John Joseph Kelly, Spring and Anne Thompson and the Independent Member, Rachel Oakes.

44. DECLARATIONS OF INTEREST

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

45. MINUTES

RESOLVED:

That the Minutes of the meeting held on 13 December 2023 be confirmed as a correct record.

46. 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 rested with the Strategic Leadership Board.

The CIA indicated that since the meeting held on 13 December 2023:

- One new risk had been added to the Corporate Risk Register in the current quarter;
 - Increase in Academisation of Schools in the Borough

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- One risk had been de-escalated and would continue to be monitored on the appropriate Service Risk Register;
 - Requirement to work collaboratively with Sefton New Directions to review delivery model

The CIA informed the Committee that there were on-going initiatives to embed risk management within the Council including assurance mapping and horizon scanning.

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

- The impact of the increase of academies in the Borough
- Any effect on Special Educational Needs or Disability provision
- The rising number of Education, Health, and Care Plans

Following consideration of the report, the Committee received a presentation from the Executive Director of Adult Social Care and Place and the Assistant Director of Life Course Commissioning. The presentation covered the risks associated with the Adult Social Care (ASC) sector:

- ASC Contracted Rates
- Social Care Provision
- Inflation and cost of care impact

RESOLVED: That

- (1) the updated Corporate Risk Register, the nature of the major risks facing the Council and the planned actions in place to mitigate these risks, be noted;
- (2) the progress on the embedding of risk management within the Council be noted; and
- (3) the Executive Director of Adult Social Care and Place and the Assistant Director of Life Course Commissioning be thanked for their presentation.

47. ICT ACCEPTABLE USAGE POLICY - YEARLY REVIEW

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which requested approval for revised security policy documentation relating to the Authority's ICT estate. The Policy Document is a yearly review of the ICT Acceptable Usage Policy which was previously reviewed and approved by the Audit & Governance Committee on 15 March 2023 and by Council on the 13 April 2023. Changes to the ICT Acceptable Usage Policy included the provision

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explicit guidance around Bring Your Own Devices (BYOD) for Council Officers and WhatsApp usage.

The Committee queried whether Councillors would still be able to connect to corporate resources on personal devices.

RESOLVED: That

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

48. TREASURY MANAGEMENT POSITION TO JANUARY 2024

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which provided Members with a review of the Treasury Management activities undertaken to 31 January 2024. The report was the third of the ongoing quarterly monitoring provided to Audit & Governance Committee.

The report included an overview of:

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

RESOLVED:

That the report be noted.

49. SEFTON ASSURANCE MAP

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which set out Internal Audit's and the Risk and Resilience Team's assessment of the sources of assurance for the Audit and Governance Committee on the management of the Council's strategic risks.

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

RESOLVED: That

- (1) the outcome of the Sefton Risk Assurance Map at Appendix A be noted; and

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- (2) the consideration of implications for the Internal Audit annual plans in 2024-25 be noted.

50. 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 2023 to 29 February 2024.

The report discussed 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. It also included an update on the actions from the Corporate Governance Review including progress on the Significant Governance Issues.

RESOLVED: That

- (1) the progress on the revised 2023/24 Internal Audit Plan to 29 February 2024 be noted;
- (2) the contributions made by the Health and Safety, Insurance, Assurance and Risk and Resilience teams in facilitating the management of the Council's key risks be noted; and
- (3) The revised Annual Audit Plan be approved.

51. 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 2024/25.

The Committee asked questions regarding the time period for recruitment.

RESOLVED: That

- (1) the Internal Audit Charter be approved; and
- (2) The Internal Audit Plan 2024/25 be approved.

52. GRANT THORNTON EXTERNAL AUDIT PROGRESS REPORT AND SECTOR UPDATE - FEBRUARY 2024

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which presented the Audit Progress Report for 2023/2024 from the Council's external auditors, Grant Thornton (GT).

The Progress Report included:

- Key Grant Thornton team members
- The auditor's statutory responsibilities
- 2023-24 deliverables
- Audit approach
- Digital experience
- Sector update

The Committee asked for updates on the Council's Statement of Accounts for 2020/21, 2021/22 and 2022/23.

The Engagement Lead from Grant Thornton introduced herself to the Committee and outlined the timeline for an Audit Plan, findings report and annual report.

RESOLVED:

That the Grant Thornton Report for 2023/2024 be noted.

53. REVIEW OF WHISTLEBLOWING POLICY AND REVIEW OF WHISTLEBLOWING REFERRALS 2022 - 2023

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which summarised all complaints received by the Council via its whistleblowing policy in the municipal year 2022 to 2023 and presented a revised policy for approval by the Committee.

RESOLVED: That

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

54. REVIEW OF TERMS OF REFERENCE

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which indicated that it was good practice for the Committee to regularly review its terms of reference to ensure they were fit for purpose. The report specifically asked Members to consider the position of Independent Members on the Committee.

The Committee agreed that the Committee should attempt to recruit a second Independent Member.

RESOLVED: That

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- (1) the content of the report be noted; and
- (2) the relevant officers be asked to start attempting to recruit a second Independent Member.

55. GUIDANCE FOR COUNCIL APPOINTED DIRECTORS

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which presented conflict-of-interest guidance for Members who are appointed as directors on its wholly owned companies for endorsement.

RESOLVED:

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

56. AUDIT AND GOVERNANCE COMMITTEE SELF-ASSESSMENT 2023/2024

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which set out the Self-Assessment exercise undertaken by Audit and Governance Committee Members in consultation with officers from Democratic Services at an informal Audit and Governance Committee Member meeting held on 5 March 2024 via Microsoft Teams.

The Chartered Institute of Public Finance and Accountancy (CIPFA) emphasises the importance of local authority audit committees undertaking a self-assessment exercise to help provide assurance that the committee is soundly based and has in place a knowledgeable membership.

A regular self-assessment can be used to support the planning of the audit committee work programme and training plans. It will also inform the annual report.

RESOLVED: That

- (1) the Self-Assessment document be agreed as a correct reflection of the view of the Audit and Governance Committee;
- (2) the undertaking of a Self-Assessment exercise on an annual basis be continued;
- (3) the Self-Assessment exercise will support the planning of the Audit and Governance Committee Work Programme and Training

Programme and inform the Annual Report be noted.

57. AUDIT AND GOVERNANCE COMMITTEE MEMBER TRAINING AND DEVELOPMENT

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which detailed Audit and Governance Committee Member Training and Development. The Audit and Governance Committee held on 15 March 2023 gave approval for a programme of briefing sessions for Audit and Governance Committee Members and Substitutes to be held one hour (1.45 pm to 2.45 pm) prior to meetings of the Audit and Governance Committee. The report provided:

- An update on the programme of briefings held for Audit and Governance Committee Members and Substitutes in 2023/24 detailed in Appendix 1 to the report.
- Proposals for the 2024/25 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, will be provided annually with a required attendance by Members and Substitute Members of Audit and Governance Committee
- 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 2024-2025.

The Members discussed introducing a consultation process to determine the best time and method for future briefing sessions.

RESOLVED: That

- (1) the update and attendance at the programme of briefings held for Audit and Governance Committee Members and Substitutes in 2023/24 detailed in Appendix 1 to the report be noted;
- (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 2024-2025 and 2025-26 as set out in Appendix 2 to the report be approved;
- (3) the briefing topics listed in Appendix 2 are to be provided in

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accordance with CIPFA identified core areas of knowledge required of Audit and Governance Committee Members be noted;

- (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) in line with the CIPFA Treasury Management Code, it be noted 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 line with the CIPFA Treasury Management Code, 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 2024-2025 be approved;
- (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 2024-2025

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which set out the Work Programme for the Committee for the 2024-2025 municipal year.

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.

RESOLVED:

That the Audit and Governance Committee Work Programme for 2024-2025 as set out in Appendix 2 to the report be approved.

59. AUDIT AND GOVERNANCE COMMITTEE - WORK PROGRAMME UPDATE REPORT

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

This report provided an update on reports listed for submission at the meeting of the Audit and Governance Committee held on 13 December 2023 and reasons for non-submission of some of the reports listed.

The reports considered at the meeting on 13 December 2023 were listed in the Work Programme for the 2023-24 Municipal Year, which had been approved by Audit and Governance Committee on 15 March 2023.

RESOLVED:

That the Audit and Governance Committee Work Programme update on reports listed for submission to the meeting held on 13 December 2023 be noted.

60. EXCLUSION OF PRESS AND PUBLIC

RESOLVED:

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

61. UNRECOVERABLE DEBTS OVER £10,000

The Committee considered the report of the Executive Director of Corporate Resources and Customer Services which asked for approval to write off the debts listed in Appendices A, B and C.

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

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

- Whether there had been any criminal proceedings
- Enquires about specific debts
- Liability insurance

RESOLVED:

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

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62. WRITE-OFF OF IRRECOVERABLE RETAIL-RELATED ARREARS WITH BALANCES OVER £10,000

The Committee considered the report of the Executive Director of Place which requested the authorisation of the Committee to write off the debts listed in the appendix to the report.

As outlined within the Council's Constitution, all outstanding debts of £10,000 and over cannot be written off without Member approval.

RESOLVED: That

- (1) the write off of all individual debts of £10,000 and over detailed in the appendix to this report be approved in accordance with the Financial Procedure Rules. The total net amount for write off is £1,307,512.94 (excl. VAT); and
- (2) the Executive Director (Place) will write off individual bad debts of up to £10k as detailed in the appendix to this report, in consultation with the Section 151 Officer and the Monitoring Officer be noted, in accordance with the Financial Procedure Rules. The total net amount for write off is £131,337.01 (excl. VAT).

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 June 2024
Subject:	Corporate Risk Management		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	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 2024, the Corporate Risk Register has been reviewed and updated.

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

No new risk(s) has been added to the Corporate Risk Register in the current quarter.

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

A presentation on a risk from the Corporate Risk Register will be provided to Members at the June meeting.

The Corporate Risk Management Handbook has been updated to reflect some updates identified by the external risk management review and the risk appetite statement.

The external review of risk management draft report has highlighted a number of recommendations to improve risk management.

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

Recommendation(s):

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

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

(3) Approve the revised Corporate Risk Management Handbook.

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Reasons for the Recommendation(s):

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

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

What will it cost and how will it be financed?

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

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

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): There are no direct resource implications.	
Legal Implications: There are no legal implications.	
Equality Implications: There are no equality implications.	
Impact on Children and Young People: Yes There are a number of Children’s Services related risks in the Corporate Risk Register. There are no direct implications as the existing controls and further actions are a summary of what has already been agreed. Where risks are managed effectively the achievement of the Council’s objectives in this case for Children’s Services will more likely be achieved.	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	Yes
Have a neutral impact	No
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes
The report provides a summary of the risks identified and managed that will impact on the delivery of the Council’s purpose. The Corporate Resources and Customer Services Service Risk Register includes a Climate Change Emergency risk with actions to mitigate its impact and likelihood.	

Contribution to the Council’s Core Purpose:

Protect the most vulnerable: Positive.

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7657/24) and the Chief Legal and Democratic Officer (LD5757/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee meeting.

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

Appendices:

- Corporate Risk Register June 2024
- Corporate Risk Management Handbook

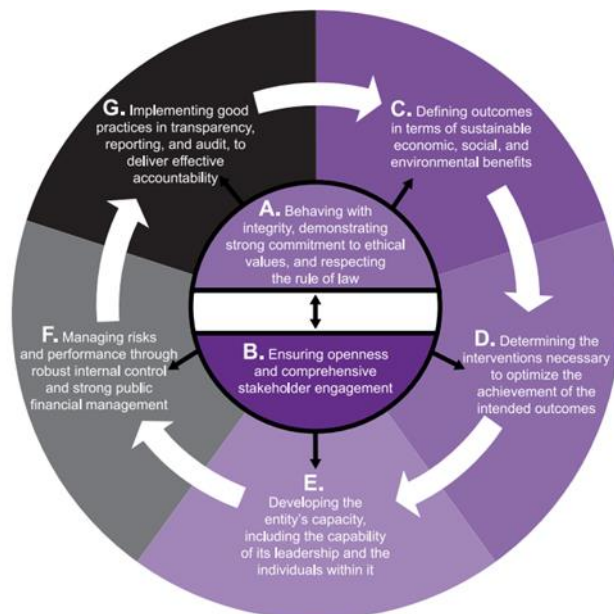
Background Papers:

There are no background papers available for inspection.

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1. Introduction

- 1.1 Risk Management is defined as 'systematic application of principles, approach and processes to the task of identifying and assessing the risk and the planning and implementing of risk responses.'
- 1.2 Chartered Institute for Public Financial Accountant, the key regulator on governance for the Public sector outlines in the publication "Delivering Good Governance in Local Government: Framework"(CIPFA/Solace 2016), the approach to ensure that there is effective governance in place using a number of principles, detailed in the diagram below. One of the key principles is on risk management although risk is a cross cutting theme through the guidance.



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

- 1.6.1 “Risk Management is to be an integral part of the planning and decision-making processes of the Council and that the Strategy is intended to ensure that Risk Management is embedded in the overall planning process.
- 1.6.2 Risk management is a central part of Council’s strategic management and its corporate governance. Effective risk management makes sound business sense and is a good management tool as it helps to ensure that the corporate strategic objectives, in this case Sefton 2030, are achieved. The focus of good risk management is the identification and treatment of risks that could affect the delivery of these objectives.
- 1.6.3 Risk management should be a continuous and developing process which runs throughout the Council’s activities. A systematic approach to identifying and analysing risks is an integral part of all management processes and day-to-day working, rather than a separate initiative.”
- 1.7 The responsibilities for risk management within Council are detailed in the Constitution within the Financial Procedural Rules section. Selected extracts include:
- 123 The Council’s approach to Risk Management is that it should be embedded throughout the organisation at both a strategic and an operational level, through integration into existing systems and processes.
- 124 The Section 151 Officer develops the strategy and supporting framework on behalf of Executive Directors and Heads of Service (Now referred to as Assistant Directors). The Audit and Governance Committee scrutinise the risk management process ensuring the Council’s risks are managed effectively.
- 125 Executive Directors and Heads of Service are responsible for ensuring the Risk Management Strategy is implemented and that the full risk management cycle operates within their Service.
- 128 Executive Directors and Heads of Service are responsible for ensuring risk management is carried out at both an operational and strategic level in accordance with the agreed guidance and procedures.
- 129 Executive Directors and Heads of Service will take account of, and address, corporate risks and inform the Chief Internal Auditor of any service risks that should be considered significant enough to rise to the corporate risk register level.
- 130 Service and operational risk registers, and associated actions, should be reviewed on a regular basis (at least quarterly) as part of the performance management process.
- 1.8 Whilst the process of risk management is routinely undertaken within the Council in a number of areas, both at a strategic level and operationally, it is recognised that there is still scope, to develop a more integrated risk management approach. This report seeks to continue the process of formalising a system of robust Corporate Risk Management and embedding this further into the organisation. The Corporate Risk Management Handbook (CRMH) outlines that there should be

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three tiers of risk registers in place across the organisation which are identified through the scoring of the risks:

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

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

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

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

2. Key Developments

2.1 External operating environment

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

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

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

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

2.2 Corporate Risk Register (CRR)

- 2.2.1 Since the March 2024 update to the Audit and Governance Committee, the CRR has been reviewed and updated. The main changes include:
- 2.2.2 No new risk(s) have been added to the Corporate Risk Register in the current quarter.
- 2.2.3 No risk(s) have been de-escalated to the relevant Service Risk Register.
- 2.2.4 There have been several changes to the narrative within the CRR to reflect improvement in controls and proposed actions.

2.3 Service Risk Register (SRR)

- 2.3.1 The March 2021 update highlighted that the position on the completion of the quarterly updates on the SRRs, in line with the requirements detailed in the Corporate Risk Handbook, would be provided to the Committee indicating how many had been updated and shared with the Risk and Resilience Team on a rolling 12-month basis. A copy of the SRR from each Service Area is requested at the same time updates for the Corporate Risk Register are requested from members of Strategic Leadership Board. The following provides details of the outcome of the SRR response for a rolling five quarters.
- 2.3.2 A total of eight (80%) SRRs have been provided for Q1 2023/24.
- 2.3.3 A total of nine (90%) SRRs have been provided for Q2 2023/24
- 2.3.4 A total of nine (90%) SRRs have been provided for Q3 2023/24
- 2.3.5 A total of nine (90%) SRRs have been provided for Q4 2023/24
- 2.3.6 A total of eight (80%) SRRs have been provided for Q1 2024/25
- 2.3.7 We have worked with all Service Areas to ensure that there is an updated Service Risk Register for this quarter.
- 2.3.8 Focus on work during the next quarter will continue 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

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SRR to CRR where appropriate. It is noted that the escalation process does not appear to be embedded in every Service Area and in some cases SRRs appear to be completed without consideration of ORR content. Some ORRs are not being updated regularly in line with guidance and there are some outliers where ORRs are not routinely in place, and we are continuing to work with Teams to facilitate their completion.

2.5 Proposed actions from June 2021

- 2.5.1 In order to address the issues identified with the embedding of risk management in June 2021, all Assistant Directors were engaged, and the following actions identified and agreed to improve how risk management is embedded within the organisation. As previously reported a number of key actions have been completed with the exception of the following:
- 2.5.2 It is important that to properly embed risk management that risk is an agenda item on the Departmental Management Team in each of the Service Areas on at least a quarterly basis. *Guidance has been provided previously to Assistant Directors on the proposed agenda item and testing of agenda and minutes was undertaken in January 2023. Testing in June 2023 has confirmed a similar picture with all but one Service Area holding at least one formal agenda item each quarter on risk. Testing in September 2023 confirmed a similar position to June 2023 with the same Service Area not holding a formal agenda item on risk each quarter. In May 2024 the testing confirmed that only four service areas had a agenda item on risk over the past three months which is a notable reduction from the last testing.*
- 2.5.3 The sharing of the SRR with the relevant Cabinet Member will take place on a quarterly basis. Assistant Directors were requested to provide evidence in March 2022 that in the last quarters evidence was provided that the SRR had been shared with the relevant Cabinet Member. *Testing in April/ May 2022 as previously reported to the June 2022 Committee update, noted that there had been progress although it was not a consistent picture across all of the Service areas. Testing in June 2023 has confirmed that all but one Service Area has shared their SRR with the relevant Cabinet Member. Testing in September 2023 confirmed that two Service Areas had not or were not sharing their SRR with their Cabinet Member. In May 2024 the testing confirmed that only four service areas had a agenda item on risk over the past three months which is a notable reduction from the last testing.*
- 2.5.4 An e-learning package on risk management is to be launched across the Council during the next 12 months. *We had engaged a risk management provider to the Council, through the external Insurance Programme, to develop e-learning training content on risk management which was completed by end of November 2021. The e-learning content had been received and it was identified further enhancements were required to ensure that it was tailored for the right audience. We have refined the content, and the first part of the e-learning training was finished by the end of June 2022. We have road tested the contents with colleagues and are currently working with Learning and Development colleagues to revise the content and it is envisaged to transfer the content to the e-learning library before wider rollout to Members and colleagues from July 2024.*

2.6 Risk Appetite

2.6.1 Following the approval of the Council Risk Appetite Framework in March 2023 the Team has designed training for the Departmental Management Team members, in each Service Area, who normally completed the Committee papers. This training has been rolled out over the summer and concluded in September 2023.

2.7 Next steps

2.7.1 Following on from the approval of the Sefton Assurance Map in March 2024 by the Committee a further review will be undertaken later in the financial year to update the Assurance Map before bringing back to Members.

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

- We are proposing one of the insurers reviews and provides assurance on the embedding of the Council's Risk Management Strategy during the 2023/2024 financial year. The details of the draft findings are detailed below in section 3.
- With the second insurer we are holding a horizon scanning session with Strategic Leadership Board/ Executive Leadership Team to identify and assess longer term risks which may impact on the achievement of the Council's objectives over the next three to five years. They will also review the Sefton Assurance Map to provide assurance on the work that has been undertaken and to provide highlight any proposed improvements.

2.7.3 We are currently developing Key Risk Indicators for all of the risks in the CRR which will provide through a framework of indicators a quantitative assessment of the risks alongside the qualitative judgement of the risk owners. We have identified a number of measures after discussions with the risk owners and hope to finalise this during the summer of 2024/25.

2.7.4 A review of the Corporate Risk Management Handbook, attached, has taken place which reflects some of the simpler changes highlighted in the external risk management review and the risk descriptors used for the impact scoring to align with the Risk Appetite Framework. A further review of the document will take place in the Autumn 2024 to take forward the more comprehensive changes that the external risk management review has highlighted should be considered. It is planned to bring this back to the Committee in December 2024 for noting.

2.7.5 The Corporate Risk Register will from September 2024 highlight which Cabinet Member, will be responsible for the risk, derived from the risk owner and conversations with Executive Leadership Team.

3. External Risk Management Audit

3.1 The external review undertaken by Gallagher Bassett was completed in February/ March 2024 with the draft report provided on 29 April 2024. The review was completed using the following methodology:

3.2 Stage 1 – Review of Corporate Risk Management Strategy.

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A desk-top review of key documents was undertaken. This review focused upon risk management strategies, policies, plans and procedures, risk registers, and minutes of key meetings in which risk management is discussed.

3.3 Stage 2 – Stakeholder Interviews

A series of 12 x one-hour interviews with key internal stakeholders (mostly risk owners and system users) were undertaken between 7th March and 14th March 2024 to determine how the risk management strategy is implemented and its perceived effectiveness. Interviewees were selected from the senior levels of the management hierarchy including Service Managers, Assistant Directors and Executive Directors from various parts of the Council. An overview of the results of the interview process is detailed within the section of this report titled 'Risk Management Health Check Review Findings'.

3.4 Stage 3 – Online Risk Management Survey

In conjunction with the interview process, a short online risk management survey was sent to 163 managers who had not been invited to participate in the interview process. The results of the online survey are detailed within the section of this report titled 'Risk Management Survey Results'.

3.5 The response to the draft report has not been completed and shared with Gallagher Bassett however the key recommendations include:

- Providing more developmental opportunities for staff at all levels to raise understanding particularly amongst front line leaders.
- Updating the Corporate Risk Management Handbook (and appendices) so that it is more user friendly and is clearly recommunicated and available.
- Raising the profile of risk management by publicly celebrating risk management successes within the Council, as well as publishing lessons learned from failures.
- Identifying ways of integrating risk management more overtly so people are aware it's importance within their roles.
- If cross cutting operational risks are being adequately identified and evaluated in a collective / corporate way.
- In the longer term continue to develop the suite of KPI's associated with measuring the performance of the risk management journey and how it can be used more proactively to exploit opportunities.

3.6 A further update after the final report has been agreed will be provided to Members at the September meeting.

4. Summary of the current position

4.1 Substantial work has been undertaken to attempt to embed risk management across the Council over the past six years through designing a risk framework, providing training, and facilitating the Service and Operational Risk Registers using resources across the Risk and Audit Team to facilitate improvements. Recent work has been drafting the Sefton Assurance Framework and undertaking Assurance Mapping to inform the Annual Chief Internal Auditor's Opinion and the Annual Internal Audit Plan.

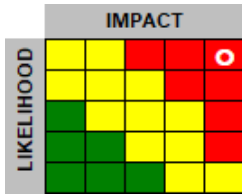
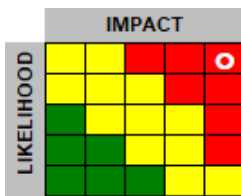
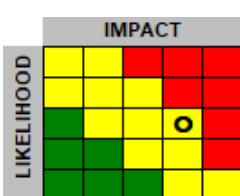
- 4.2 There is clear evidence of engagement by the leadership team in terms of regularly reviewing the CRR. To demonstrate that risk management is embedded at this level engagement should be universal and consistent over time as highlighted in the update. Improvements required include the consistent regular updating of SRRs, considering the outcome of the ORR's when looking at SRR and sharing the SRR with the relevant Cabinet Member and the Risk team when requested.
- 4.3 There has been a slight deterioration in the updating of SRRs over the past 12 months. ORRs remain an area to be improved across the Council and we are continuing to work with teams to facilitate this across the organisation.
- 4.4 The implementation of the Council's risk appetite, will help to further embed risk management within the Council and should improve corporate decision making.
- 4.5 There is further work planned to improve risk management within the organisation through the linking of Cabinet Members to the Corporate Risk Register and the roll out of Key Risk Indicators.
- 4.6 The initial findings from the external review of the Council's risk management review have highlighted areas to improve which we will set out an action plan for the next meeting to consider.

5. Presentation to the Audit and Governance Committee Meeting

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

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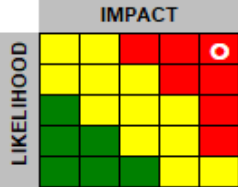
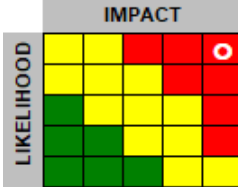
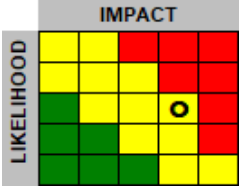
Appendix A - Corporate Risk Register May 2024

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Dedicated Schools Grant High Needs Funding for Special Educational Needs is inadequate to meet requirements.</p>			
<p>Causes</p>	<ul style="list-style-type: none"> • High Needs budgets are under considerable pressure from increasing numbers of children being diagnosed with complex and life-long SEND related issues. • National funding allocations are not increasing annually at a rate to reflect increases in local population demand and so any additional commissioned places need to be financed from within existing budget envelope. • The number and value of requests from mainstream schools for "top-up" funding (for children with SEND) continues to increase year on year as schools face financial pressures to meet the first £6k of any SEN Support. • Maintained special school provision is full and more children are being placed in independent provision which is more expensive. Whilst this issue is being addressed through extra In-house provision, there remain risks that external placements may continue at high additional cost. • Central Government have advocated parental preference for SEND provision - which has added to the number of children being placed in independent provision - with no additional funding. • The current accounting override whereby the HNF deficit is ringfenced will continue until April 2026, but the increasing accumulative deficit poses a significant financial risk to the council 		
<p>Result</p>	<ul style="list-style-type: none"> • Sefton's High Needs cumulative budget deficit is expected to rise to £35m at the end of 23/24 • 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 comprehensive update reports will continue to be reported to cabinet and council 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> • The 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. 		

Appendix A - Corporate Risk Register May 2024

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

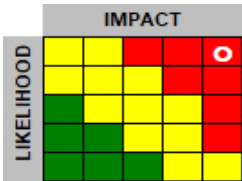
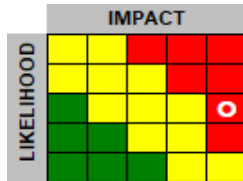
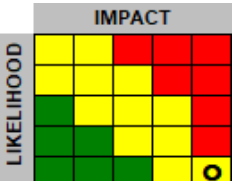
Appendix A - Corporate Risk Register May 2024

Risk Description	Previous risk score	Current risk score	Target risk score
Financial sustainability beyond 2024/25.			
Causes	<ul style="list-style-type: none"> • The national economy, taking into account inflation and direct government funding which has been reflected in the financial settlement for 2024/25 and planning assumptions for 2025/26 and beyond and the demand for services will place substantial strain on the Council's overall medium-term budget. • As a result, significant budget and cost reductions will be required. Due to the scale of budget reductions made since 2010 there is a risk that further suitable cost-saving / income generating measures will be difficult to identify. • The impact on the financial sustainability of the Council is therefore a key risk. 		
Result	<ul style="list-style-type: none"> • The Council will need to identify substantial sustainable savings to meet the funding gap that arises from inflation, potential government grant reductions and increased demand for services for the next 3 year period 2025/26 to 2027/28. • 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 2024/25 at its meeting on 29 February 2024. 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 budget within this approved budget. If there are any variations to the approved budget remedial plans will need to be put in place. 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 22/23 or 23/24, indeed there is no scope to support an overspend from reserves at all • Within that budget report the key issues that need to be addressed within the next MTFP are identified and work will commence from May 2024 on refining these assumptions and the potential budget gap for these next 3 years- this will be reported in a revised MTFP that will submitted to Cabinet and Council in September- work will then commence on bridging this gap as part of the agreed budget planning timetable. This is key to the financial sustainability of the Council with the key risks remaining in Adult Social Care and Children's Services- these have been mitigated for in 24/25 by all budget assumptions having been agreed with the DASS and DCS but that risk remains 		
Risk owner	ED CR&CS		

Appendix A - Corporate Risk Register May 2024

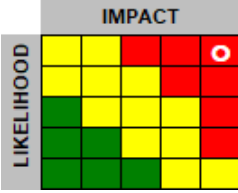
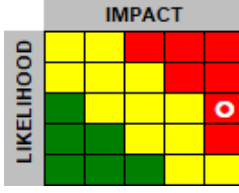
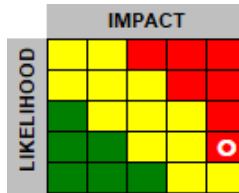
Proposed actions	<ul style="list-style-type: none">•Key financial risk for 2024/25 is delivery of savings within Adult Social Care and Children's Social Care delivering services within the budget agreed with DCS - regular and rigorous financial management, monitoring and reporting is required by SLB•SLB will commence work on the 3 year budget plan for 2025/26 to 2027/28 and an updated MTFP will be presented to Cabinet in September 2024
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Appendix A - Corporate Risk Register May 2024

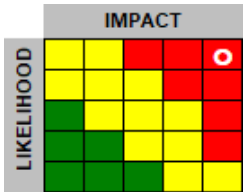
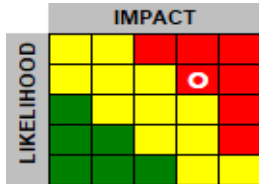
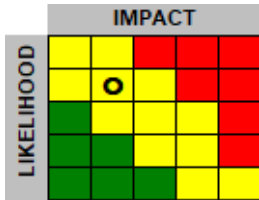
Risk Description	Previous risk score	Current risk score	Target risk score
The Council is the victim of a cyber-attack.			
Causes	Malware, ransomware, or another virus infects the Council's systems.		
Result	<ul style="list-style-type: none"> Services will not have access to systems and data as standard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

	<ul style="list-style-type: none">• Ongoing Cyber Security Improvement plan in place.• External validation and assurance ongoing linked to improvement plan.
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Appendix A - Corporate Risk Register May 2024

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Inadequate capability to prepare for and respond effectively to a Major Incident affecting the Council or occurring in Sefton as per the Council's responsibilities under the Civil Contingencies Act 2004.</p>			
Causes	A major incident occurs affecting the Council or the Borough		
Result	<ul style="list-style-type: none"> Loss of human life, illness, or serious injury Major damage or destruction to infrastructure, property and/or the environment Disruption or loss of critical services such as transport, communications, utility services Reputational or financial harm to the authority 		
Current treatment and controls	<ul style="list-style-type: none"> Emergency Response Manual and Major Incident Guidance in place. Revised Command and Control structure in place which defines Strategic and Tactical level officers. Emergency Duty Co-ordinators (EDCs) are able to access Resilience Direct containing incident response plans. Relevant training provided to Emergency Duty Co-ordinators and volunteers on an ongoing basis. Five EDCs have now completed Multi Agency Gold Incident Commander (MAGIC) accredited training. Attendance and participation in Merseyside Resilience Forum and joint planning across Merseyside. Humanitarian volunteers in place and regular meetings and training now offered. Continuous development and review of supporting plans. Service Level Business Continuity plans now completed. Business Continuity eLearning package available to all staff Business Continuity risk register completed and review on quarterly basis Business Continuity Policy and strategy have been devised and approved. BC exercises completed in January 2023 and March 2024 for Senior Leadership Board Corporate BC plan drafted and endorsed by ELT in January 2024 		
Risk owner	CEX/ED CR&CS		
Proposed actions	<ul style="list-style-type: none"> A Business Continuity Management System has been devised and is currently being implemented. This includes the following: Six monthly review of BC plans and activation exercise undertaken to confirm accuracy of contact details included. External provider to continually provide support in hosting regular BC exercises for all Exec/Assistant Directors. Review and update of BC manual ongoing 		


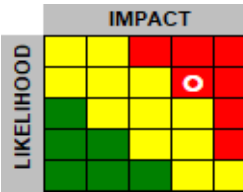
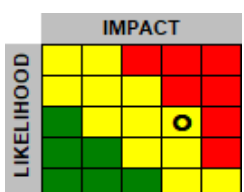
Appendix A - Corporate Risk Register May 2024

Risk Description	Previous risk score	Current risk score	Target risk score
Market Failure of Social Care Provision across Adults and Children's			
Causes	<ul style="list-style-type: none"> • Workforce - Capability and capacity of the available workforce to provide domiciliary care and within the care home market • Strategic - Lack of diversity of supply in the market to provide choice and control. COVID legacy effect on Market. 		
Result	<ul style="list-style-type: none"> • Legal -Inability to provide packages of care for service users and fulfil statutory duty of care and sufficiency duty. • Strategic - Lack of alternative providers able to support social care. Increase in placing young people within Borough, by other LAs placing additional pressure on ASC markets linked to transitions • Operational and Financial - Poor quality service provision and high costs. Significant increase in unmet needs of service users due to a fragile market that is not developing 		
Current treatment and controls	<ul style="list-style-type: none"> • Strategic - Market Position Statement and refresh of Children's Sufficiency strategy 22-25 allows market management. Strengthen governance via actions and oversight of Executive Commissioning Group/Strategic Commissioning Group. Strategic Commissioning Team more permanent capacity to increase resource. Implementation of Commissioning priorities improvement plan. Delivery of Health and Wellbeing Strategy 2020-2025. Implementation of robust and timely Winter Planning/checklist. Regular review of supply chain contracts. Demand Management Programme embedded in adults and children's. Mitigation of market failure by block purchasing arrangements to support hospital discharge. CQC Assurance preparation. Provider Failure Policy updated, regular Cost of Care exercises and Market Engagement Strategies in production to focus on relationship based market management. • Operational - Recommissioning of Local Dynamic Purchasing system for Domiciliary Care. 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. 		
Risk owner	DCS/DASCH		
Proposed actions	<ul style="list-style-type: none"> • Operational - Strengthened oversight of Quality Assurance (QA) with dedicated Senior Manager support will add the ability to refocus QA resources on identified areas of Market Risk. • Strategic - Continue to focus on strategic plans to current contracts to ensure Value for Money and objectives are met. Gather intelligence to inform risks and ensure resilience and capacity. Development of new opportunities through Sefton Place Based Partnership development. Children's High Risk/High-Cost Project, Commissioning priorities and full work plan. Recruitment campaign developed with Market with ongoing input from Sefton at Work - Workforce Strategy now developed, and subsequent Market Sustainability Plan roll out 2023/24. Work includes use of International Recruitment funding to be allocated to Providers. Links maintained with LCR on key market risks (capacity, workforce, cost of living, ceasing of covid funding, demand). New Procurement for Domiciliary Care completed. Integrated commission 		


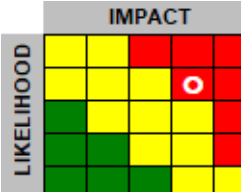
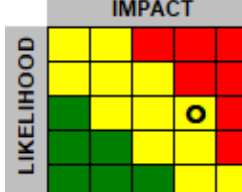
Appendix A - Corporate Risk Register May 2024

	<p>arrangements will develop via new place arrangement. Market Sustainability Plan and Fair Cost of Care Exercise to be sent to Central Government mid Oct. National Government Market Sustainability funding applied to Dom Care and Care Homes 65+. Discharge funding now recurrent through the Better Care Fund. Work continues to mobilise a rapid reablement expansion. Linked to ND review. Work jointly with Health to develop approach to reduction of one to one requests. Cost of Care / fee setting work for 2024/25 is commencing, including Care Analytics being commissioned to support with 2024/25 fee setting work, including analysis of impacts of implementing RLW across all ASC sectors. SOP for fee setting in place. Presentation to A&G committee by DASS on risk 20 March 2024.</p>
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Appendix A - Corporate Risk Register May 2024

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

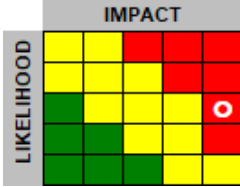
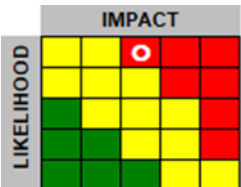
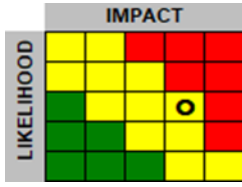
Appendix A - Corporate Risk Register May 2024

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

Appendix A - Corporate Risk Register May 2024

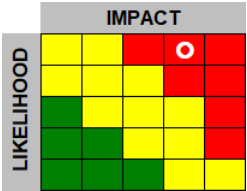
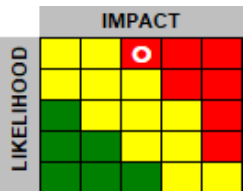
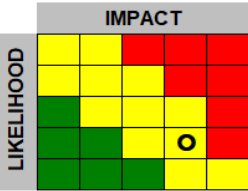
Risk Description	Previous risk score	Current risk score	Target risk score
Increase in academisation of schools within the borough			
Causes	<ul style="list-style-type: none"> National Agenda DfE sponsored academies for schools in a category. Instability within LA Liverpool Diocese supporting academisation 		
Result	<ul style="list-style-type: none"> Potential loss of SLA income Potential loss of LA ability to monitor educational standards. Overall effect on services will mean loss of services and jobs. Impact of timescales between notification of academy order and timing of Cabinet meetings Academisation of Rowan Park (removal of mobile classroom) may result in reallocation of 43 SEN children 		
Current treatment and controls	<ul style="list-style-type: none"> EE team continue to review offer. Engaging with academies to encourage purchase of SLAs. Promote "Sefton Family of Schools" image- working party established to support schools with decision making and to ensure compliance with academies act Review of traded services offer to all schools and academies 		
Risk owner	Assistant Director of Education		
Proposed actions	<ul style="list-style-type: none"> Many of the decisions on academisation are out of council control Individual service areas continue to make attractive and robust SLA offers Work being undertaken (April 24) to understand financial impact of current and proposed transfers and how this impacts operating model of council. This will determine impact on MTFP 		

Appendix A - Corporate Risk Register May 2024

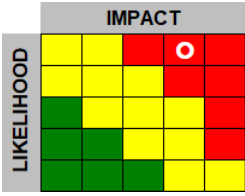
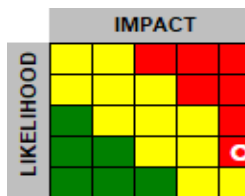
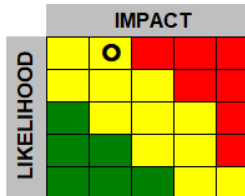
Risk Description	Previous risk score	Current risk score	Target risk score
<p>Failure to Comply with Sections 1 and 10 of the Freedom of Information Act 2000</p>			
<p>Causes</p>	<ul style="list-style-type: none"> • A person requesting information from a public authority has a right, subject to exemptions,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

<p>Proposed actions</p>	<ul style="list-style-type: none">• SLB to continue to ensure appropriate resourcing, prioritisation and focus on information management and governance across the Council include the following:• Monthly reports continue to be sent to Heads of Service with lists of any outstanding FOIA requests, to ensure appropriate action across their service.• Monthly monitoring and review by IMG EG of compliance with statutory timescales associated with requests and numbers outstanding.• Set targets to ensure compliance with ICO recommendations (95% or more of requests are responded to within 20 working days = good, 90 to 95% of requests are responded to within 20 working days = adequate, fewer than 90% = unsatisfactory).• Regular reporting by IMG EG to SLB and Audit and Governance Committee, as necessary, as to the Council's compliance with the FOIA. Compliance statistics to be published on a monthly basis on the Council's website. Q1 statistics will be available at the end of June 2024.• Maximise the opportunities from the Council's ICT Transformation to increase and embed effective information management and governance.
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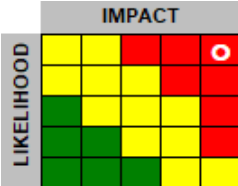
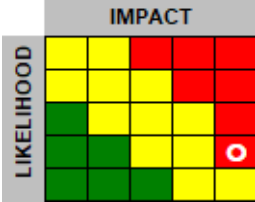
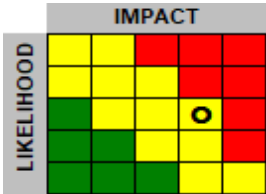
Appendix A - Corporate Risk Register May 2024

Risk Description	Previous risk score	Current risk score	Target risk score
<p>Non achievement of our aim and ambition to secure the best outcome from a CQC assessment, against current local pressures and demands.</p>			
<p>Causes</p>	<ul style="list-style-type: none"> • Strategic - not having in place the right workforce targeted skills, experience and resources to deliver such a significant programme of change, that delivers the best outcomes for Sefton residents. • Workforce - insufficient resources and skills to effectively and responsively meet local demand and pressures across ASC. 		
<p>Result</p>	<ul style="list-style-type: none"> • Reputational - CQC rating for the Council will reflect requiring improvement or inadequate impacts across market, residents and partners. • Operational - Unsatisfactory outcomes for individuals/Carers identified, impacting people who access/use services. • Legal - ASC deemed not be effectively discharging statutory duties in one or more areas of the assurance framework and under Care Act duties and obligations with potential SOS intervention. • Workforce - Impact on recruitment and retention of staff, with service disruption. • Financial - Impact of 'new' regulation additional pressures on ASC budget. 		
<p>Current treatment and controls</p>	<ul style="list-style-type: none"> • Strategic - Executive Assurance Board (EAB) and ELT monitoring and reporting. O&S reporting. Part 1 Codesigned CQC SA completed. Recent Check and Challenge Session held with LGA following last Peer review which has informed transformation programme for 24/25. Other plans in place include HR and Learning Resource, Comms and Marketing Resource, Sefton Safeguarding Board, Workforce Plans. Health and Social Care, Community Partners Continued Engagement in Place. National and Regional ADASS meetings and ADASS/LGA Guide application. • Financial - Budget setting, and transformation reporting and monitoring. • Operational - ASC Operational Assurance Groups and actions reporting to ELT, EAB and SMT. Practice Forums, Let's Chat, LGA to Peer Review Safeguarding (Jan 24) . C&M Assurance Lead Workshops and Learning. Met with Oldham MBC to review best learning from recommendations from LGA. 		
<p>Risk owner</p>	<p>Executive Director of Adult Social Care (ASC) and Health (DASS)</p>		
<p>Proposed actions</p>	<ul style="list-style-type: none"> • Strategic- New transformation programme has been identified and signed off for 24/25 for market transformation, professional practice and workforce- links to assurance self assessment. • Governance - Review of current EAB. Consideration/ implementation of an ASC Quality and Improvement Board. CQC Risk Reporting Framework across operational services regarding (Is it Safe, Effective, Responsive, Caring and Well-Led. Completion of Quality Statements and Local Account. • Resources - Identify corporate strategic resources to support 12 month work programme • Data Reporting and Monitoring - Review CQC Outcomes Data, ELT reporting and ensure are robust. Further Review of Dashboard of waiting list dashboard to support strengthen real time oversight for Exec Director 		

Appendix A - Corporate Risk Register May 2024

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

Appendix A - Corporate Risk Register May 2024

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

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Corporate Risk Management Handbook

Risk and Audit Service
May 2024

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16	Annual Assurance
17-18	Completing the Risk Implications on Committee and Executive Reports
19-24	Annex A <ul style="list-style-type: none"> • Risk Management Strategy • Risk Management Policy Statement • Roles and Responsibilities
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27	Annex C <ul style="list-style-type: none"> • Risk Appetite Framework

Introduction

Our Corporate Plan (2023 to 2026) details our ambition for Sefton to be a confident and connected borough that offers the things we all need to start, live and age well, where everyone has a fair chance of a positive and healthier future.

To achieve this, we have identified our priorities.

- Children and Young People**
- Health and Wellbeing**
- Adult Social Care**
- Working for our Communities Every Day**
- Inclusive Growth**
- Financial Sustainability**

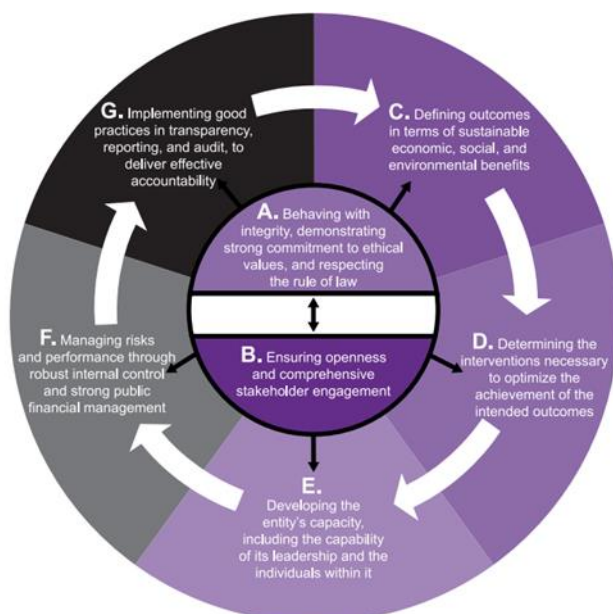
We need to make sure that risks, that prevent or compromise the achievement of our aims and objectives are managed and adequately monitored.

This handbook is to provide guidance to all staff and elected members on the principles of risk management and the approach Sefton takes to formally identify, record and manage risks.

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.

The Chartered Institute for Public Finance and Accountancy, the key regulator on governance for the public sector outlines in the publication “Delivering Good Governance in Local Government: Framework “(CIPFA/Solace 2016), the approach to ensure that there is effective governance in place using several principles. One of the key principles is on risk management although risk is a cross cutting theme through the guidance.

Chart below detailing CIPFA -Good Governance Framework



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Principle F – outlines that managing risk and performance through robust internal control and strong public financial management which reinforces that risk management is an integral part of good governance. There are three sub principles which are:

- Recognising that risk management is an integral part of all activities and must be considered in all aspects of decision making.
- Implementing robust and integrated risk management arrangements and ensuring that they are working effectively.
- Ensuring that responsibilities for managing individual risks are clearly allocated.

Each year as part of the Annual Governance Statement a review of each of the principles from the above guidance, including risk management, is undertaken to produce the statement which is included in the Annual Accounts and is approved by the Audit and Governance Committee. This approach is also a fundamental element of the Council's Code of Corporate Governance

The Council's 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.

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 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 by the Risk and Resilience team and implementation of actions are all evidence that help to demonstrate the application of risk management within the Council.

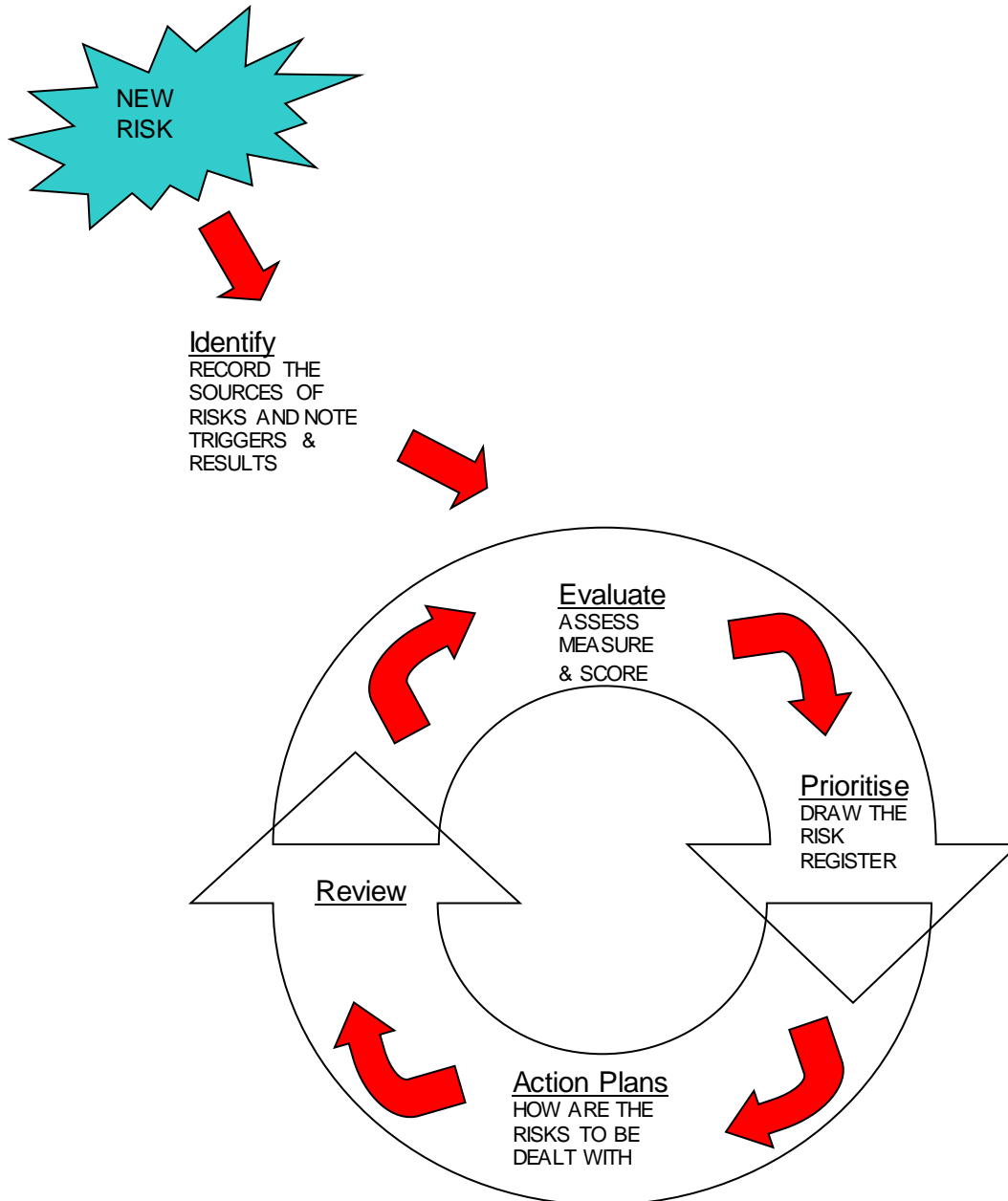
Risk management arrangements will be periodically reviewed based upon the severity of the risk together with an annual review of the strategy and process.

Benefits of Effective Risk Management

- Alerts Councillors and officers to the key risks that may threaten achievement of the Council's plans.
- Enables risk mitigation and management.
- Provides 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.
- Creates focus towards objectives.
- Helps inform and manage change.
- Gives flexibility in responding to issues.
- Supports innovation
- Improves transparency and justify decisions.
- Informs the budget and MTFP process.
- Identifies the appropriate level of controls.
- Shares knowledge in controls.
- Protects reputations.

Risk Management Process

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



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Risk Management Process Model

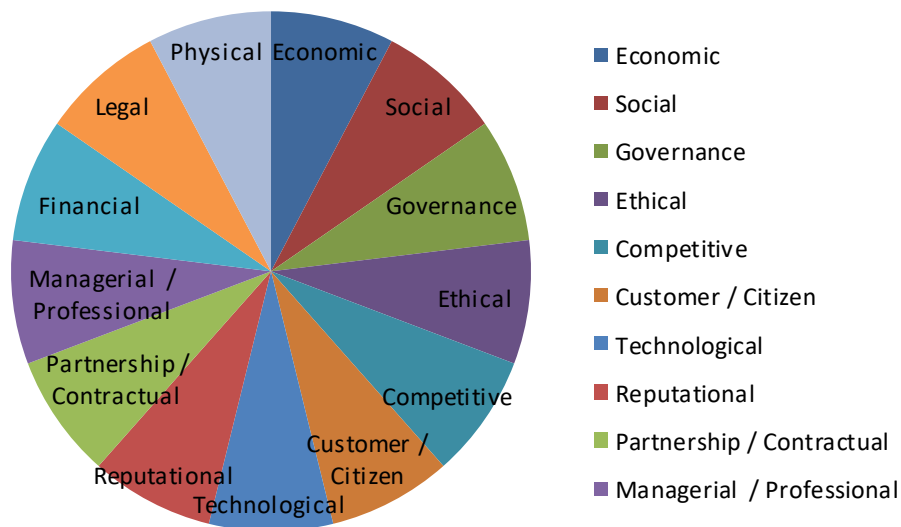
Risk Identification

Officers should devote sufficient time to identifying risk, as this is an important 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 Corporate Plan, team plans 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.

It is crucial that risks are clearly described as the risk register is ultimately a communication tool to help convey a message about a risk event. A good description will usually include the event, its cause or source (trigger) and its consequences/outcome if it materialises (results)

Key Points

- Keep it simple.
- Prioritise the risks in the risk register with the highest scoring residual risks at the top of the register and the rest of the risks in descending order.
- Consider external and internal factors including risk interdependencies 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
- Reputation damage
- Legal compliance
- Government policy
- Health and safety
- E- commerce
- Staff retention
- Integrity of staff
- Fraud
- Security of funding
- Debt management
- Disaster recovery
- Financial external regulators
- Ethics/culture
- Funding availability
- Physical disasters
- Data integrity
- Operational
- IT failure
- Treasury management
- Stakeholder pressure

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Risk Evaluation Scoring Matrix

Recording our Risks

We use a Risk Register to record the risks we have identified. The same format is used for all registers and the information required to complete the register is detailed below.

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/s 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.

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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.
No environmental impact	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

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

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Existing Controls

In this section of the risk register identify the **existing** controls that are in place that are being used to prevent, minimize, or 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, organises, 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 impact 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.

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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 process has been followed?

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 proposed 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 reviewed and updated on a quarterly basis to ascertain:

- Whether 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:

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- 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.*

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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

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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. ISO (International Organisation for Standardization) 31000 - Risk management provides principles, a framework and a process for managing risk. It can be used by any organization regardless of its size, activity, or sector.
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 new and emerging risks.
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

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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.
- Encourage regular risk communication by including risk as a DMT/
- SMT agenda item 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.

Departmental/Service Managers

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- Prepare, review and update Operational Risk Registers
- 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

- Identification and reporting of risks to appropriate manager in a timely manner.
- 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 70 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 Team

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 June 2024
Subject:	Risk and Audit Service Performance		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	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 15 February 2024 to 30 April 2024.

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

Recommendation(s):

Members are requested to:

(1) Note the progress on the revised 2023/24 Internal Audit Plan to 31 March 2024 and 2024/25 Internal Audit Plan from 1 April 2024 to 30 April 2024.

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

Reasons for the Recommendation(s):

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

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

What will it cost and how will it be financed?

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

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

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

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): The report outlines the current recruitment activity across the Risk and Audit Team to appoint to existing positions.								
Legal Implications: There are no specific legal implications from the report.								
Equality Implications: There are no equality implications.								
Impact on Children and Young People: There are no direct implications in the report for Children and Young People.								
Climate Emergency Implications: The recommendations within this report will <table border="1"><tr><td>Have a positive impact</td><td>Yes</td></tr><tr><td>Have a neutral impact</td><td>No</td></tr><tr><td>Have a negative impact</td><td>No</td></tr><tr><td>The Author has undertaken the Climate Emergency training for report authors</td><td>Yes</td></tr></table> <p>The Risk and Audit Team has been working mainly from home with exception of the Health and Safety Team who undertake periodic inspections of Council buildings to provide guidance and support.</p> <p>The working from home has reduced the teams commuting and therefore carbon footprint. The revised working practices will continue with the Council's agile working policy although the footprint will slightly increase at this point as staff move back to the office at an agreed frequency.</p> <p>We are currently exploring with the Council's insurers and broker their actions to reduce Climate Change which we will respond on in future reports following renewal when the information is available. One of the audits within the 2022/23 approved audit plan as well as 2023/24 is Climate Change which will provide assurance on the Council's response to the Climate Emergency.</p>	Have a positive impact	Yes	Have a neutral impact	No	Have a negative impact	No	The Author has undertaken the Climate Emergency training for report authors	Yes
Have a positive impact	Yes							
Have a neutral impact	No							
Have a negative impact	No							
The Author has undertaken the Climate Emergency training for report authors	Yes							

Contribution to the Council's Core Purpose:

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

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that the Core Purpose is delivered.

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

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

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

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

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

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

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

What consultations have taken place on the proposals and when?

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(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7685/24) and the Chief Legal and Democratic Officer (LD.5785/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee meeting.

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Appendices:

The following appendices are attached to this report:

- Risk and Audit Service Performance Report
- Institute of Internal Auditors publication Updating Standards for a Changing World

Background Papers:

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

- Internal Audit Plan 2023/24 (as approved by this Committee on 15 March 2023).
- Revised Internal Audit Plan 2023/24 (as approved by this Committee on 6 September 2023 and 13 March 2024).
- Internal Audit Plan 2024/25 (as approved by this Committee on 13 March 2024)

1. Introduction

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

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

1.3 The Service has the following objectives:

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

Agenda Item 6

- 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 15 February 2024 to 30 April 2024, and gives members a detailed overview of the following areas:
- Internal Audit:
 - o work undertaken in the period, including a summary of work and an outline of the high priority recommendations made
 - o performance against Key Performance Indicators
 - o developments relating to this part of the Service
 - Health and Safety, Insurance, Assurance and Risk and Resilience:
 - o work undertaken in the period, with key data provided
 - o developments relating to these parts of the Service
- 1.6 The report concludes by looking ahead to the forthcoming activities being undertaken by the service.

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Risk and Audit Service: Performance

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Audit and Governance Committee
19 June 2024

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

Agenda Item 6

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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 2024 to 30 April 2024.

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

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

1.3 The report highlights the following key points:

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

2. Introduction

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

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

1.4 This report summarises the main aspects of the performance of the Service for the period 1 March 2024 to 30 April 2024, covering the following areas:

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

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

3. Internal Audit: Performance Update

3.1 Completion of Audit Plan

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

Audit Engagement	Audit Opinion	Recommendations			Current Audit Engagements		
		High	Medium	Low	Draft	Final	Progress since last update
Our Lady Star of the Sea	Moderate	0	2	2	26-02-24	22-03-24	Final Report issued
Freshfield Primary	Moderate	0	1	3	26-02-24		Draft Report issued
St John Bosco Primary	Moderate	0	3	2	26-02-24	18-04-24	Final Report issued
Crosby High School	Moderate	0	2	3	26-02-24	20-03-24	Final Report issued
Our Lady of Compassion	Moderate	0	3	1	26-02-24		Draft Report issued
Our Lady of Walsingham Primary School	Moderate	0	2	1	19-04-24		Draft Report issued
Our Lady Queen of Peace	Minor	0	1	1	19.04.24		Draft Report issued
St Philips CE Primary	Moderate	0	1	3	19.04.24		Draft Report issued
Maricourt High School	Negligible Risk	0	0	1	19.04.24		Draft Report issued

Audit Engagement	Audit Opinion	Recommendations			Current Audit Engagements		
		High	Medium	Low	Draft	Final	Progress since last update
Petty Cash	Moderate	0	2	5	21.03.24		Draft Report issued and response received.
St Edmund and St Thomas	Moderate	0	4	2	01-10-24	20.03.24	Final report issued
St Nicholas Primary	Minor	0	0	1	28-02-24	22.3.24	Final Report issued
Pupil Place Planning	Minor	0	1	2	26-02-24	21.3.24	Final Report Issued
ASC Market Sustainability	Moderate	1	5	0	01.03.24	18.03.24	Final report issued
Climate Emergency	Minor	0	0	1	18.03.24	23.04.24	Final report issued
Sefton New Directions 22/23	Moderate	5	8	0	25-01-24		Draft Report issued and response received.
Public Health Commissioning - Living Well	Minor	0	0	1	28-02-24	26.03.24	Final Report issued
Risk Management Health Check	n/a				29-04-24		Draft report issued to Chief Internal Auditor for consideration. Five short- and medium-term recommendations and two longer term recommendations.
Tree Management (External Review)					Following up with Management to ensure that recommendations from the review will be addressed. Historically there has been a fragmented approach to tree management which the review has identified and tried to address. The Risk and Audit Team have produced a joint report with Green Sefton, that was presented to ELT for discussion in December 2023. The outcome if that the Assistant Director of Operational In House Services is the duty holder for trees and the report has been shared with the aim that this is included within the proposed workplan to implement tree		

Audit Engagement	Audit Opinion	Recommendations			Current Audit Engagements		
		High	Medium	Low	Draft	Final	Progress since last update
					management across the Council.		
Social Value Outcomes					Draft report prepared		
ASC – Inspection Preparation					Draft report prepared		
Leisure Centres					Draft report prepared		
Waste management					Fieldwork in progress		
Sefton New Directions Risk Management					Draft report prepared		
Major Construction Projects					Draft report prepared		
SHOL Risk Management					Draft report prepared.		
Consultancy / Management Support – Children’s Services					Finalising revised draft reports for fact finding exercise regarding contract expenditure, procurement of agency workers; Code of Conduct and mandatory training.		
Mayor’s Charity 22/23					Independent Examiner’s Report completed to facilitate submission of final accounts for year ending 30 June 2023.		
High Needs Funding					Fieldwork commenced.		
Early Help and Aiming High - Commissioning					Draft report prepared.		

Grants Certified	Value Certified
Food waste collections – capital transitional grant to support the delivery of weekly food waste collections.	£2,644,182
Key Route Network Levelling Up - 2023/24 Q4	£400k
Key Route Network Levelling Up - 2022/23 Q4	£400k

3.2 High Priority Recommendations

There are the following high priority recommendations made in the reports issued since the last update to the Committee.

ASC Market Sustainability - ASC management should develop contract management guidance in accordance with the Council's Contract Procedure Rules and good practice, outlining roles and responsibilities and key processes for recording and storing of contracts, maintaining the Contracts Register and the management/ monitoring of contracts.

Sefton New Directions

- Ensure that Articles of Association and changes to Directors are notified to Companies House within statutory timescales. (2 recommendations)
- Draft budget for the year should be approved before 1 April, start of the financial year, each year.
- The directors' mandatory training programme should be extended to include all statutory responsibilities.
- The Risk Management Policy should be developed and presented to the Board.

3.3 Commissioned Health Check Review of Risk Management undertaken by Gallagher Bassett

The response to the draft report received on 29 April 2024 has not been completed at the time of writing the report and shared with Gallagher Bassett however the key recommendations include:

- Providing more developmental opportunities for staff at all levels to raise understanding particularly amongst front line leaders.
- Updating the Corporate Risk Management Handbook (and appendices) so that it is more user friendly and is clearly recomunicated and available.

- Raising the profile of risk management by publicly celebrating risk management successes within the Council, as well as publishing lessons learned from failures.
- Identifying ways of integrating risk management more overtly so people are aware it's importance within their roles.
- If cross cutting operational risks are being adequately identified and evaluated in a collective / corporate way.
- In the longer term continue to develop the suite of KPI's associated with measuring the performance of the risk management journey and how it can be used more proactively to exploit opportunities.

A further update after the final report has been agreed will be provided to Members at the September meeting.

3.4 2023/24 Resources and Performance

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

Description and Purpose	Target	Actual	Variance and Explanation
<p>This measures the extent to which the Internal Audit Plan agreed by this Committee is being delivered. The delivery of the Plan is vital in ensuring that an appropriate level of assurance is being provided across the Council's systems.</p> <p>Percentage of revised Audit Plan completed.</p>	<p>See graph below.</p> <p>100%</p>	<p>See graph below and narrative.</p> <p>88%</p>	<p>12% variance.</p> <p>The variance is due to a combination of factors the main issue being it being agreed that resources would be diverted to undertake unplanned Children's Social Care work, and additional work to improve the assurance mapping framework have impacted on delivery of the original plan.</p> <p>If these work priorities had been factored into the plan</p>

Description and Purpose	Target	Actual	Variance and Explanation
			then the actual achievement would have been 97%.
<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%	One client survey received during quarter.
<p>Percentage of recommendations made in the period which have been agreed to by management.</p> <p>This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.</p>	100%	100%	No variance

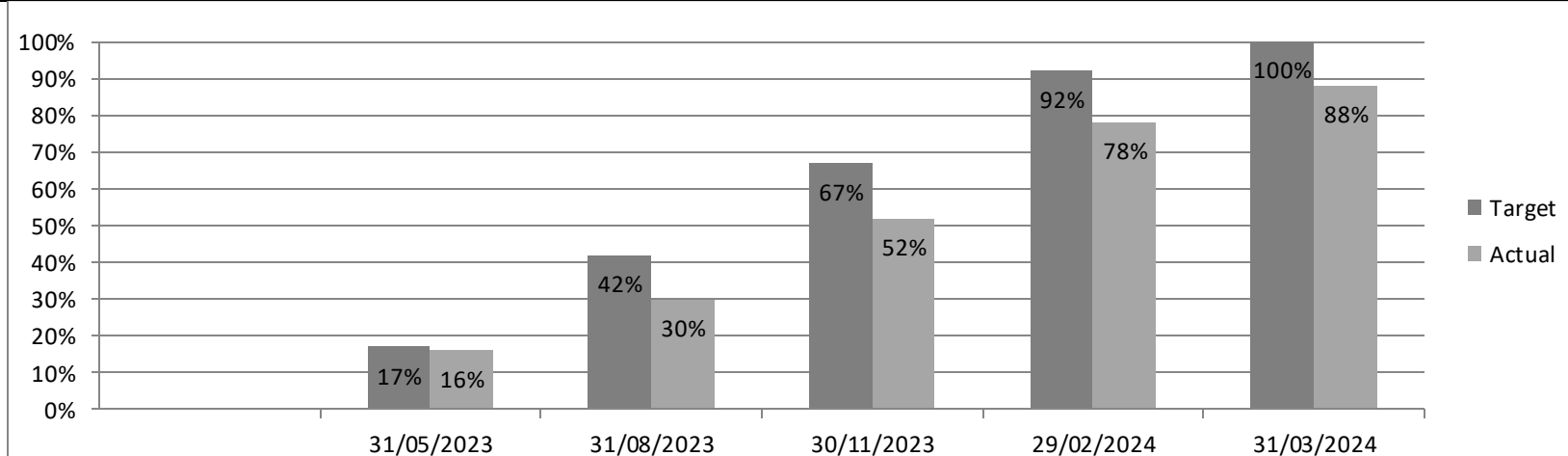


Fig 1: % of 2023/24 Internal Audit Plan completed. Performance in May and August measured against Original Audit Plan, performance in November, February and March against revised plans.

Figure 1 above shows that 88% of the revised audit plan was completed during the year (but see comments in table above).

As reported previously to the Committee, in January 2024, a Principal Auditor joined the team and we have also obtained the services of a second new agency Principal Auditor for up to six months. Currently, the team comprises Audit Manager, four Principal Auditors, a new CIPFA trainee and a part-time trainee ICT-Auditor.

- The CIPFA trainee joined the team from Financial Management at the end of January 2023 and returned to Financial Management in April 2024. On return to her role in Financial Management a new CIPFA trainee joined the Audit team and a smooth handover of responsibilities has occurred.
- Financial Management in February 2023 as part of the audit planning process agreed that a newly qualified CIPFA apprentice (one Full time Equivalent (FTE)) would join the Internal Audit team from July 2023 for two years. The 2023/24 Audit Plan was presented to and approved by this Committee based on this assumption. Financial Management subsequently confirmed that Audit would not receive this resource.
- More than 50-days (6% of the plan) has been spent on fact-finding work to support Children’s Social Care.
- In practice, there is a lead time for new members of the team before they are 100% productive in the delivery of audit engagements. During this time, they complete their formal induction, all the necessary mandatory training courses, learn the Internal Audit process (there are similarities and differences between organisations) and are also starting two or three audits engagements which can be fragmented. New starters will not be in the normal ebb and flow of the audit process for several weeks and we estimate there to be approximately ten development days where new starters are not delivering to their full capacity. For the recruitment in January 2024, there was a slight delay in the start-date compared to the revised has resulted in an additional lost 2% of audit days. Currently, two members of the team have been in post for a few weeks and a third for less than six-months.

Revisions to the Audit Plan 2023/24 were approved by the Committee in September 2023 and March 2024 to better reflect the resources available.

Since the start of the financial year two temporary Principal Auditors have been recruited with one staff member joining in April 2024 and another in June 2024.

The proposed re-structure of the Risk and Audit Team has implications for the Audit Team which includes a new Principal Auditor and the recruitment to the existing Trainee ICT Auditor post as the post holder moves to another position within the Risk and Audit Team. We are currently in the process of starting the recruitment to both positions although as we have discussed when the audit plan was approved the recruitment market remains challenging although we have seen promising signs in the recruitment of the temporary auditors that there appears more candidates available seeking work.

3.5 Public Sector Internal Audit Standards (PSIAS)

In March 2018 the Internal Audit Service was externally evaluated against the PSIAS and was found to generally comply. We report annually to the Committee on our progress and develop an Improvement Plan to further enhance our systems and processes. During 2022/23, the planned external assessment could not be conducted, due to resourcing issues, which has impacted our five-year planning cycle and as a result the service no longer complies with the PSIAS. Despite this, we have completed our annual self-assessment, which will inform our ongoing improvement efforts. Some of the improvements are reported below in 3.10. We are now scheduling an external validation for Q2 2024/25 to ensure compliance with the standards and have contact CIPFA to obtain a review.

3.6 Institute of Internal Auditors International Professional Practices Framework

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

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

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

In January 2024, the Global Internal Audit Standards were issued which will replace the 2017 International Standards for Professional Practice. The 2017 Standards remain in effect for a 12-month transition period until 9 January 2025. The standards apply to any individual or function that provides internal audit services. The Chief Internal Auditor is accountable for the internal audit function's implementation of and conformance with all principals and standards. All internal auditors are

responsible for conforming with the principals and standards relevant to performing their duties. CIPFA have confirmed that revised Public Sector Internal Audit Standards are being developed and will be effective from 1 April 2025.

3.7 Developments and Improvements

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

- Involvement in the development of an across Risk and Audit report on event management in the Council which has been shared with Tourism colleagues. The content has been shared with management within Tourism.
- Involvement in the development of an across Risk and Audit Report on Driving Standards and their implementation including eligibility and competency of staff to drive Council vehicles including the use of electric vehicles
- Continued to monitor staff wellbeing during the prolonged period of home working maintaining frequent regular contact with all team members.
- Completed induction process for one new Principal Auditor.
- Completed three recruitment cycles to recruit two Principal Auditors for fixed terms.
- Continued to implement dedicated team office days to further strengthen our already strong team dynamics.
- Started on the implementation of the Audit improvement plan including
 - Re-structure approved job descriptions evaluated by HR.
 - Completion and implementation of a pre-audit planning document designed to ensure that there is a consistent approach to the start of the review process.
 - Training course on data analytics for one staff member to train the rest of the staff
 - Self- assessment completed for Audit Team against pre-determined competency requirement
 - Priority of work in the Annual Audit Plan
 - Ethics review added to the Annual Audit Plan
 - Disclosure of the use of AI in planning included in standard disclosure.
 - Post audit checklist corporates a check if any non-conformance with Code of Ethics or PSIAS has impacted on the engagement.
- Team is now focused on delivering the revised 2024/25 Audit Plan.
- Trialling shorter weekly update meetings with the team.
- Joint working with the various Risk and Audit Teams on project work. In addition to providing useful project outcomes, it is hoped this will strengthen knowledge and cohesion between teams.

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

- Continue with preparations for upcoming Public Sector Internal Audit External Assessment due in coming year.
- Finalise recruitment of the second Principal Auditor to fixed term post.
- Continue with the implementation of the Internal Audit Improvement Plan.
- Begin the process of reviewing the Global Internal Audit Standards to identify gaps in current processes and documentation and add to the existing Internal Audit Improvement Plan.
- Review the approach to school audits.

4. Health and Safety: Performance Update

4.1 Progress

- 4.1.1 With the addition of new team members in January and March 2024, the corporate Health and Safety team now consists of four team members in post. The resources will allow a more proactive approach in tackling safety issues and has allowed better planning for the coming year via the new health and safety improvement plan.
- 4.1.2 The team continues to be extremely busy in meeting the demands of the council, supporting nearly 8,000 staff (including maintained school staff and schools with a Service Level Agreement in place) in day-to-day health and safety, advising on accidents, incidents and investigations as well as playing the lead role in seven Health and Safety Sub Committees and the Corporate Health and Safety Committee. This also includes advice relating to agency staff, contractors and volunteers working on behalf of the Council. The team is also involved in advising upon events (internally led and external) that occur on council land, as well as overseeing the authorisation process of school visits where they are of an adventurous, overseas or residential nature.
- 4.1.3 The team continues to deliver a range of services across all departments and schools, which can generally be divided into three main areas:
- Policy and communication
 - Operational reactive and proactive response
 - Active monitoring.
- 4.1.4 Health and safety objectives and key performance indicators have been aligned to the council's 'Vision 2030' and 'One Council' initiatives and core values. These are continually reviewed and drive the programme of work, not only for the team but for services areas through the health and safety sub-committees.

- 4.1.5 Health and safety consultation arrangements remain in place, with the Corporate Health and Safety Committee (CSSC) playing a key role in conjunction with the Departmental Health and Safety Sub-Committees. The next scheduled CSSC meeting will take place in June 2024. Seven sub-committees are held and attended by health and safety ahead of the main meeting, where salient points raised feed into the main meeting for further discussion and consideration. The structure provides a good avenue for the dissemination of information relating to that particular department and the wider dissemination via the full Committee.
- 4.1.6 The Health and Safety team has been engaged in a thorough review of asbestos management both in its council buildings and the schools. This has involved inspections of premises and their accompanying documentation, reactive response upon discovering issues containing asbestos, as well as liaising closely with Building Services. A report was provided for Property Service's information in January 2024 for which assurances have been provided that this has been, or is in the process of being, acted upon. Asbestos training has been offered to all maintained and voluntary controlled schools with a view to bringing about better day to day management. This is being delivered by a third party in Environmental Essentials and is conducted in two parts – part one being online and part two, via virtual classroom. Whilst most schools have now completed the training without issue, there are a small number that did not manage to complete for varying reasons. Such non-completion leaves the council in a vulnerable position where those schools are concerned. The matter is therefore being escalated to the relevant senior manager within Education Excellence.
- 4.1.7 With the majority of schools now having completed asbestos management training, the health and safety team will continue to monitor the effectiveness of such management via audit. There is now a requirement for asbestos management roll out across the council for which a report has been compiled for the attention of the extended leadership team. There is a need to identify relevant duty holders and their responsible persons within council departments, ahead of those staff members undertaking the relevant training.
- 4.1.8 The under reporting of accidents, incidents and near misses continues in some departments. Whilst we are not unique in experiencing this, there remains room for improvement, and we continue to promote the issue. The team continues to encourage managers to ensure all accidents, incidents and near misses are reported to ensure safety management is improved, thereby ensuring that the Council is protected in the event of future claims. This will also aid compliance with its

legal duty to report accidents under the Social Security (Claims and Payments) Regulations. The reporting system has been made more accessible to greater numbers, with access now being available directly from the intranet's front page. Reporting rights are no longer just restricted to team managers but also to first line supervisors to relieve administrative burdens and increase information flows.

- 4.1.9 The team continues to review the quality of incident reporting and provides comments in most cases so the inputter is aware that the report has been received and any further action that should take place. A small number of incidents continue to be reported under Reporting of Injuries, Diseases and Dangerous Occurrences Regulations (RIDDOR) when they should not be. It is believed that the number of RIDDOR reports submitted each year can be reduced, thereby only allowing genuine ones to be forwarded to the HSE. We are continuing to educate managers on the criteria for reporting RIDDOR incidents.
- 4.1.10 The team are active members of Sefton Event Safety Advisory Group (SESAG) advising other stakeholders on the Group, as well as event organisers in relation to their responsibilities and best practice. 2023/24 brought about a full schedule of events held across Sefton's parklands and other associated sites, which included everything from music to comedy, food, drink, flowers, fireworks and air displays. All of these have boosted tourism and rejuvenated some of our more disadvantaged neighbourhoods. Whilst most events are relatively low risk in nature, some of the activities incorporated within may be deemed higher risk and require further consideration. Fair rides, inflatables and daredevil stunts are examples of activities that can raise the risk levels of an event and thereby attract the attention of the team. The volume of documentation that can be submitted for such events can be significant. Following an incident at the 2023 Southport Food and Drink Festival, guidance has been formulated relating to the use of inflatable attractions on Sefton land.
- 4.1.11 The Team has recently reviewed the Council's procedures when dealing with event applications, to ensure a more coordinated approach across Service Areas and enhancing systems that are currently in place. The need for improved and coordinated responses is heightened by the forthcoming legislation relating to Martyn's Law, especially regarding security arrangements at some of our larger events. The team has been, and continues to be, involved in considerations and advice around this proposed legislation.

4.1.12 Visits to schools with a Service Level Agreement (SLA) in place continued throughout the last quarter. A significant minority of maintained schools abstained from receiving a health and safety audit in 2023/24. The team is currently arranging audits on a selection of those schools up until the summer closedown to ensure that adequate safety management remains in place. Visits that have been conducted in schools opting in have generally been well received and the team intends to build upon this success for the 24/25 period. A review of the schools' health and safety SLA was undertaken to maximise the effect of the service, retain current customers and stave off approaches from third party competitors. Instead of a full inspection occurring each year that tied the school and our inspecting team member up for a full day (thereby putting some schools off), audits will now be limited to half a day and run over a three-year cycle. A significant number of our maintained schools (around 17) are in the process of becoming academies which will impact upon revenue generated by the team as academies tend to utilise their own health and safety consultants.

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

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

Property Services in relation to:

- fire marshal and first aid provision,
- PAT testing,
- security and aggression in public facing council buildings,

- asbestos management,
- asbestos training
- building etiquette and the
- review of corporate buildings risk assessments.
- Workforce Learning and Development in relation to the establishment of a new health and safety training programme.
- Various parties on the re-establishment of the Workforce Wellbeing Group.
- Adult Social Care in relation to better accident / incident reporting measures and dealing with aggression.
- Operational In-House Services in relation workers working in excessive heat, hand – arm vibration and working in or near water.
- Operational In-House Services and Communities on managing open water spaces and beach environments.
- Various teams regarding a Zero Tolerance of Violence Policy.

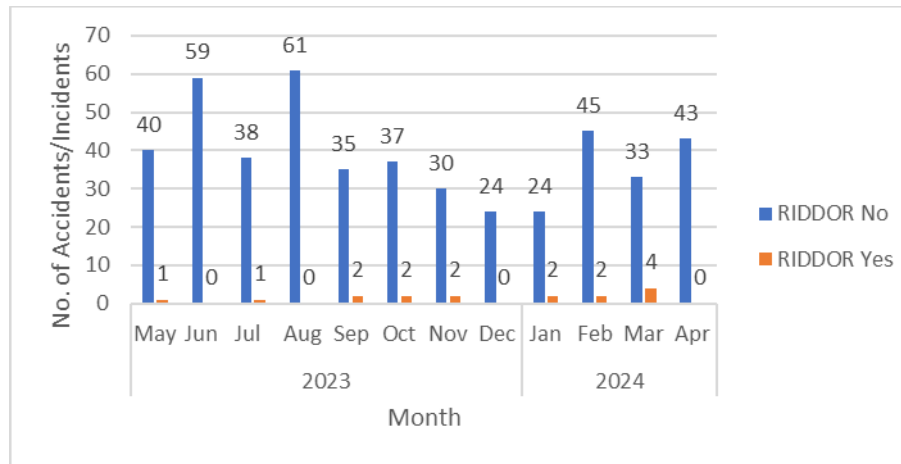
4.1.15 Along with some of the broader projects, the team remains busy with more specific / individual enquiries from both the schools and corporate side. These cover such areas as:

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

4.2 Key Incident Data

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

Graph 1 below shows the number of Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) against Non-RIDDOR accident and incident data for the Council over the past 12 months, from 1 May 2023 to 30 April 2024.



4.2.2 The above are corporate figures, excluding some of the playground bumps and falls of the schools. This shows a total of 469 accidents / incidents across the 12-month period, with 16 being reported as RIDDOR.

Figures have remained relatively steady, with peaks potentially being due to increased usage of leisure facilities over the summer period. RIDDOR reporting in the Quarter 4 of the financial year 2023/24 is high and having reviewed the same, it is believed a couple were extremely borderline, with a further couple incorrectly being recorded as RIDDOR by the reporting manager. Further advice and follow ups will be provided. Accidents reported as RIDDOR since the beginning of 2024 have included:

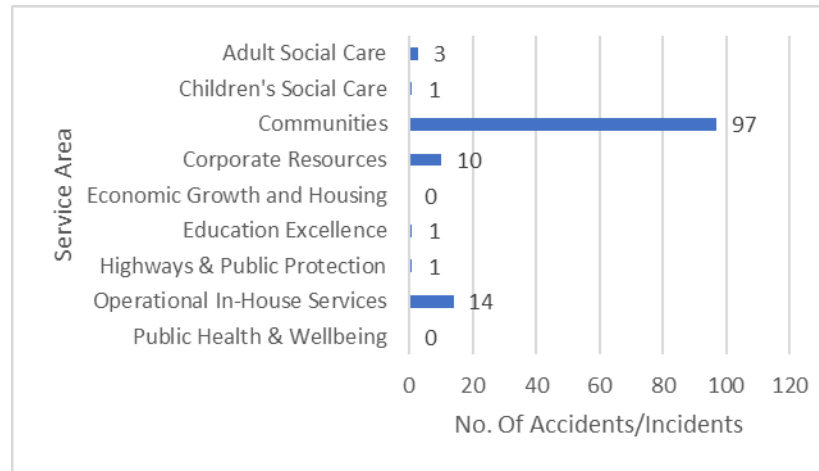
- Injury to foot playing sports – damage to bone.
- Injury to child falling from climbing frame.
- Injury to staff member’s eyes whilst on duty.
- Injury following a trip.
- Significant cut sustained during cleaning operations.

- Vehicle collision.
- Fall at ground level.
- Rolled ankle

Table 1 showing comparisons in accident/incident numbers for February to April 2023 against February to April 2024

Month	2023	Month	2024
February	50	February	45
March	47	March	33
April	35	April	43
Total	132	n/a	131

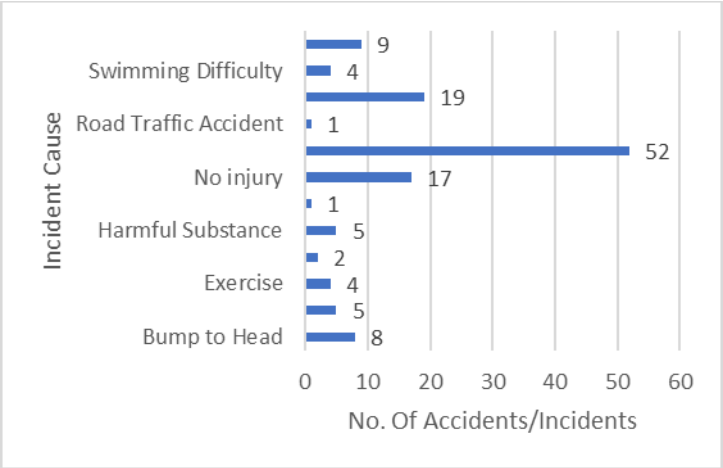
Graph 2 shows Accident and incident data comparisons for Service Areas between 1 February 2024 and 30 April 2024



4.2.3 This graph demonstrates some of the figures per department from the last quarter. Communities' figures have doubled from the last quarter which is perhaps indicative of good reporting in a higher risk area involving children, adventurous activities and

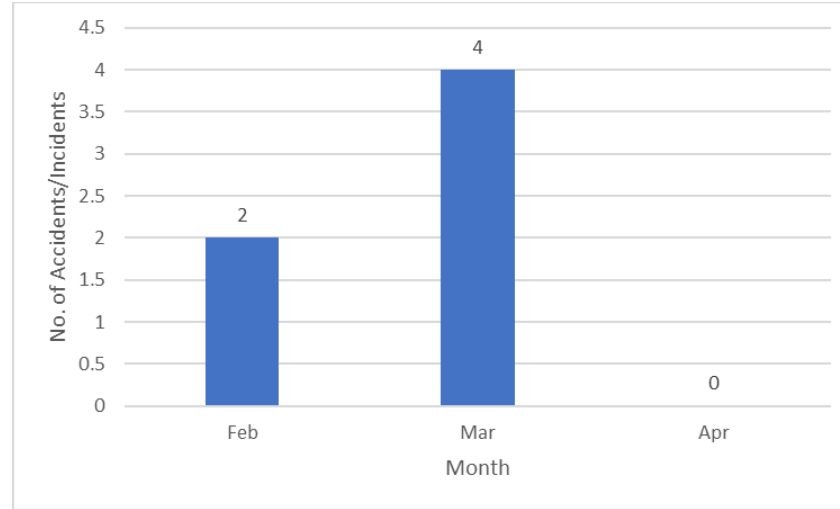
wet surfaces. Figures for Corporate Resources have also doubled, which shows improvement in reporting. Whilst figures for Operational In-House Services remain steady, they are still believed to be on the low side. Adults and Childrens Social Service s incident reporting continues to be obviously low despite attempts to improve this area. There were no zero returns for the last quarter, whereas they have reappeared for this one.

Graph 3: Reported causes of accidents/ incidents reported across Sefton Council from 1 February 2024 and 30 April 2024



4.2.4 No injury incidents tend to be near misses, which are important considerations as they usually manifest into full accidents at a later stage. There was a slight increase in these reporting from 14 to 17 in this quarter, which is positive in terms of better reporting. There was a major rise in physical impact incidents from 17 to 52, however, there was a slight decrease in slips and trips at ground level from 22 to 19. As both physical impact and slips and trips are constantly the highest incidents, across the Council, any decrease is welcomed.

Graph 4: The number of notifications made to enforcement authorities and insurers under the Regulations 2013 (RIDDOR), between 1 February 2024 and 30 April 2024



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

4.3 Developments

4.3.1 A reviewed Health and Safety Improvement Plan has been formulated for the coming year with focus now on delivering that plan. The team will be working with the health and safety sub-committees to develop their own service area improvement plans, considering lessons learnt and areas of good practice.

4.3.2 The Corporate Health and Safety Team will:

- Continue to support managers and head teachers with the review and implementation of satisfactory health and safety management systems.
- Review relevant Health and Safety Standards and Policies, creating and publishing new ones where required. Recently formulated guidance included that relating to conducting home visits, use of inflatables and working from home.
- Continue to review and develop the council wide training needs assessment which will include the creation of accident and incident reporting and dynamic risk assessment into the training provision.
- 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.
- Support the review of event management by Green Sefton and Tourism as well as Open Water safety by Green Sefton and Leisure.
- Continue to deliver a health and safety monitoring regime across the council, to schools where the council retains responsibility for the health and safety as the employer and those schools with a Service Level Agreement with the Councils Corporate Health and Safety Team. This will provide assurance that health and safety management systems remain 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.
- Instigate its responsibilities to conduct visits under the radiation protection officer (RPO) duty in schools.

5. Insurance: Performance Update

5.1 Work Completed

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

5.1.2 As previously advised, cyber insurance policies are being considered using the Council's Insurance Brokers. The exercise launched with schools produced a very limited response in appetite, however quotes for those that showed interest have now been received and sent to the schools for their consideration. Some of the schools have committed to procure the insurance cover with cover starting. The ICT Team are still currently considering the indicative premiums for similar cover for the Council, and to assist with their understanding of the cover are meeting with insurers.

5.1.3 As previously reported, an external contractor was appointed to undertake an Actuarial Report on the Council's insurance claims to determine if the Insurance Fund has sufficient reserves to fund both current and future claims. The report provides an analysis of current claims reserves, a forecast of expected ultimate losses after allowing for volatility and considering emerging risks within the sector. Results from the exercise suggested that the Council considers the sizes of the reserves and this is currently being considered by the Finance Service Manager. The report has highlighted increased numbers of claims and their aggregate value, claims costs have increased to reflect inflation and the potential impact if increased contributions are required to support historical claims covered by Municipal Mutual. The next report will be commissioned at the start of the 2026 calendar year.

5.1.4 The Council continues to defend cases robustly to protect the public purse and, where necessary, will enlist the assistance of Weightmans, the Council's liability insurance solicitor, to provide litigation support for appropriate claims. No court trials have taken place since the last update however Weightmans continue to act in the Council's best interest and negotiate settlements wherever possible.

5.1.5 The Insurance 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.

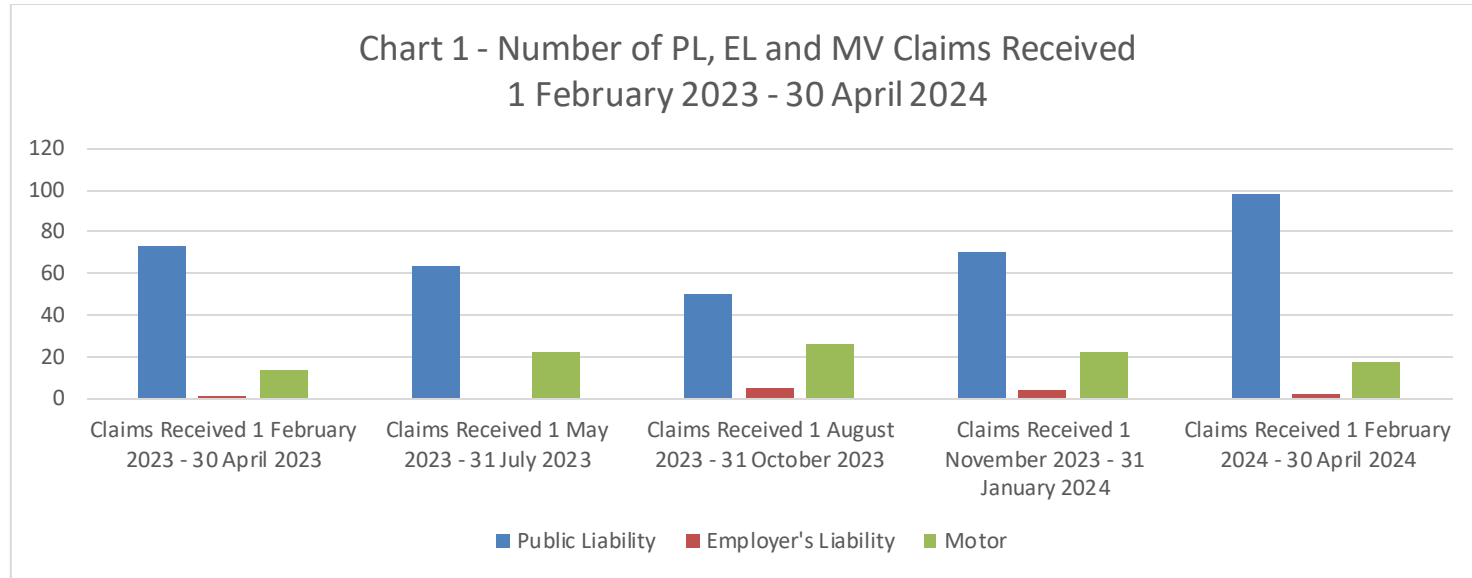
5.1.6 To assist with the above, the Team have recently developed claims experience reports for some service areas which can be built on for a more bespoke service if required. It is intended that these will be provided at a regular frequency in line with the requirements of the service areas.

5.2 Key Claims Data

5.2.1 The following charts outline the insurance performance and include:

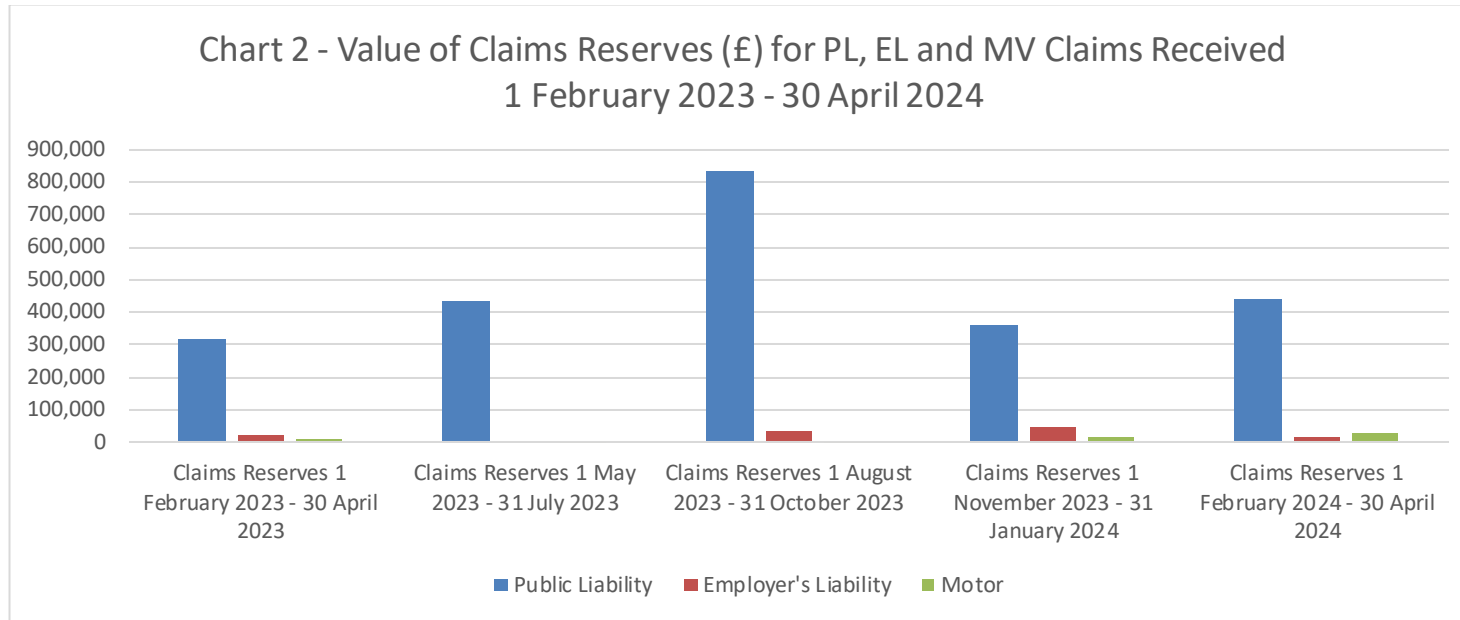
- Numbers of claims for Public Liability (PL), Employers Liability (EL) and Motor (MV) received by Sefton Council for the period 1 February 2023 to 30 April 2024.
- Value of the reserves for PL, EL and MV claims received by Sefton Council for the period 1 February 2023 to 30 April 2024.
- The average reserve value for PL, EL and MV claims received by Sefton Council for the period 1 February 2023 to 30 April 2024.

Chart 1 below outlines the number of claims for PL, EL and MV received for the period 1 February 2023 to 30 April 2024.



- 5.2.2 The number of PL claims has increased by 40% since the previous quarter and represent the highest of the overall period. Personal injury claims represent 28% of the claims received with the remainder being third party property damage. The majority (87%) of all claims received relate to the Highways service area of which 26% relate to personal injury claims and 74% to property damage claims. There appears to have been an increase in pot hole claims which can partly be attributed to the longer winter weather experienced in the period.
- 5.2.3 EL claim numbers remain low, and there has been a 50% decrease since the previous quarter.
- 5.2.4 The number of MV claims has decreased by 18% from the last quarter although is the second highest of the overall period. The Waste and Cleansing service area account for 72% of the claims received with the remainder spread across several service areas. Overall, own damage claims also count for 72% of the claims received with 22% involving third party damage and 6% representing one claim for personal injury.
- 5.2.5 The current profile in all three areas presents no cause for concern however claim numbers will be monitored for any changes in trend.

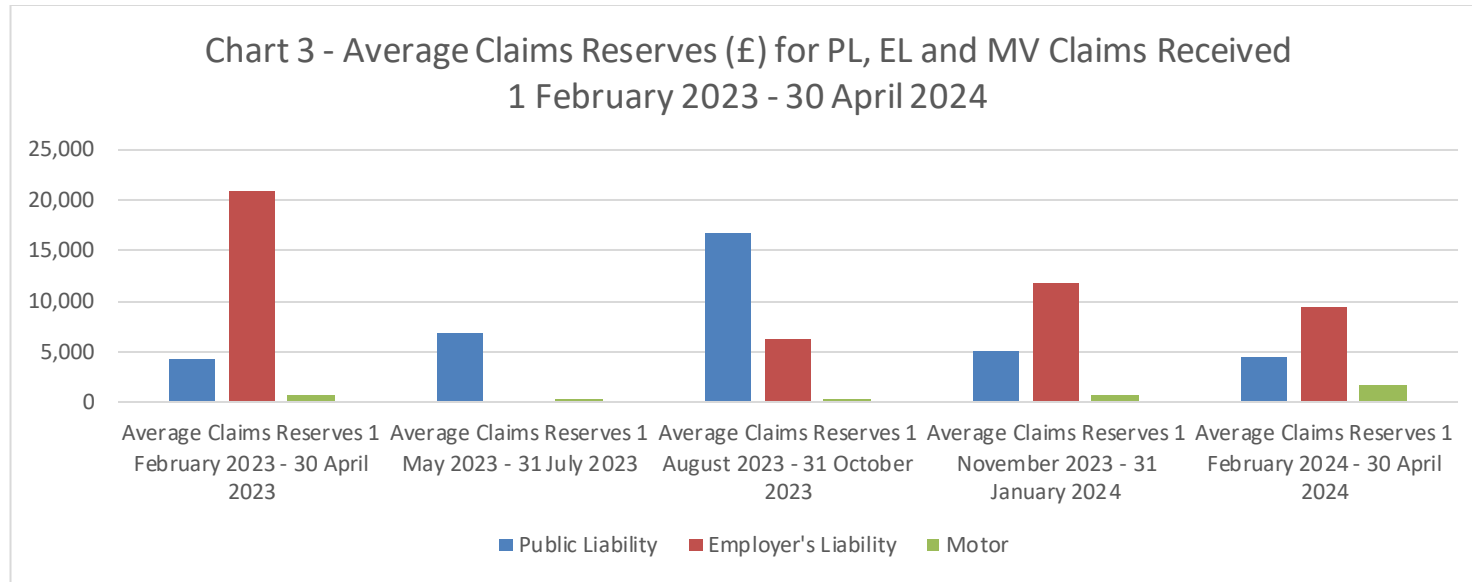
Chart 2 below outlines the value of the reserves for PL, EL and MV claims received for the period 1 February 2023 to 30 April 2024.



- 5.2.6 Claim reserves are allocated by the insurers and/or claims handlers independent of the Council and are determined by the type of injury sustained by the third parties and/or damage occasioned to their property.
- 5.2.7 Following the increase in PL claim numbers, total reserves increased by 22% from the previous quarter and 39% from the first quarter of the overall period. However there has been a decrease of 47% from the middle quarter. This fluctuation can be explained by the type and complexity of injury and/or damage sustained by the third parties.
- 5.2.8 EL total reserves are the lowest of the overall period, decreasing by 60% since the previous quarter.
- 5.2.9 Although MV claim numbers have decreased this quarter, claim reserves are the highest of the overall reporting period having increased by 75% since the previous quarter and 180% since the first quarter. This reflects the repair costs to own fleet and third party vehicles. Of the overall reserve, 40% relates to one own damage claim for the Green Sefton service area

where external engineers have deemed a fleet vehicle a write-off following damage sustained from a falling tree in recent inclement weather.

Chart 3 below outlines the average value of the reserves for PL, EL and MV claims for the period 1 February 2023 to 30 April 2024.



- 5.2.10 The average reserve for PL claims shows a decrease of 13% since the last quarter, being the second lowest of the overall period.
- 5.2.11 The average reserve for EL claims has decreased by 20% since the previous quarter and is the third lowest in the overall period.
- 5.2.12 The average MV claims reserve, which is the highest of the overall reporting period, has significantly increased by 113% from the previous quarter. This has been caused mainly by the receipt of the personal injury claim and also the fleet write-off.
- 5.2.13 Trends in claims performance will continue to be monitored.

5.3 Developments

- 5.3.1 The Team have recently liaised with the Liverpool Archdiocese and Sefton Roman Catholic Voluntary Aided (RCVA) schools with regard to material damage cover provided through the Catholic Insurance Service. Historically this was provided via the Archdiocese for all Sefton RCVA schools, and all other insurance policies, liability and motor, were provided by the Council. However, unbeknown to the Council until after the event, the material damage cover was withdrawn by the insurer with effect from 1 April 2024 although extensions were put in place to 10 May 2024 to ensure that alternative cover was obtained. The Team worked at pace in challenging circumstances with the Council's current material damage insurers to bring the schools into the Council's portfolio and reinstate cover with immediate effect ensuring that there was no break in cover.
- 5.3.2 There was a potential risk that the schools in the event of a potential catastrophic losses with no insurance cover to meet the cost of reinstatement. Although school building valuations have been provided, it is not known when they were undertaken, how accurate they are and if they have subsequently been indexed appropriately. There are additional concerns that mandatory actions from risk surveys carried out by insurers may not have been implemented which may potentially put future cover for the affected school at risk. We are currently exploring how contents figures for the schools were calculated historically to ensure that the schools have the correct level of cover to reflect contents they have. There is ongoing enquiries with the Catholic Insurance Service to gain assurance on valuations and the indexing, or if a desktop exercise or further valuations are required to be undertaken. The Team will continue to work closely with the affected schools and Assistant Director of Education providing updates and assurance when possible.
- 5.3.3 Given the potential conversion of a large number of Sefton maintained schools to academies in this financial year (20 known to date), the Team will be required to determine the effect of this on the subsequent shortfall of insurance recharges collected from the remaining schools and service areas to meet the insurance premiums put forward by Insurers.
- 5.4.4 The main focus of the Team moving forward will be in preparing for the upcoming renewal of the Council's Insurances Programme which takes place on 29 September 2024 (second period of the current Long-Term Agreement in place until 28 September 2026). The required data will be collated in conjunction with Heads of Service and their Teams before being presented to Insurers via Brokers. In line with prior claims experience and the current market, Insurers will then determine their rating and premium to apply to all policies. Current forecasts on the material damage policy indicate that sums insured should be increased by a minimum of 5% and that ratings will be increased by 12.5% which will of course impact on premiums. Indications for liability increases are not yet known. Market indications are that whilst the premium pressure has

reduced on material damage and liability insurance to more normal levels, claims dependent, there is pressure in the motor segment. This is resulting from higher claims costs resulting from delays in repairs, labour shortages, electric vehicle cost repairs, supply chain difficulties, difficulties in getting hold of hire cars etc.

- 5.4.5 The class action claim previously reported now has a total of 61 historical claims of abuse. The Chief Legal and Democratic Officer continues to liaise with the Council's solicitors and Counsel and to date a total of 16 claims have been settled along with interim third party costs. Final third party costs for these are now being negotiated. Discussions will continue as seen appropriate by Weightmans and any progress will be provided in future updates.
- 5.3.6 As the Council continues to change and commercialism develops, discussions will continue with the Insurance Broker to ensure that all new risks/liabilities to the Council are identified, and, if required, relevant insurance cover is sourced and procured to provide appropriate protection.
- 5.3.7 The Team, and the Risk & Audit Team in general, will continue to make use of the allocation of free of charge risk management days made available as part of the liability, material damage and motor insurance contracts. These are utilised to provide service areas with training or advice for their specific roles and to strengthen areas of the Council where relevant. This year we have used the days on reviewing the Sefton Assurance Map, the risk management review and a horizon mapping workshop with ELT.
- 5.3.8 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. The team is attending the annual ALARM conference in Manchester in June 2024, which is this year focusing on risk.

6. Risk and Resilience: Performance Update

6.1 Work Completed

- 6.1.1 The Risk and Resilience Team (Team) continue to ensure progressive development across the key areas of Business Continuity, Emergency Planning and Risk Management and an improvement plan for each portfolio area has been produced for the forthcoming year.
- 6.1.2 The Emergency Planning function of the Team is delivered at both singular organisation (Council) and multi-agency (local resilience forum) levels. Both officers of the Team remain fully engaged with the planning, preparedness, response, recovery training and exercise activities of both the Council and partner agencies of the Merseyside Resilience Forum (MRF). Sefton's Risk and Resilience Team maintain strong working relationships and quarterly attendance at all ten subgroups to fulfil participation in the planning and delivery of multi-agency activities and ensure continuation of partnership links.
- 6.1.3 The Team regularly promotes and encourages opportunity for training and exercising by sharing invitations to Council colleagues and Emergency Duty Co-ordinators (EDCs) about MRF and other appropriate emergency preparedness events to support and enhance their knowledge and experience. During the quarter, Merseyside Resilience Forum circulated the offer of two Strategic level courses, free of charge, for June and October 2024. This offer was shared with all ELT and SLB members. Two officers have agreed to attend the Multi Agency Gold Incident Commander (MAGIC) course in October 2024.
- 6.1.4 A recruitment exercise has expanded the council's Crisis Response Team (CRT) with several new members. The CRT volunteer to support the council's response to a civil emergency in a variety of ways. The Team met with the new recruits to discuss the role and showed a short presentation on the type of incidents they may be asked to support. Information on the

more specialist roles within the team has been provided and dedicated training will be arranged if any new members wish to pursue those roles.

- 6.1.5 The Team are members of Sefton Events Safety Advisory Group (SESAG) and have continued to participate in reviews and meetings with event organisers. The Group meet regularly at this time of year to review the summer calendar of events. As a multi-agency team, they provide advice on the safety of events being held within the borough through consideration of organiser's presentations, event plans and risk assessments submitted and site visits where appropriate.
- 6.1.6 The Team developed, and shared with appropriate partners, contingency arrangements to support the Radox Health Grand National Meeting at Aintree (11 – 13 April 2024). Normal Emergency Duty Cover arrangements were enhanced to ensure correct levels of command and coordination in the event of an incident requiring council support.
- 6.1.7 As part of the Council's Major Emergency Plan arrangements, there has been a review of the current Emergency Coordination Centre (ECC) facility located within Council premises since 2005 due to the cost of updating to reflect current requirements and its current use by staff members. Suitable venues within the council's buildings portfolio were assessed and a new location in Sefton has been identified. This new site was the favoured option due to the capacity of meeting rooms and the existing fixtures/fittings matching the specification required for the activity. The Team will now be looking at moving over any further kit and equipment as needed.
- 6.1.8 An update of each service area's Business Continuity plan continues to be facilitated by the Team in consultation with the plan owners. The service plans will, in turn, each be fully reviewed by ensuring the information captured at team level and included in the Business Impact Analysis documents is up to date.
- 6.1.9 An exercise to test the Council's Corporate Business Continuity plan took place in March 2024. This followed a previous exercise held in January 2023. An external consultant hosted the session, post event feedback is being considered and will be reported to SLB in June 2024.
- 6.1.10 The Business Continuity Plan for Children's Social Care is currently being updated and a scoping meeting has taken place to begin work on this document. The leadership team within CSC is currently reviewing content and will feedback to progress the plan further.

- 6.1.11 Following the Internal Audit review of the Risk Management function the Team have introduced a checklist to ensure compliance of the various risk registers in accordance with the Corporate Risk Management Handbook and good risk management practice. The Team have produced, throughout the quarter, checklists for all completed Risk Registers at Corporate, Service and Operational levels. The results of the checklists are being fed back to relevant risk owners. This is increasing engagement with those risk owners and encouraging robust reviews.
- 6.1.12 The team are currently await the outcome of the review by Democratic Services with the Chief Legal Officer to ensure that the Committee meeting header sheet includes risk appetite before considering whether further support is required for the implementation.
- 6.1.13 During the quarter, the team have attended two Climate Resilience Workshops and several webinars and bitesize risk presentations to improve their knowledge of the current climate change risk landscape. The team have worked with the Energy Team to assist in the development of service climate change risk assessments methodology and to ensure that there is a cross over into the Council's corporate risk management framework on climate change where appropriate.
- 6.1.14 A review of the Council's risk management framework has been undertaken by Gallagher Bassett, the Council's claims management provider, as part of the free risk management days available to the Council. A draft report of the review has now been shared and the findings will be evaluated and responded to appropriately. An update on the key recommendations has been provided in the Corporate Risk Management paper and it is intended that a fuller responses is provided in September 2024.
- 6.1.15 The Team have met with each of the risk owners from the Corporate Risk Register to identify Key Risk Indicators (KRIs). These indicators provide early signals of increasing risk exposures for each Corporate Risk and should be utilised effectively to understand where additional or fewer risk responses are required. The presentation of the Corporate Risk Register is being reviewed to include this information for the next risk management cycle.
- 6.1.16 The team have agreed a phased approach with The Executive Director for Children's Services to introduce Operational Risk Registers (ORRs) across all teams within the service. This will ensure alignment to the Council's Corporate Risk Management Framework. Work began in December with the first two teams and varying progress has been made to draft and develop the ORRs with managers from each team. Due to the number of ORRs to be completed within Childrens Social Care, a stepped plan to undertake work with a couple of teams each cycle will be adopted, and further teams brought on board each quarter.

6.2 Developments

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

7. Assurance and Counter Fraud: Performance Update

7.1 Work Completed

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

There has been a Council wide recruitment freeze for the past two financial years which has affected this area although plans have been drawn up to re-structure the team and provide a Counter Fraud Investigator post. Permission to re-structure the team in advance of the 2024/25 financial year was provided in January 2024.

A team re-structure has taken place and a new Counter Fraud Investigator post has been created and job description created, evaluated and moderated since the last meeting.

In advance of the post holder being in post the following activity has been undertaken:

- An action plan has been drawn up to implement the outstanding actions from the CIPFA Fraud self-assessment.
- Research Counter Fraud Strategies
- A draft Counter Fraud Strategy has been developed and is due to be shared with ELT in July 2024.
- Research on a sanctions policy has been undertaken with Legal Services

- A benchmarking exercise on counter fraud resources, qualifications and target outputs has been undertaken across North West Local Authority “Heads of Internal Audit”.
- Training resources from a neighbouring local authority are being evaluated by both the team and Workforce Learning colleagues to assess whether we can utilise this free resource.
- Requests for completion of Fraud Risk Assessments has been provided to all Assistant Directors and the wholly owned companies. We have had documents from the majority of the Assistant Directors or a timescale when they have been completed and are following up the outstanding areas.
- We have worked with colleagues in HR to incorporate counter fraud as a topic in the induction process.

7.2 Developments

The intention is to appoint into the Counter Fraud Investigator post in June 2023 before considering how additional support can be provided from across the Risk and Audit team, in light of the benchmarking, to provide additional capacity.

The focus on the next quarter is to:

- Finalise the draft Counter Fraud Strategy and present to ELT.
- Develop a draft Sanctions Policy for consideration by ELT before presentation to Cabinet
- Obtain the outstanding Fraud Risk Assessments and evaluate the information provided.
- Develop a Fraud Risk Register from the completed Fraud Risk Assessments
- Evaluate the benchmarking exercise to determine proposals on resourcing for Counter Fraud and qualifications for the Counter Fraud Investigator.
- Progress the action plan from the CIPFA Self – assessment on fraud.

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 completion of the re-structure to re-direct resources into Internal Audit, Risk and Resilience and Counter Fraud and undertake recruitment for vacant posts.
- The embedding of regular risk management reviews across the Council to ensure that Operational and Service Risk Registers are updated on a regular basis. Other work includes the completion of the external review of risk management and the horizon scanning session.
- Finalising the Assurance Mapping exercise should assist in providing assurance on the key risks affecting the delivery of the Council's strategic objectives.
- The finalisation of the Risk Appetite Framework inclusion on the Committee header sheets.
- Continued delivery of the Internal Audit Plans for 2024/25, focusing attention on reviewing the key risks to the organisation, which will evolve as the Council changes.
- Implement the actions from the BC exercise in March 2024, finalising of the Corporate BC plan and finalising the planning for a BC in March 2024.
- Completion of the review of the Health and Safety Policy, work on developing wider occupational health, safety and wellbeing of staff.
- Delivering on the service improvement plans for the Risk and Audit Team.

9. Conclusions

- 9.1 Internal Audit has made reasonable progress in the completion of the original approved Internal Audit Plan 2023/24 despite the underlying difficulties in recruiting suitable internal audit staff and unplanned absences. Performance in respect of the agreement of recommendations and the feedback from clients has been particularly positive and reflects the value added by the Service. Progress on the 2023/24 approved Internal Audit plan will be hampered by the unplanned reduction in resources requiring a revised Internal Audit Plan.
- 9.2 The Council's accident record continues to be positive, although reported incidents remain below expected and there are plans to improve the risk management further by working with colleagues across the organisation with improved training offer.
- 9.3 The Health and Safety team is continuing to focus on incident reporting, review of risk assessments and the review of event management.
- 9.4 The Council's insurance claims performance remains good.
- 9.5 Further work is planned to improve risk management within the Council by finalising the work on 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 have developed 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 7

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 June 2024
Subject:	External Audit Plan 2023/2024		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

To present Grant Thornton's External Audit Plan 2023/2024 for consideration.

Recommendation(s):

The Audit and Governance Committee is asked to:

- (1) Receive and consider Grant Thornton's External Audit Plan for 2023/2024.

Reasons for the Recommendation(s):

The Council's external auditors are required to present their audit plan for each financial year to the Council's Audit and Governance Committee.

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

What will it cost and how will it be financed?

(A) Revenue Costs
None

(B) Capital Costs
None

Implications of the Proposals:

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

Contribution to the Council's Core Purpose:

Protect the most vulnerable: Not applicable
Facilitate confident and resilient communities: Not applicable
Commission, broker and provide core services: Not applicable
Place – leadership and influencer: Not applicable
Drivers of change and reform: Not applicable
Facilitate sustainable economic prosperity: Not applicable
Greater income for social investment: Not applicable
Cleaner Greener: Not applicable

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services is the author of this report (FD 7688/24).

The Chief Legal and Democratic Officer (LD 5788/24) has been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee meeting.

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

Appendices:

The following appendix are attached to this report:

Appendix A – External Audit Plan 2023/2024 - Grant Thornton

Background Papers:

There are no background papers available for inspection.

Agenda Item 7

1. **Background**

- 1.1 The Council's external auditors are required to present their audit plan to the Audit and Governance Committee. The Council's current auditors, Grant Thornton, have produced their audit plan for 2023/2024 (attached as Appendix A) for consideration by the Committee. Officers from Grant Thornton will be available to introduce the report and answer any questions raised by Members.

Sefton Council audit plan

Year ending 31 March 2024

May 2024

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

Key matters

National context

The national economic context continues to present challenges to the local government sector. There are increasing cost pressures nationally, such as a growing population and increasing demand for local government services, especially in adult and children's social care. Combined with inflationary pressures, pay demands and energy price rises, the environment in which local authorities operate is highly challenging. Local Government funding continues to be stretched and there have been considerable reductions in the grants received by local authorities from government.

Recently, we have seen the additional strain on some councils from equal pay claims, and there has been a concerning rise in the number of councils issuing s.114 notices. These are issued when a council's Chief Financial Officer does not believe the council can meet its expenditure commitments from its income. Additionally, the levels of indebtedness at many councils is now highly concerning, and we have seen commissioners being sent in to oversee reforms at a number of entities.

Our recent value for money work has highlighted a growing number of governance and financial stability issues at a national level, which is a further indication of the mounting pressure on audited bodies to keep delivering services, whilst also managing transformation and making savings at the same time.

As your new auditor, in planning our audit, we have taken account of this national context in designing a local audit programme which is tailored to your risks and circumstances.

Audit Reporting Delays

Against a backdrop of ongoing audit reporting delays, in October 2023 PSAA found that only five local government accounts had been signed by the September deadline. In June 2023 the Public Accounts Committee (PAC) also produced a report setting out their concerns over these audit reporting delays. We issued our report [About time?](#) in March 2023 which explored the reasons for delayed publication of audited local authority accounts.

In our view, to enable a timely sign off of the financial statements, it is critical that draft local authority accounts are prepared to a high standard and are supported by strong working papers.

Key matters - continued

Our Responses

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set out in this Audit Plan, has been agreed with the Executive Director of Corporate Resources and Customer Services.
- To ensure close work with our local audited bodies and an efficient audit process, our preference as a firm is work on site with you and your officers. Please confirm in writing if this is acceptable to you, and that your officers will make themselves available to our audit team. This is also in compliance with our delivery commitments in our contract with PSAA.
- We offer a private meeting with the Chief Executive twice a year, and with the Director of Finance Quarterly as part of our commitment to keep you fully informed on the progress of the audit.

At an appropriate point within the audit, we would also like to meet informally with the Chair of your Audit and Governance Committee, to brief them on the status and progress of the audit work to date.

We will consider your arrangements for managing and reporting your financial resources as part of our audit in completing our Value for Money work.

- Our Value for Money work will also consider your arrangements relating to governance and improving economy, efficiency and effectiveness.
- We will continue to provide you and your Audit and Governance Committee with sector updates providing our insight on issues from a range of sources and other sector commentators via our Audit and Governance Committee updates.
- We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretations, to discuss issues with our experts and to facilitate networking links with other audited bodies to support consistent and accurate financial reporting across the sector.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Sefton Council ('the Council') for those charged with governance.

Respective responsibilities

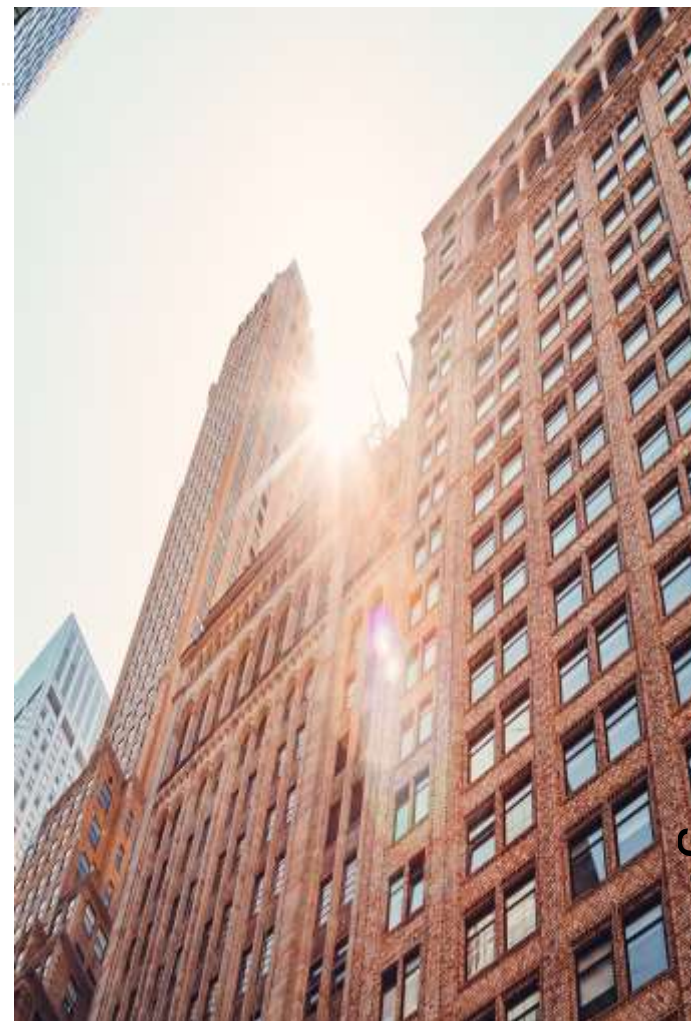
The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. The NAO is in the process of updating the Code. We will communicate any implications of the revised code on this audit (where applicable). Our respective responsibilities are also set out in the agreed in the Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of the Council. We draw your attention to these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council and group's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance committee); and we consider whether there are sufficient arrangements in place at the Council and group for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that resources are used efficiently in order to maximise the outcomes that can be achieved.

The audit of the financial statements does not relieve management or the Audit and Governance Committee of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.



Introduction and headlines

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls;
- Valuation of land and buildings and investment properties;
- Valuation of net pension liability

Materiality

We have determined planning materiality to be £10.485m for the group and £10.360m for the Council, which equates to 1.4% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. Clearly trivial has been set at £0.525m for the group and £0.518m for the Council.

Audit logistics

Our planning work commenced in March and is continuing into April.

Our year-end final audit will take place during late June to early September.

Our key deliverables are this Audit Plan, our Audit Findings Report and our Auditor’s Annual Report.

Our preference is for all our work to take place on site alongside your officers.

Our proposed fee for the audit will be £389,972 for the Council, subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.

We have complied with the Financial Reporting Council’s Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements.

Value for Money arrangements

Our current risk assessment to date regarding your arrangements to secure value for money has identified possible risks of significant weakness across two of the three Value for Money themes. These are in respect of Financial Sustainability and Governance. The risks are linked to the medium-term financial sustainability of the Council and the high-needs block deficit as well as the Governance arrangements and insufficient improvement in Children’s care following an inadequate Ofsted inspection.

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We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (SA 260) Report.

Group Audit

The Council is required to prepare group financial statements that consolidate the financial information of the following subsidiaries:

- Sefton New Directions Limited
- Sandway Homes Limited
- Sefton Hospitality Operations Limited

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
ISA240 revenue recognition	Group and Council	<p>Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted because:</p> <ul style="list-style-type: none"> - There is little incentive to manipulate revenue recognition and opportunities to manipulate revenue recognition are very limited; - The culture and ethical frameworks of local authorities, including Sefton, mean that all forms of fraud are seen as unacceptable. 	<p>As we do not consider this to be a significant risk for the Council, we will not be undertaking any specific work in this area other than our normal audit procedures.</p> <p>We will:</p> <ul style="list-style-type: none"> • review and test, on a sample basis, revenue and expenditure transactions, ensuring that it remains appropriate to rebut the presumed risk of revenue recognition. • design and carry out appropriate audit procedures to ascertain the recognition of income is in the correct accounting period using cut-off testing.

‘Significant risks often relate to significant non-routine transactions and judgmental matters. Non-routine transactions are transactions that are unusual, due to either size or nature, and that therefore occur infrequently. Judgmental matters may include the development of accounting estimates for which there is significant measurement uncertainty.’ (ISA (UK) 315)

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Risk of fraud related to expenditure recognition PAF Practice Note 10 [name risk for specific council factors]	Group and Council	<p>In line with the Public Audit Forum Practice Note 10, in the public sector, auditors must also consider the risk that material misstatements due to fraudulent financial reporting may arise from the manipulation of expenditure recognition (for instance by deferring expenditure to a later period).</p> <p>Based on our assessment we consider that we are able to rebut the significant risk in relation to expenditure and have determined it to be appropriate to rebut this risk based upon the limited incentive and opportunity to manipulate expenditure within the Council and due to the immaterial expenditure streams within the subsidiaries, but will nevertheless, and in line with PN10, recognise the heightened inherent risk of ‘other service expenditure’ in our audit scoping and testing assessment for the Council.</p>	<p>As we do not consider this to be a significant risk for the Council, we will not be undertaking any specific work in this area other than our normal audit procedures.</p> <p>We will:</p> <ul style="list-style-type: none"> review and test, on a sample basis, expenditure transactions, ensuring that it remains appropriate to rebut the presumed risk of expenditure recognition. design and carry out appropriate audit procedures to ascertain the recognition of expenditure is in the correct accounting period using cut-off testing.

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	Group and Council	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities.</p> <p>The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates, and transactions outside the course of business as a significant risk for the group and the Council, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions. • request assurance from the component auditor in relation to the risk of management override of control within Sefton New Directions Limited, Sefton Hospitality Operations Limited and Sandway Homes Limited.

Significant risks identified - continued

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings and investment properties	Group and Council	<p>The Council revalues its land and buildings on a rolling programme over a five-year cycle to ensure the carrying value in the Council's financial statements is not materially different from current value at the financial statements date.</p> <p>This valuation represents a significant estimate by management in the financial statements £283m land and buildings as at 31 March 2023 and £32m in investment property.</p> <p>The valuation of land and buildings and investment properties is a key accounting estimate which is derived, depending on the valuation methodology, from assumptions that reflect market observations and the condition of the asset at the time. There is a risk that the use of inappropriate assumptions or methodologies may have a material impact on the financial statements especially given a high uncertainty in markets.</p> <p>However, the valuation methodology for Local Government land and buildings is specified in detail in the CIPFA Code and the sector is highly regulated by RICS, therefore we will focus our audit attention on assets that have large and unusual changes and / or approaches to the valuation of land and buildings, as a significant risk requiring special audit consideration. The risk will be pinpointed as part of our final accounts work, once we have understood the population of assets revalued. We will report an updated risk assessment for valuation of land and buildings and investment properties in our Audit Findings Report.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of the valuation expert • write to the valuer and discuss with them the basis on which the valuation was carried out and any changes from prior year and any significant aspects of the valuation approach • challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding as well as corroborating key assumptions such as build rates or yield rates • engage our own valuer to assess the instructions to the Council's valuer, the Council's valuation report and the assumptions that underpin the valuation • evaluate the valuer's report to identify assets that have large and unusual changes and/or approaches to the valuation – these assets will be substantively tested to ensure the valuations are reasonable • test a selection of other asset revaluations made during the year to ensure they had been input accurately into the Council's asset register, revaluation reserve and Statement of Comprehensive Income and Expenditure • evaluate the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end. • we have communicated our group instructions to the auditor of Sandway Homes Limited to provide us with sufficient assurance over the valuation of land and buildings as they have a land recorded in their accounts.

Significant risks identified - continued

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation assumptions of the pension fund net liability	Council	<p>The Council's pension fund net asset/liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£33 million as at 31 March 2023) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Council's pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work; • assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation; • assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report; and • obtain assurances from the auditor of Merseyside Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Management should expect engagement teams to challenge areas that are complex, significant or highly judgmental. This may be the case for accounting estimates and similar areas. Management should also expect to provide to engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies, with reference to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management's assumptions and request evidence to support those assumptions.

Other risks identified

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Opening Balances	Group and Council	<p>As your newly appointed auditors for 2023-24, we were not responsible for the audit of your accounts for the year ended 31 March 2023.</p> <p>This means we have less assurance on those balances than had we audited them ourselves and therefore we need to perform additional procedures to gain that assurance.</p> <p>In addition, the last audited accounts for the Council were for the year ended 31 March 2021 and therefore at this stage it appears likely that one of more of the previous year's accounts will fall under the proposals to address the delay in local audit – see pages 34 and 35 for further discussion on those proposals. It is not clear at this stage what impact this may have on our audit approach and therefore our risk assessment will remain on-going and we will update it as and when we get new information.</p>	<p>In response to this risk we have already done the following:</p> <ul style="list-style-type: none"> • Liaised with your former auditors and review their working papers • Reviewed their reporting and assess whether there is any impact on our proposed audit approach <p>Between now and September, we will:</p> <ul style="list-style-type: none"> • Obtain working papers to support the key balances in the 31 March 2023 statement of financial position • Complete an IT environment review to document, evaluation and test the IT controls operating within the general ledger system • Map the closing balances from the previous year ledger to the opening position in ledger to ensure accuracy and completeness of the financial information • Agree any audit adjustments to opening balances are correctly reflected in the financial statements • Agree the closing balances included in the unaudited accounts to the opening balances included in the accounts

Other risks identified - continued

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings Report.

Risk	Risk relates to	Reason for risk identification	Key aspects of our proposed response to the risk
Equal Pay	Council	<p>During 2023 there was an emerging national issue across Local Government in respect of equal pay. In general terms, the Equality Act (EA) gives women and men the right to equal pay for equal work unless there is a material reason for the inequality that is not related to gender. The EA achieves this by implying an “equality” clause into every contract of employment that enables a contract to be modified once a successful claim is made out.</p> <p>We understand that the Local Government Association (LGA) has written to all Councils with guidance on Equal Pay and how to conduct an initial assessment.</p>	<p>In response to this risk we will:</p> <ul style="list-style-type: none">• Obtain the Council’s assessment of the risk of any claims in respect of equal pay• Review their response to the LGA’s guidance• Assess the impact on our audit approach

Group audit scope and risk assessment

In accordance with ISA (UK) 600, as group auditor we are required to obtain sufficient appropriate audit evidence regarding the financial information of the components and the consolidation process to express an opinion on whether the group financial statements are prepared, in all material respects, in accordance with the applicable financial reporting framework.



Group audit scope and risk assessment

Component	Individually Significant?	Level of response required under ISA (UK) 600	Risks identified	Planned audit approach
Sefton Council	Yes	■	<ul style="list-style-type: none"> See pages 7-12 	Full scope audit performed by Grant Thornton UK LLP
Sandway Homes Limited	No	■	<ul style="list-style-type: none"> Management override of controls Valuation of land and buildings 	Specified procedures to be performed as follows: <ul style="list-style-type: none"> Valuation of land of the component.
Sefton New Directions Limited	No	■	<ul style="list-style-type: none"> Management override of controls 	Analytical procedures at group level
Sefton Hospitality Operations Limited	No	■	<ul style="list-style-type: none"> Management override of controls 	Analytical procedures at group level

Audit scope

- Audit of the financial information of the component using component materiality
- Audit of one more classes of transactions, account balances or disclosures relating to significant risks of material misstatement of the group financial statements
- Review of component's financial information
- Specified audit procedures relating to risks of material misstatement of the group financial statements
- Analytical procedures at group level

Other matters

Other work

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

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

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

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

- giving electors the opportunity to raise questions about your financial statements, consider and decide upon any objections received in relation to the financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act);
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act;
 - issuing an advisory notice under section 29 of the Act.
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, 'irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure'. All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
1	Determination We have determined financial statement materiality based on a proportion of the gross expenditure of the group and the Council for the financial year. Materiality at the planning stage of our audit is £10.485m for the Group, which equates to 1.40% of your gross expenditure for the previous period. Materiality for the Council is £10.360m.	We determine planning materiality in order to: <ul style="list-style-type: none">– establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements;– assist in establishing the scope of our audit engagement and audit tests;– determine sample sizes; and– assist in evaluating the effect of known and likely misstatements in the financial statements.
2	Other factors An item does not necessarily have to be large to be considered to have a material effect on the financial statements.	An item may be considered to be material by nature where it may affect instances when greater precision is required. <ul style="list-style-type: none">– We have identified senior officer remuneration as a balance where we will apply a lower materiality level, as these are considered sensitive disclosures. We have set a materiality of £5k.

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
3	<p>Reassessment of materiality</p> <p>Our assessment of materiality is kept under review throughout the audit process.</p>	<p>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.</p>
4	<p>Other communications relating to materiality we will report to the Audit and Governance Committee</p> <p>Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) ‘Communication with those charged with governance’, we are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. ISA 260 (UK) defines ‘clearly trivial’ as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.</p>	<p>We report to the Audit and Governance Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</p> <p>In the context of the Group and Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £518k. If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Committee to assist it in fulfilling its governance responsibilities.</p>

Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Materiality for the Council financial statements	£10.360m	<p>This equates to 1.40% of prior year gross operating costs. In setting materiality we consider:</p> <ul style="list-style-type: none"> • The ownership structure of the Council • The control environment of the Council • The Council’s business environment • Whether the Council has any complex debt arrangements • Any other sensitivities that would require materiality to be reduced
Materiality for specific transactions, balances or disclosures [senior officer remuneration]	£0.005m	<p>In setting materiality, we consider:</p> <ul style="list-style-type: none"> • The user’s of the financial statement and their heightened interest to the remuneration of Council officers.



IT audit strategy

In accordance with ISA (UK) 315 Revised, we are required to obtain an understanding of the relevant IT and technical infrastructure and details of the processes that operate within the IT environment. We are also required to consider the information captured to identify any audit relevant risks and design appropriate audit procedures in response. As part of this we obtain an understanding of the controls operating over relevant Information Technology (IT) systems i.e., IT general controls (ITGCs). Our audit will include completing an assessment of the design and implementation of relevant ITGCs.

The following IT systems have been judged to be in scope for our audit and based on the planned financial statement audit approach we will perform the indicated level of assessment:

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IT system	Audit area	Planned level IT audit assessment
Agresso	Financial reporting	<ul style="list-style-type: none"> A review of the IT General Controls and testing of those controls to assess the design and implementation of controls related to security management and change management.
Controcc	Social Care	<ul style="list-style-type: none"> A review of the IT General Controls and testing of those controls to assess the design and implementation of controls related to security management and change management.

Value for Money arrangements

Approach to Value for Money work for the period ended 31 March 2024

The National Audit Office issued its latest Value for Money guidance to auditors in January 2023. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance

How the body ensures that it makes informed decisions and properly manages its risks.



Risks of significant VFM weaknesses

As part of our planning work, we considered whether there were any risks of significant weakness in the body’s arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed in the first table below, along with the further procedures we will perform. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

Potential types of recommendations

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A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



Statutory recommendation

Written recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as ‘key recommendations’.



Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body’s arrangements.

Risks of significant VFM weaknesses – continued

The Audit Code sets out that the auditor’s work is likely to fall into three broad areas:

- planning;
- additional risk-based procedures and evaluation; and
- reporting.

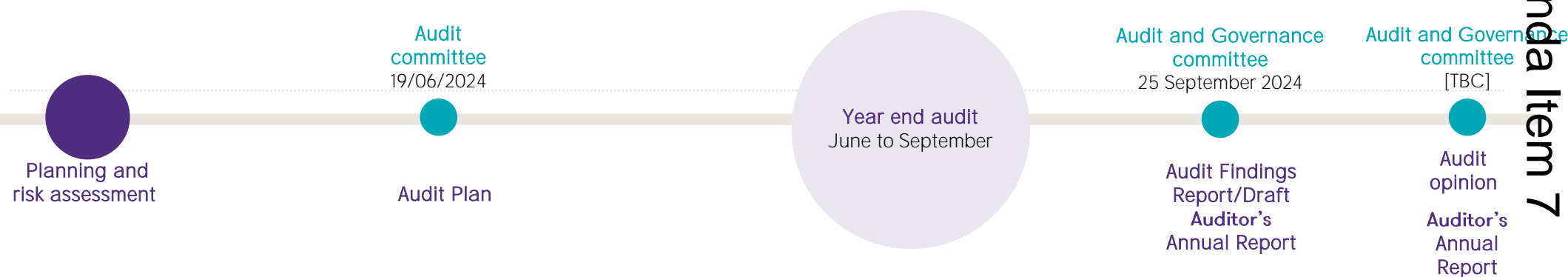
We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. A key part of this is the consideration of prior year significant weaknesses and known areas of risk which is a key part of the risk assessment for 2023/24, however as the prior year auditors annual report was not available when we did our planning risk assessment, we have started our work without delay and formed our own view on the risks of significant weaknesses without the ability to place reliance on the work of a predecessor auditor. We set out our reported assessment below, which identifies risks of significant weakness in relation to your 2023/24 arrangements. :

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Criteria	Risk of significant weakness identified from the planning work	Additional risk-based procedures planned
Financial sustainability	Red We have identified a risk of possible significant weakness in respect of the medium- term financial sustainability of the council, including managing budget pressures (in particular in relation to children's services) and adequacy of reserves.	In response to this we will review the MTFP and 24/25 budget assumptions, 23/24 outturn, MTFP funding gap and associated savings plans and use of reserves. We will also review the High Needs deficit and council's arrangements for mitigation
Governance	Red We have identified a risk of possible significant weakness in respect of insufficient improvement in Children's Social Care following an inadequate Ofsted inspection.	We will review the Council's progress in implementing actions arising from the Ofsted inspection and any impact on risks, finance and service quality from any delays to the improvements required.
Improving economy, efficiency and effectiveness	Green We have not identified a risk of possible significant weakness as part of our planning assessment.	We will keep this under review when we perform our additional procedures and evaluation.

G No risk of significant weaknesses in arrangements identified at planning stage
R Risk of significant weaknesses in arrangements identified at planning stage

Audit logistics and team



Georgia Jones, Key Audit Partner

Provides oversight of the delivery of the audit including regular engagement with Governance Committees and senior officers

Liz Luddington, Audit Senior Manager

Provides oversight of the delivery of the audit including regular engagement with Governance Committees and senior officers

Jobelle Bongato, Audit In-charge

Key audit contact responsible for the day to day management and delivery of the audit work

Audited Entity responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audited bodies. Where the elapsed time to complete an audit exceeds that agreed due to an entity not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to an entity not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to :

- ensure that you produce draft financial statements of good quality by the deadline you have agreed with us, including all notes, the Annual Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you.
- ensure that the agreed data reports are cleansed, are made available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit.
- respond promptly and adequately to audit queries.

Audit fees and updated Auditing Standards

Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audit for Sefton Council to begin with effect 2023/24. The scale fee set out in the PSAA contract for the 2023/24 audit is £371,422.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor's annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here <https://www.psa.co.uk/appointing-auditors-and-fees/fee-variations-overview/>

Assumptions

When setting these fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well-presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements
- maintain adequate business processes and IT controls, supported by an appropriate IT infrastructure and control environment.

Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

Audit fees

	Proposed fee 2023/24
Sefton Council Council Audit	£371,422
ISA 315	£12,550
Cost for External Valuation expert (may vary depending on work required)	£6,000
Potential impact of delayed 2022/23 audit opinion (TBC depending on guidance for work required)	TBC
Total audit fees (excluding VAT)	£389,972 (TBC)

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Relevant professional standards

In preparing our fees, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

IFRS 16 'Leases' and related disclosures

IFRS 16 will need to be implemented by local authorities from 1 April 2024. This Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity. As this is a shadow year for the implementation of IFRS 16, we will need to consider the work being undertaken by the Council to ensure a smooth adoption of the new standard.

Introduction

IFRS 16 updates the definition of a lease to:

“a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration.

IFRS 16 requires all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major departure from the requirements of IAS 17 in respect of operating leases.

IFRS 16 requires a lessee to recognise assets and liabilities for leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognise a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. There is a single accounting model for all leases (similar to that of finance leases under IAS 17), with the following exceptions:

- leases of low value assets
- short-term leases (less than 12 months).

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating) although if an NHS body is the intermediary and subletting there is a change in that the judgement between operating and finance lease is made with reference to the right of use asset rather than the underlying asset

Council's systems and processes

We believe that most local authorities will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance

Planning enquiries

As part of our planning risk assessment procedures we will enquire over the Council's preparedness of the standard on our audit communication platform info. We would appreciate a prompt response to these enquires in due course.

Further information

Further details on the requirements of IFRS16 can be found in the HM Treasury Financial Reporting Manual. This is available on the following link.

[IFRS 16 Application Guidance December 2020.docx \(publishing.service.gov.uk\)](https://www.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/90123/IFRS_16_Application_Guidance_December_2020.docx)

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit, we will make enquiries of all Grant Thornton UK LLP teams and component audit firms providing services to the group and Council.

Independence and non-audit services

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the group and Council's policy on the allotment of non-audit work to your auditors.

None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Certification of Teachers Pension Return	20,000	Self-interest, Self review and management	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £20,000 in comparison to the total fee for the audit of £383,972, and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. For the self-review threat safeguards include the fact that we do not prepare any of the work reviewed and any changes would be agreed with the local authority prior to submission, and we would have no subsequent involvement in any decisions made about changes once our report has been issued. In respect of the management threat the scope of our work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. We believe these factors all mitigate the perceived threats to an acceptable level.
Certification of Housing Benefits grant	37,970	Self-interest, Self review and management	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £37,970 in comparison to the total fee for the audit of £383,972, and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. For the self-review threat safeguards include the fact that we do not prepare any of the work reviewed and any changes would be agreed with the local authority prior to submission, and we would have no subsequent involvement in any decisions made about changes once our report has been issued. In respect of the management threat the scope of our work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. We believe these factors all mitigate the perceived threats to an acceptable level.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	•	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks and Key Audit Matters	•	
Confirmation of independence and objectivity of the firm, the engagement team members and all other indirectly covered persons	•	•
Statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	•	•
Significant matters in relation to going concern	•	•
Matters in relation to the group audit, including: Scope of work on components, involvement of group auditors in component audits, concerns over quality of component auditors' work, limitations of scope on the group audit, fraud or suspected fraud	•	•
Views about the qualitative aspects of the Group's accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		n/a

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Significant findings from the audit		•
Significant matters and issue arising during the audit and written representations that have been sought		•
Significant difficulties encountered during the audit		•
Significant deficiencies in internal control identified during the audit		•
Significant matters arising in connection with related parties		•
Identification or suspicion of fraud(deliberate manipulation) involving management and/or which results in material misstatement of the financial statements (not typically council tax fraud)		•
Non-compliance with laws and regulations		•
Unadjusted misstatements and material disclosure omissions		•
Expected modifications to the auditor's report, or emphasis of matter		•

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Escalation policy

The Department for Levelling Up, Housing and Communities are proposing to introduce an audit backstop date on a rolling basis to encourage timelier completion of local government audits in the future.

As your statutory auditor, we understand the importance of appropriately resourcing audits with qualified staff to ensure high quality standards that meet regulatory expectations and national deadlines. It is the Authority's responsibility to produce true and fair accounts in accordance with the CIPFA Code by the 31 May 2024 and respond to audit information requests and queries in a timely manner.

To help ensure that accounts audits can be completed on time in the future, we have introduced an escalation policy. This policy outlines the steps we will take to address any delays in draft accounts or responding to queries and information requests. If there are any delays, the following steps should be followed:

Step 1 - Initial Communication with Executive Director of Corporate Resources and Customer Services (within one working day of statutory deadline for draft accounts or agreed deadline for working papers)

We will have a conversation with the Executive Director of Corporate Resources and Customer Services to identify reasons for the delay and review the Authority's plans to address it. We will set clear expectations for improvement.

Step 2 - Further Reminder (within two weeks of deadline)

If the initial conversation does not lead to improvement, we will send a reminder explaining outstanding queries and information requests, the deadline for responding, and the consequences of not responding by the deadline.

Step 3 - Escalation to Chief Executive (within one month of deadline)

If the delay persists, we will escalate the issue to the Chief Executive, including a detailed summary of the situation, steps taken to address the delay, and agreed deadline for responding..

Step 4 - Escalation to the Audit and Governance Committee (at next available Audit and Governance Committee meeting or in writing to Audit and Governance Committee Chair within 6 weeks of deadline)

If senior management is unable to resolve the delay, we will escalate the issue to the Audit and Governance Committee, including a detailed summary of the situation, steps taken to address the delay, and recommendations for next steps.

Step 5 – Consider use of wider powers (within two months of deadline)

If the delay persists despite all efforts, we will consider using wider powers, e.g. issuing a statutory recommendation. This decision will be made only after all other options have been exhausted. We will consult with an internal risk panel to ensure appropriateness.

By following these steps, we aim to ensure that delays in responding to queries and information requests are addressed in a timely and effective manner, and that we are able to provide timely assurance to key stakeholders including the public on the Authority's financial statements.

Addressing the local audit backlog - consultation

Consultation

The Department for Levelling Up, Housing and Communities (DLUHC), working with the FRC, as incoming shadow system leader, and other system partners, has put forward proposals to address the delay in local audit. The proposals consist of three phases:

Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 30 September 2024.

Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.

Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

The consultation ran until 7 March 2024. Full details of the consultation can be seen on the following pages:

- FRC landing page - [Consultations on measures to address local audit delays \(frc.org.uk\)](https://www.frc.org.uk/consultations)
- DLUHC landing page - [Addressing the local audit backlog in England: Consultation - GOV.UK \(www.gov.uk\)](https://www.gov.uk/government/consultations/addressing-the-local-audit-backlog-in-england)
- NAO landing page - [Code of Audit Practice Consultation - National Audit Office \(NAO\)](https://www.nao.org.uk/consultations/code-of-audit-practice)

Our response to the consultation

Grant Thornton responded to the consultation on 5 March 2024. In summary, we recognise the need for change, and support the proposals for the introduction of a backstop date of 30 September 2024. The proposals are necessarily complex and involved. We believe that all stakeholders would benefit from guidance from system leaders in respect of:

- the appropriate form of reporting for a backstopped opinion
- the level of audit work required to support a disclaimer of opinion
- how to rebuild assurance in terms of opening balances when previous years have been disclaimed.

We believe that both auditor and local authority efforts will be best served by focusing on rebuilding assurance from 2023/24 onwards. This means looking forwards as far as possible, and not spending 2023/24 undertaking audit work which was not carried out in previous years. We look for guidance from systems leaders to this effect.

Preparing for the backstop

For any outstanding years up to 2022/23, local authorities should:

- Prepare, adopt and publish financial statements in line with Code and Statutory requirements (Accounts and Audit Regs 2015 – ‘true and fair’)
- Support statements with a proper set of working papers and audit trail
- Work with the auditor to support the completion of outstanding audit work (where possible) and for the completion of Value for Money Work.

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For 2023/24, local authorities should:

- Agree a timetable and working paper requirements with the auditor
- Put project planning and key milestones in place
- Consider the implications of CIPFA consultation (property valuation and pensions)
- Ensure the Audit and Governance Committee is properly briefed and prepared

As your auditor we will:

- Keep you updated on all national developments
- Set out clear expectations of the information we will require to conclude our work
- Agree a plan for the delivery of our work programme with a commitment to key milestones

Next steps

We await the government’s response to the consultation. We will discuss next steps including any implications for your audit once we have further information.

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Agenda Item 9

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 June 2024
Subject:	Financial Management Code		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards)
Cabinet Portfolio:	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 (FD7686/24) and Chief Legal and Democratic Officer (LD5786/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

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

Implementation Date for the Decision

Immediately following the Committee.

Contact Officer:	Andrew Bridson
Telephone Number:	07813543320
Email Address:	andrew.bridson@sefton.gov.uk

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Appendices:

The following appendices are attached to this report:

Appendix – Action Plan Progress Update

Background Papers:

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. Follow-up reviews were presented in June 2022 and July 2023 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 2024, 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 learned were reported to Audit and Governance Committee as part of the update in July 2023 and have been reproduced again as a reminder for the Committee.

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

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arrangements and producing a growing base of evidence to support compliance with the Code.

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 then 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 2024/25, 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 July 2023. 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. New legislation - the Procurement Act 2023 - is due to come into effect from October 2023. The Contract Procedure

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Rules will be reviewed and updated again in advance of this date to ensure compliance with the new legislation.

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 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.
- Four of the nine trainees recruited over the past years have now qualified and the majority are now in substantive posts within the service. This represents an increase of one since the last update and a further three trainees are due to qualify in the summer of 2024 pending exam success.
- In addition, a further two CIPFA Graduate Trainees have been recruited and are due to start in placement in September 2024. It has also been agreed to support another existing member of the finance service to undertake CIPFA which ensures the service is bringing new talent into the authority but also developing and providing opportunities for existing staff within the service.
- Sefton's cohort of trainees continue to develop well. Trainees have been 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.
- 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.
- 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.
- Recruitment to the post of VAT Officer was completed following the retirement of the previous postholder in July 2023. This is a critical role to ensure that the Council's VAT requirements are met.
- Further recruitment has taken place regarding the Internal Audit service since the last update to Audit and Governance Committee in July 2023 and new members of the Internal Audit service have been appointed. In addition, the CIPFA Graduate Trainee placement setup during 2023/24 has proved to be mutually beneficial with the trainee providing additional support to Internal Audit and also benefiting from the enhanced and well-rounded experience that this placement offers for their own individual development.

Finance Service / Internal Audit Capacity Reviews

- The volume and range of Audit work has increased significantly over recent years. Therefore, it was previously reported that a full review of the capacity of the Internal Audit team was required. A re-structure of the Risk and Audit team

has now been undertaken to reflect the capacity of the internal Audit Team. Recruitment of an additional Principal Auditor has been included in the re-structure alongside approval to appointment of a full time Trainee ICT Auditor.

- The previous update to Audit and Governance recognised that the range and complexity of support required from the Finance team has changed in recent years as a result of changes within Adults Social Care, Children's Social Care, High Needs and support required in relation to the Town Deal. As part of the review of the capacity of the Finance team, approval has been given for additional support at the strategic finance level to support Adults and Children's Social Care.

Partnership Agreements

- The previous update to Audit and Governance Committee recommended that supplementary guidance be produced to clarify the requirements of the Financial Procedure Rules with respect to Partnership Arrangements so that this can support Assistant Directors to meet these requirements.
- 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 under development for officers and is in draft form 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 now complete. This was included within the Audit and Governance Committee Annual Work Programme and the update was approved by the Committee on the 6th September 2023.

Member Training and Development

- This action relates to good governance arrangements.
- An update report was presented to Audit and Governance Committee on the 20th March 2024. This sets out the programme for 2024/25 based on the Core Areas of Knowledge for Audit and Governance Committee Members as outlined by the Chartered Institute for Public Finance and Accountancy (CIPFA) together with a Treasury Management course which is offered to all Members. Audit and Governance Committee also endorsed the importance of all Audit and Governance Committee Members and Substitutes buying into and showing commitment to training and development.

Targeted Training

- The previous update to Audit and Governance stated that additional targeted training was being provided during 2023/24 to Children's Social Care which represents a major proportion of the Council's budget and has received

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significant additional investment in recent years. This was to cover: the requirements of the Constitution, finance, performance, risk, audit and procurement.

- In addition, a session has been delivered to senior managers within the service focussing on governance requirements.
- Following on from the approval of the changes to the Children's Services staffing structure by Cabinet in May 2024, targeted financial training will continue to be made available to support existing and new officers within the service.

Demand Management

- This action related to supporting the financial resilience of the authority.
- As per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024, demand led budgets across the Council continue to represent 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 2024/25.
- The report identifies, the Adult Social Care budget experienced additional pressure in 2023/24 as a result of increased demand and increased costs and that significant additional cost pressures will continue into 2024/25 alongside further demand and cost pressures. Additional investment has been provided for within the budget. However, the report states that the current budget planning assumption will be considered further during the Council's first quarter budget review of 2024/25 with any further pressure either arising from 2023/24 or in 2024/25 requiring additional savings to be made.
- For Children's Social Care, the MTFP has been aligned to the Services Improvement Plan that was signed off by the then Director of Children's Services and communicated to the DFE commissioner. All assumptions have been reviewed as part of the budget process.
- The report states that improvements in practice have resulted in more children being placed in more appropriate settings at a lower cost. This has continued throughout the year and therefore shows a positive direction of travel.
- 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.

Reserves Strategy

- The previous update to Committee included a recommendation that the Council's 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.
- This was completed as part of the budget setting process as per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024. The report states that General Balances have been increased and are considered appropriate for 2024/25 and that any use of reserves must be replenished in the following year.

High Needs Budget / Deficit Balance

- This action relates to the need for financial sustainability with respect to the High Needs budget and associated strategic and operational plans and reporting.
- As per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024, the budget continues to face severe cost pressures with a significant overspend in 2023/24 and an increased overall deficit balance at the end of the financial year.
- The 2014 SEND reforms, while raising expectations and extending support from birth to 25 years, did not initially come with adequate uplifts in funding to reflect the significant increased cohort numbers and complexity of children and young people. The annual uplifts to the High Needs Budget have not increased in line with the significant increases in SEND demand each year.
- The increase to the High Needs funding allocation for 2024/25 is well below the 2023/24 level of High Needs expenditure.
- Some of the initiatives to help reduce costs and generate future cost efficiencies have started to be rolled out during 2023/24, including growing the number of inhouse places in special schools and resourced units to meet future demand and hourly rates of SEN Inclusion support have been uplifted to current pay levels to support keeping children with EHCPs in mainstream settings.
- Much more work is required in 2024/25 and over the coming years including investment in the expansion special school places and SEN Resource Unit places attached to mainstream schools. This will require significant Capital funding to help this process. It is hoped, that by growing in-house places across the Council's current provision, that this will help reduce (though not eliminate) the need for high cost, out of Borough placements at independent special schools and non-maintained special schools in the future.
- The Delivering Better Value (DBV) Programme commenced in January 2023 and has brought representatives appointed by the DfE together with key officers of the Authority, to share and analyse the Council's High Needs data and decision making, with a view to ensuring our actions to restrain and control High Needs spending are in line with general best practice and that they are the right approach to take. Plans have been set out and these will be monitored as to progress. This programme does carry with it some funding nationally (£55m), £1m of which has now been made available to Sefton to help develop in-house changes, which is underway. The DBV programme is not prescriptive on the Council, nor will it carry funding to off-set any of the accumulated deficit on High Needs. Members will continue to be kept updated on High Needs spending on an ongoing quarterly basis via the standard reporting channels.

Finance Business Partnering Project / Financial Training

- The previous update to Audit and Governance Committee stated that the project relating to the rollout of a business partnering approach across the Council is largely complete. This has now been completed in full.

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- 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.
- Following on from the approval of the changes to the Children's Services staffing structure by Cabinet in May 2024, the budgeted establishment will be updated accordingly, and further associated work linked to the business partnering project will be progressed during 2024/25.
- Similarly, work has been progressing in relation to budget delegation within Adult Social Care including the approval of the latest Scheme of Financial Delegation which clearly set outs budgetary delegation to individual officers within the service. The budget will be reviewed to ensure alignment with these delegations and then support and training will be provided to those officers so that the full benefits of the new approach can be realised during 2024/25.
- So far, the project has focussed on revenue budget monitoring, but a project team will be setup to support the implementation for the Capital Programme and the associated schemes. The target date for this is 2025/26.

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

Assets

- This action relates to the importance of keeping accurate inventory and stock records to support the achievement of Value for Money (VfM)
- To ensure compatibility with the latest operating system, software and for cyber security purposes, the Council intends to procure a significant number of new ICT devices during 2024/25. Therefore, it is recommended that a detailed reconciliation of service inventory and stock lists is conducted following this procurement to ensure that these have been updated accordingly.

Transformation Programme

- This action recognises the importance of the Council's Transformation Programme in achieving financial resilience and sustainability.
- The Transformation Programme – focussing on the Core Business, the Growth Programme and a number of Change Projects including service development and transformation projects – is the vehicle to deliver financial resilience and sustainability. Therefore, it is important that the different elements, as highlighted within the budget report, are progressed.

Schools Deficit Balances / Support to Schools

- It is recommended – as per the budget report – that the work is completed to understand the risk presented to the Council regarding the deficit balance on some schools and also the scale of financial resources currently within the Council that support schools. A report on this will be presented to Cabinet and Council by the Assistant Director for Children's services in 2024/25.

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 July 2023.

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.

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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 July 2024	Action Plan	RAGB Status	Action Status Update – July 2024
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. <p>Procurement</p> <ul style="list-style-type: none"> The Council has dedicated procurement function in place which advises on procurement activity and helps to ensure VfM. For tender exercises, the FPRs state that all tenders should be evaluated on the basis of quality and price to ensure VfM is obtained. The Council's CPRs require that all award criteria must be designed to secure an 	<ol style="list-style-type: none"> It is recommended that further action is carried out regarding the CPRs within the next 12-18 months to include any additional legislative requirements. To ensure compatibility with the latest operating system, software and for cyber security purposes, the Council intends to procure a significant number of new ICT devices during 2024/25. Therefore, it is recommended that a detailed reconciliation of service inventory and stock lists is conducted following this procurement to ensure that these have been updated accordingly. 	<p>GREEN</p> <p>NEW</p>	Ongoing (Contract Procedure Rules) – The Procurement Act 2023 is due to come into effect from October 2023. The Contract Procedure Rules will be reviewed and updated in advance of this date to ensure compliance with the new legislation.

		<p>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.</p> <ul style="list-style-type: none"> • A contracts register is maintained and reported to services on a regular basis <p>Audit and Risk Management</p> <ul style="list-style-type: none"> • The role of the Audit and Governance Committee includes the requirement to comment on the scope and depth of the assurance work and ensure it gives VfM. This includes consideration and approval of the Council's accounts, internal control systems, risk management and corporate governance issues, as set out in Chapter 7 of the Council's Constitution. • External auditors conduct a VfM assessment on an annual basis and this is incorporated into the statement of accounts. In the latest published statements, the external auditors gave an opinion that the Council had put proper arrangements in place to secure economy, efficiency and effectiveness. • Risk management reports are produced and shared with ELT, SLB and Audit and Governance each cycle. <p>Capital Expenditure Proposals</p> <ul style="list-style-type: none"> • The S151 Officer in conjunction with the Chief Executive have set up procedures in which capital expenditure proposals are appraised to ensure VfM is being achieved in accordance with the FPRs. <p>Financial and Performance Reporting on Service Delivery</p> <ul style="list-style-type: none"> • The Council operates regular budget monitoring which is co-produced by service areas with input from business partners within Finance. This is reviewed by the Leadership Team and reported to Cabinet and Council on a monthly basis. Action is taken where variances against budget are identified. All savings options are produced with full engagement of the Leadership Team and service areas. • Reports include specific reference to service performance against non-financial outcomes in the form of key performance targets. • Meetings are held between S151 Officer and Directors of Finance across the local region to discuss financial management including emerging pressures and how the Council is managing them. • Executive Directors and Assistant Directors are expected to achieve VfM in the delivery of services 			
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			<p>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). 		<p>GREEN</p> <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> <p>This action is being progressed.</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</p> <p>The key principles of the CIPFA Statement on the Role of the Chief Financial Officer (CFO) in Local Government are:</p> <ul style="list-style-type: none"> • Principle 1 - The CFO in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority’s strategic objectives sustainably and in the public interest. • Principle 2 - The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer-term implications, opportunities and risks are fully considered, and alignment with the authority’s overall financial strategy. • Principle 3 - The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively. • Principle 4 - The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose. • Principle 5 - The CFO in a local authority must be professionally qualified and suitably experienced. <p>The Executive Director for Corporate Resources and Customer Services is the CFO and Section 151 Officer at Sefton Council. They are a member of the Executive Leadership Team (ELT), help to develop and implement strategy, and to resource and deliver the authority’s strategic objectives sustainably and in the public interest.</p> <p>The Section 151 Officer is the financial adviser to the Council, the Cabinet and officers and is the Council’s ‘responsible financial officer’ under the Accounts and</p>	<p>3. It is recommended that succession planning arrangements, and the associated Finance Service’s CIPFA Graduate Trainee Programme, are progressed to ensure that the service continues to be suitably resourced and fit for purpose.</p>	<p>GREEN</p> <p>UPDATE (CIPFA Graduate Trainee Programme) - 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>Four of the nine trainees recruited over the past years have now qualified and the majority are now in substantive posts within the service. This represents an increase of one since the last update and a further three trainees are due to qualify in the summer of 2024 pending exam success.</p> <p>In addition, a further two CIPFA Graduate Trainees have been recruited and are due to start in placement in September 2024. It has also been agreed to support another existing member of the finance service to undertake CIPFA which ensures the service is bringing new talent into the authority but also developing and providing opportunities for existing staff within the service.</p> <p>Sefton’s cohort of trainees continue to develop well. Trainees have been 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>GREEN</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</p>

		<p>Audit Regulations. They are responsible for the proper administration of the Council’s affairs as specified in, and undertaking the duties required by, Section 151 of the Local Government Act 1972, Section 114 of the Local Government Finance Act 1988, the Local Government and Housing Act 1989, the Local Government Act 2003 and all other relevant legislation.</p> <p>The Section 151 Officer is responsible generally, for discharging, on behalf of the Council, the responsibilities set out in the Chartered Institute of Public Finance and Accountancy (CIPFA) Statement on the Role of the Chief Financial Officer in Local Government. This includes leading and directing a finance function that is resourced to be fit for purpose together with:</p> <ul style="list-style-type: none"> a. in conjunction with the Executive Directors and Assistant Directors, the proper administration of the Council’s financial affairs b. setting and monitoring compliance with financial management standards c. advising on the corporate financial position and on the key financial controls necessary to secure sound financial management d. providing financial information e. preparing the revenue budget and capital programme f. treasury management. <p>Each year the Section 151 Officer is responsible for preparing a budget plan for the Council including an approved revenue budget, capital programme, treasury management strategy and capital strategy.</p> <p>The Finance Team</p> <p>The S151 Officer is supported by a highly skilled team and is able to offer advice and support when required. A significant proportion of the Finance team have accountancy qualifications (and maintain membership) or are actively involved in training. This includes the Accounting Technician qualification (AAT) and finance and accountancy professional level qualifications (such as CIPFA, CIMA, ICAEW etc). The Chief Financial Officer is a fully qualified member of the Chartered Institute of Public Finance and Accountancy (CIPFA).</p> <p>Members of the finance team attend relevant conferences, events and training courses throughout 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</p>		<p>GREEN</p> <p>GREEN</p> <p>GREEN</p>	<p>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 to the post of VAT Officer was completed following the retirement of the previous postholder in July 2023. This is a critical role to ensure that the Council’s VAT requirements are met.</p> <p>UPDATE (Internal Audit) – Further recruitment has taken place since the last update to Audit and Governance Committee in July 2023 and new members of the Internal Audit service have been appointed. In addition, the CIPFA Graduate Trainee placement setup during 2023/24 has proved to be mutually beneficial with the trainee providing additional support to Internal Audit and also benefiting from the enhanced and well-rounded experience that this placement offers for their own individual development.</p> <p>ACTION (Internal Audit Capacity Review) – The volume and range of Audit work has increased significantly over recent years. Therefore, it was previously reported that a full review of the capacity of the Internal Audit team was required. A re-structure of the Risk and Audit team has now been undertaken to reflect the capacity of the internal Audit Team. Recruitment of an additional Principal Auditor has been included in the re-structure alongside approval to appointment of a full time Trainee ICT Auditor.</p> <p>ACTION (Finance Team Capacity Review) – The previous update to Audit and Governance recognised that the range and complexity of support required from the Finance team has changed in recent years as a result of changes within Adults Social Care, Children’s Social Care, High Needs and support required in relation to the Town Deal. As part of the review of the capacity of the Finance team, approval has been given for additional support at the strategic finance level to support Adults and Children’s Social Care.</p>
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			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.</p> <p>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 various officer boards, the 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.</p> <p>Internal Audit are a key part of the Council’s assurance framework and meet routinely with the S151 Officer and chief officers to ensure that Audit resources are appropriately directed towards areas of greatest need (applying a risk-based approach) and that audit actions are followed up.</p> <p>Internal Audit</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 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</p>	4. The previous update to Audit and Governance Committee recommended that supplementary guidance be produced to clarify the requirements of the Financial Procedure Rules with respect to Partnership Arrangements so that this can support Assistant Directors to meet these requirements.	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 under development for officers and is in draft form 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>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 Assistant Directors.</p>			
D	The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016)	The authority of aware of the provisions of the CIPFA Delivering Good Governance Framework. The authority has sought to apply the principles, behaviour and actions set out in the Framework to its own governance arrangements. The authority has in place a suitable code of governance.	<p>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 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</p>	5. An update of the Code of Corporate Governance will be produced and taken to Audit and Governance Committee for approval and then to Council for approval.	COMPLETE	UPDATE (Code of Corporate Governance) – work in relation to the update to the Code of Corporate Governance is now complete. This was included within the Audit and Governance Committee Annual Work Programme and the update was approved by the Committee on the 6 th September 2023.

			<p>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>6. 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>COMPLETE</p>	<p>ACTION (Member Training and Development) – An update report was presented to Audit and Governance Committee on the 20th March 2024. This sets out the programme for 2024/25 based on the Core Areas of Knowledge for Audit and Governance Committee Members as outlined by the Chartered Institute for Public Finance and Accountancy (CIPFA) together with a Treasury Management course which is offered to all Members. Audit and Governance Committee also endorsed the importance of all Audit and Governance Committee Members and Substitutes buying into and showing commitment to training and development.</p>
<p>E</p>	<p>The Financial Management Style of the authority supports financial sustainability</p>	<p>The authority has an effective framework of financial accountability. The authority is committed to continuous improvement in terms of the economy, efficiency, effectiveness and</p>	<p>Financial sustainability underpins the Council corporate objectives with Sefton’s Vision and Core Purpose being the key focus for service transformation. The Council’s financial management style has the following characteristics: • As highlighted in the Section 151 Officer’s Annual</p>	<p>7. It is recommended that targeted financial training be provided to support the financial literacy of officers with delegated budget responsibility within the organisation.</p>	<p>GREEN</p>	<p>ACTION (Targeted Training) – The previous update to Audit and Governance stated that additional targeted training was being 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 was to cover: the requirements of the Constitution, finance, performance, risk, audit and procurement.</p>

	<p>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>Robustness Report to Council, the Council has an embedded process with regards to its Financial Management.</p> <ul style="list-style-type: none"> • 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>In addition, a session has been delivered to senior managers within the service focussing on governance requirements.</p> <p>Following on from the approval of the changes to the Children’s Services staffing structure by Cabinet in May 2024, targeted financial training will continue to be made available to support existing and new officers within the service.</p>	
3	Long to Medium Term Financial Management					
F	<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 reported CIPFA Resilience Index relating to 2021/22 referenced within the Robustness Report indicates that, when compared to other metropolitan district councils, that social care spend in Sefton is classed as a medium risk (this being a relative conclusion when the overall financial</p>	<p>8. 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 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024, demand led budgets across the Council continue to represent 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 2024/25.</p> <p>The report identifies, the Adult Social Care budget experienced additional pressure in 2023/24 as a result of increased demand and increased costs and that significant additional cost pressures will continue into 2024/25 alongside further demand and cost pressures. Additional investment has been provided for within the budget. However, the report states that the current budget planning assumption will be considered further during the Council’s first quarter budget review of 2024/25 with any further pressure either arising from 2023/24 or in 2024/25 requiring additional savings to be made.</p>

			<p>environment within with the Council is operating is considered) to the authority within the latest resilience index analysis due to restrictions on the Council’s budget flexibility. i.e., the proportion of its budget spent on high-risk services, where the ability to reduce overall expenditure on these services is less due to rising demand, is average compared to other local authorities.</p> <p>There has been significant additional investment in recent and future years in Children’s Social Care across the sector, and currently Sefton is classed as medium risk in comparison to other local authorities with regard to budget flexibility. However, there are still significant challenges with Children’s Social Care and the delivery of the improvement plan is critical to next year’s budget as highlighted in paragraph 2.8. In addition, Adult Social Care is now classed as high risk compared to other local authorities which further limits budget flexibility.</p> <p><u>Income</u> Sefton compares favourably in that it is relatively 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 due to its level of reserves and balances being relatively low in comparison to other Metropolitan District Councils, however the direction of travel with the increase in General Balances is positive and these are set to be increased further as part of this budget package. Unallocated General Balances are classed as medium risk whereas Earmarked Reserves are classed as high risk (however, this may be distorted by COVID funding). Therefore, it is important that an appropriate level of reserves is maintained to mitigate against this risk and that this supports the proposed increase to the level of Council reserves as set out in the budget report.</p>		<p>GREEN</p> <p>COMPLETE</p>	<p>ACTION (Children’s Social Care) – As per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024, significant additional investment made in the service. The MTFP has been aligned to the Services Improvement Plan that was signed off by the then Director of Childrens Services and communicated to the DFE commissioner. All assumptions have been reviewed as part of the budget process.</p> <p>The report states that improvements in practice have resulted in more children being placed in more appropriate settings at a lower cost. This has continued throughout the year and therefore shows a positive direction of travel.</p> <p>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.</p> <p>ACTION (Reserves Strategy) – The previous update to Committee included a recommendation that the Council’s 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> <p>This was completed as part of the budget setting process as per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024. The report states that General Balances have been increased and are considered appropriate for 2024/25 and that any use of reserves must be replenished in the following year.</p>
G	The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to	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 Council’s Vision and Core Purpose are clear and demonstrate its commitment to its stakeholders. The MTFP and Transformation Programme 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. This focusses on the Core Business, the Growth Programme and a number of Change	9. 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; 	GREEN	<p>Update (High Needs Budget) – As per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024, the budget continues to face severe cost pressures with a significant overspend in 2023/24 and an increased overall deficit balance at the end of the financial year. The 2014 SEND reforms, while raising expectations and extending support from birth to 25 years, did not initially come with adequate</p>

	<p>Members</p>	<p>The authority reports effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short- and medium-term decision making.</p>	<p>Projects including service development and transformation projects as contained within the budget report presented to Council on the 29th February 2024.</p> <p>Medium-Term Financial Plan (MTFP) For longer term financial sustainability, the Council has prepared and consulted on a subsequently approved 3-year Medium Term Financial Plan. Sefton complies with CIPFA's advocacy of a 3-year minimum MTFP. The Budget Report is reported to Members and provides them with an update on the overall financial position of the Council. It refreshes the MTFP. 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 previously, there is a key risk to financial sustainability relating to the High Needs Budget. It is important that the Transformation Programme and the associated elements are progressed to deliver financial sustainability.</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 Transformation 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>	<ul style="list-style-type: none"> ii. Longer-term aims and objectives linked to improving process, consistency and transparency in the funding process; and iii. Sufficiency planning to ensure that future provision meets the needs of children and young people whilst ensuring financial sustainability. <p>From a financial perspective the measures need to address the existing in-year funding shortfall, i.e. annual spend exceeding the annual High Needs funding allocation.</p>	<p>10. The Transformation Programme – focussing on the Core Business, the Growth Programme and a number of Change Projects including service development and transformation projects – is the vehicle to deliver financial resilience and sustainability. Therefore, it is important that the different</p>	<p>NEW</p> <p>uplifts in funding to reflect the significant increased cohort numbers and complexity of children and young people. The annual uplifts to the High Needs Budget have not increased in line with the significant increases in SEND demand each year.</p> <p>The increase to the High Needs funding allocation for 2024/25 is well below the 2023/24 level of High Needs expenditure.</p> <p>Some of the initiatives to help reduce costs and generate future cost efficiencies have started to be rolled out during 2023/24, including growing the number of inhouse places in special schools and resourced units to meet future demand and hourly rates of SEN Inclusion support have been uplifted to current pay levels to support keeping children with EHCPs in mainstream settings.</p> <p>Much more work is required in 2024/25 and over the coming years including investment in the expansion special school places and SEN Resource Unit places attached to mainstream schools. This will require significant Capital funding to help this process. It is hoped, that by growing in-house places across the Council's current provision, that this will help reduce (though not eliminate) the need for high cost, out of Borough placements at independent special schools and non-maintained special schools in the future.</p> <p>The Delivering Better Value (DBV) Programme commenced in January 2023 and has brought representatives appointed by the DfE together with key officers of the Authority, to share and analyse the Council's High Needs data and decision making, with a view to ensuring our actions to restrain and control High Needs spending are in line with general best practice and that they are the right approach to take. Plans have been set out and these will be monitored as to progress. This programme does carry with it some funding nationally (£55m), £1m of which has now been made available to Sefton to help develop in-house changes, which is underway. The DBV programme is not prescriptive on the Council, nor will it carry funding to off-set any of the accumulated deficit on High Needs. Members will continue to be kept updated on High Needs spending on an ongoing quarterly basis via the standard reporting channels.</p>
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				elements are progressed.		
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 with the Prudential Code. The authority has suitable mechanisms for monitoring its performance against the prudential indicators that it has set.	<p>Sefton complies with the CIPFA Prudential Code through approval on an annual basis of:</p> <ul style="list-style-type: none"> • Prudential indicators • Annual Treasury Management Strategy including an Annual Investment Strategy and an annual Minimum Revenue Provision (MRP) Policy Statement • A Capital Strategy • A Capital Programme <p>CIPFA’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>	No action required.		
I	The authority has a rolling multi-year Medium Term Financial Plan consistent with sustainable service plans	The authority has in place an agreed medium-term financial plan. The medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy. The medium-term financial plan has been prepared on the basis of a robust assessment of the relevant drivers of cost and demand. The medium-term financial plan has been tested for resilience against realistic potential variations in key drivers of cost and demand.	<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>	No action required.		

4	The Annual Budget					
J	The authority complies with its statutory obligations in respect of the budget setting process	The authority is aware of its statutory obligations in respect of the budget-setting process. The authority has set a balanced budget for the current year. The authority is likely to be able to set a balanced budget for the forthcoming year. The authority is aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so.	A legal and balanced budget and corresponding Council Tax levels are set annually, by the statutory deadline of midnight on the 10 th March. These, alongside the Robustness Report of the Chief Financial Officer, are presented to Cabinet ahead of final budget proposals being considered and agreed. Sefton's MTFP process is designed to deliver a balanced budget each year. The authority is aware of the circumstances under which it should issue a section 114 notice and how it would go about doing so.	No action required.		
K	The budget report includes a statement by the Chief Finance Officer on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves	The authority's most recent budget report includes a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves. The report accurately identifies and considers the most significant estimates used to prepare the budget, the potential for these estimates to be incorrect 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. The most recently reported CIPFA Financial Resilience Index shows that Sefton is classed as a higher risk of financial stress (relative to others) due to its level of reserves (both General Fund Balances and Earmarked Reserves) at the end of 2021/22 (as published in 2023). 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	The authority knows who its key stakeholders are. The authority has sought to engage with key stakeholders in developing	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	No action required.		

	long-term financial strategy, medium term financial plan and annual budget	its long-term financial strategy, its medium-term financial plan and its annual budget. The authority has assessed the effectiveness of this engagement. The authority has a plan to improve its engagement with key stakeholders.	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 MTFP. Whenever budget proposals are produced 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).	Capital Investment Appraisals 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. Where significant policy decisions of a revenue nature have financial implications, these should also be supported by appropriate options appraisals. Governance Internal governance processes are embedded in respective programmes of activity and workstreams including appropriate guidance on project development. Reporting Cabinet reports include revenue and capital implications to ensure decision makers are fully informed of the associated financial implications. To improve reporting, further training should be delivered regarding the early identification of the financial implications of policy proposals. 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.	11. 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 continues to be provided 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	The authority provides the leadership team with an appropriate suite of reports	Monthly summary financial monitoring is presented to Senior Officers, the Leadership Team and Members. Significant variances and emerging risks	12. It is recommended that the Finance Service continue with the rollout of a	GREEN	UPDATE (Finance Business Partnering Project) – The previous update to Audit and Governance Committee stated that the project relating to the rollout of a business partnering approach across the Council is

	<p>it to identify and correct emerging risks to its budget strategy and financial sustainability</p>	<p>that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability. The reports cover both forward- and backward-looking information in respect of financial and operational performance. There are mechanisms in place to report the performance of the authority’s significant delivery partnerships. The reports are provided to the leadership team in a timely manner and in a suitable format. The leadership team is happy with the reports that it receives and with its ability to use these reports to take appropriate action.</p>	<p>are identified, and mitigating actions are discussed and agreed in response. The reports cover the position to date and the forecast for the remainder of the financial year. Monthly Revenue and Capital updates are reported to Cabinet addressing pressures, savings and potential offsetting measures for the current financial year budget and 3-year MTFP period. The financial monitoring is incorporated into these updates. All members of Cabinet, ELT and SLB receive 3-year view forward looking view. The accuracy of budget monitoring has improved over the medium term and there have been improvements in the culture linked to financial monitoring and review. The embedded business partnering approach includes greater co-production of financial forecasts with frontline services, i.e., those making financial decisions, supported by the appropriate use of technology and with the intention of freeing up capacity to focus on future risks and opportunities.</p>	<p>business partnering approach across the Council.</p>		<p>largely complete.</p> <ul style="list-style-type: none"> - 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. <p>Following on from the approval of the changes to the Children’s Services staffing structure by Cabinet in May 2024, the budgeted establishment will be updated accordingly, and further associated work linked to the business partnering project will be progressed during 2024/25.</p> <p>Similarly, work has been progressing in relation to budget delegation within Adult Social Care including the approval of the latest Scheme of Financial Delegation which clearly set outs budgetary delegation to individual officers within the service. The budget will be reviewed to ensure alignment with these delegations and then support and training will be provided to those officers so that the full benefits of the new approach can be realised during 2024/25.</p> <p>So far, the project has focussed on revenue budget monitoring, but a project team will be setup to support the implementation for the Capital Programme and the associated schemes. The target date for this is 2025/26.</p>
<p>0</p>	<p>The leadership team monitors the elements of the balance sheet that pose a significant risk to its financial sustainability</p>	<p>The authority has identified the elements of its balance sheet that are most critical to its financial sustainability. The authority has put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet. The authority is acting to mitigate the risk identified. The authority reports unplanned use of its reserves to the leadership team in a timely manner. The monitoring of balance sheet risks is integrated into the authority’s management accounts reporting processes.</p>	<p>Reserves The overall level of reserves and their planned use is reviewed each year as part of the outturn, MTFP and budget processes including the Reserves Strategy.</p> <p>The Revenue and Capital Budget Plan and Council Tax report presented to Council each year highlights:</p> <p>Schools Deficits – With the current cost of living crisis and the impact of inflation and pay awards, the financial pressure on schools is ever increasing and this reduction is expected to accelerate. The Council has clear financial procedures for schools, that reflects that annual budgets should be set within agreed resources available and sustainable three-year plans should also be approved. Any school that doesn’t meet these requirements has to seek approval for a licensed deficit with a view to returning to a balanced position. This will require careful management by schools with support from the Council’s finance team but there must be clarity</p>	<p>13. It is recommended – as per the budget report – that the work is completed to understand the risk presented to the Council regarding the deficit balance on some schools and also the scale of financial resources currently within the Council that support schools. A report on this will be presented to Cabinet and Council by the Assistant</p>	<p>NEW</p>	

			<p>around setting sustainable budgets each year so that the Council’s position is protected. This is even more important as there continues to be a central government policy drive to move schools to academy status. This poses a significant financial risk to the Council both through the deficit position of some schools but also the scale of resources currently within the Council that support schools. Work is underway to fully evaluate this exposure and a report will be presented to Cabinet and Council by the Assistant Director for Children’s Services Education) in 2024/25 on this.</p> <p>High Needs – Regular reporting is taken to Cabinet regarding the challenging position with respect to the High Needs deficit balance. Work is ongoing to mitigate some of these costs but, in the absence of any additional funding, this deficit will need to be met. The development and monitoring of these costs needs to be a key feature of the quarterly reports to Cabinet and Council.</p> <p>Commercial Activity The Council has a number of officer and shareholder boards for commercial assets which have delegated responsibility in relation to Commercial 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>	<p>Director for Children’s services in 2024/25.</p> <p>14. It is recommended that the development and monitoring of plans for High Needs should be a key feature of the quarterly reports to Cabinet.</p>	<p>GREEN</p>	<p>ACTION (High Needs Deficit Balance) - As per the Revenue and Capital Budget Plan 2024/25 – 2026/27 and Council Tax 2024/25 report presented to Council on the 29th February 2024, the budget continues to face severe cost pressures with a significant overspend in 2023/24 and an increased overall deficit balance at the end of the financial year. Members will continue to be updated on High Needs spending on an ongoing quarterly basis.</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</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</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</p>	<p>No action required.</p>		

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

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 June 2024
Subject:	Treasury Management Position to May 2024		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	All Wards
Portfolio:	Cabinet Member – Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

This report provides Members with a review of the Treasury Management activities undertaken to 31st May 2024. This document is the first report of the ongoing quarterly monitoring provided to Audit & Governance Committee, whose role it is to carry out scrutiny of treasury management policies and practices.

Recommendation(s):

Members are requested to note the Treasury Management update to 31st May 2024, to review the effects of decisions taken in pursuit of the Treasury Management Strategy and to consider the implications of changes resulting from regulatory, economic and market factors affecting the Council's treasury management activities.

Reasons for the Recommendation(s):

To ensure that Members are fully appraised of the treasury activity undertaken to 31st May 2024 and to meet the reporting requirements set out in Sefton's Treasury Management Practices and those recommended by the CIPFA code.

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

N/A

What will it cost and how will it be financed?

(A) Revenue Costs

None.

(B) Capital Costs

None.

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Implications of the Proposals:

<p>Resource Implications (Financial, IT, Staffing and Assets): An increase in investment income has been forecast for 2024/25 financial year due to prevailing market conditions.</p>									
<p>Legal Implications: The Council has a statutory duty under the Local Government Act 2003 to review its Prudential Indicators and Treasury Management Activities.</p>									
<p>Equality Implications: There are no equality implications.</p>									
<p>Impact on Children and Young People: No</p>									
<p>Climate Emergency Implications:</p> <p>The recommendations within this report will</p> <table border="1"> <tr> <td>Have a positive impact</td> <td>N</td> </tr> <tr> <td>Have a neutral impact</td> <td>Y</td> </tr> <tr> <td>Have a negative impact</td> <td>N</td> </tr> <tr> <td>The Author has undertaken the Climate Emergency training for report authors</td> <td>N</td> </tr> </table> <p>The Council has during 2024/25, invested its reserves and balances short term with banks or overnight with money market funds in order to maintain high security and liquidity of such balances. It has not had the opportunity to invest in longer term financial instruments or investment funds for which there may be a chance to consider the impact on the Council's Climate Emergency motion.</p> <p>In the event that the Council has more surplus balances available in future that may lead to longer term investing, the Council will take account of the climate emergency when discussing the options available with the Treasury Management Advisors.</p>		Have a positive impact	N	Have a neutral impact	Y	Have a negative impact	N	The Author has undertaken the Climate Emergency training for report authors	N
Have a positive impact	N								
Have a neutral impact	Y								
Have a negative impact	N								
The Author has undertaken the Climate Emergency training for report authors	N								

Contribution to the Council's Core Purpose:

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

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

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD7677/24) is the author of the report.

The Chief Legal and Democratic Officer (LD5777/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

N/A

Implementation Date for the Decision

With immediate effect.

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

Appendices:

There are no appendices to this report

Background Papers:

There are no background papers available for inspection.

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1. Background to the Report

- 1.1. As recommended under CIPFA's 2021 Code of Practice on Treasury Management in Public Services, the Council's Treasury Management Policy and Strategy document for 2024/25 (approved by Council on 29th February 2024) included a requirement for regular updates to be provided on the investment activity of the Authority. This report is the first of such reports for the year and presents relevant Treasury Management information for the period ending 31st May 2024.
- 1.2. The report includes information on the investments held / entered into during the period and the interest rates obtained (with a comparison of performance against a standard benchmark figure). In addition, the report highlights whether there has been any variance from the Treasury Management Policy and Strategy and the Council's approved Prudential Indicators (the operational boundaries within which the Council aims to work).

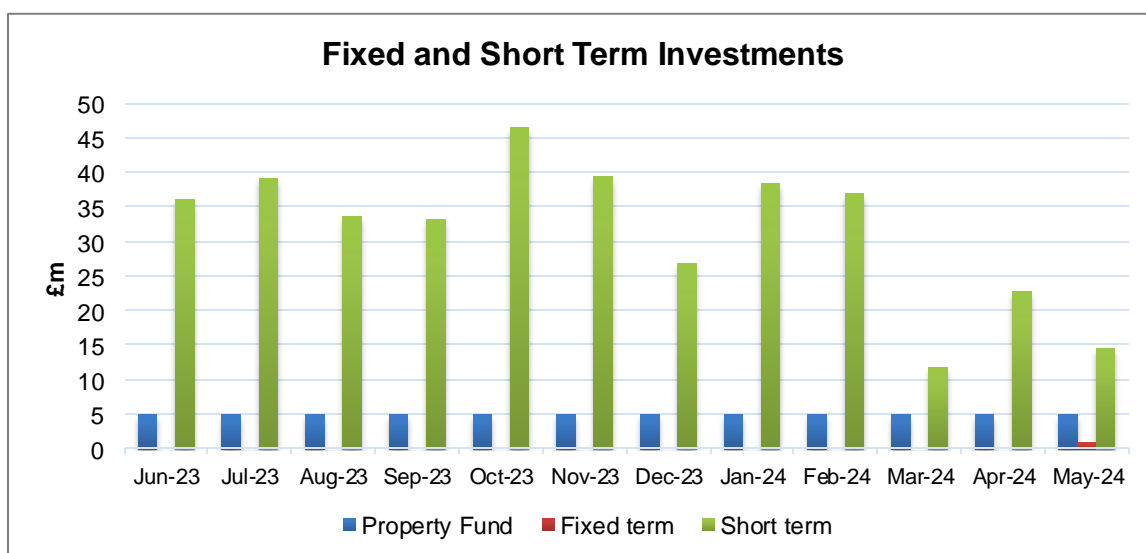
2. Investments Held

- 2.1. Investments held at the 31/05/2024 comprise the following:

Institution	Deposit £m	Rate %	Maturity	Rating
Bank Deposits				
Lloyds	1.00	5.30	20.06.24	A+
Money Market Funds:				
Aberdeen	2.06	5.19	01.06.24	AAA
Aviva	2.06	5.26	01.06.24	AAA
BNP Paribas	2.06	5.25	01.06.24	AAA
Goldman-Sachs	0.21	5.12	01.06.24	AAA
Invesco	2.06	5.23	01.06.24	AAA
Morgan Stanley	2.06	5.18	01.06.24	AAA
Federated	2.06	5.25	01.06.24	AAA
Insight	2.06	5.24	01.06.24	AAA
Property Fund:				
CCLA	5.00	5.18	n/a	n/a
Total	5.00			
TOTAL INVESTMENTS	20.63			

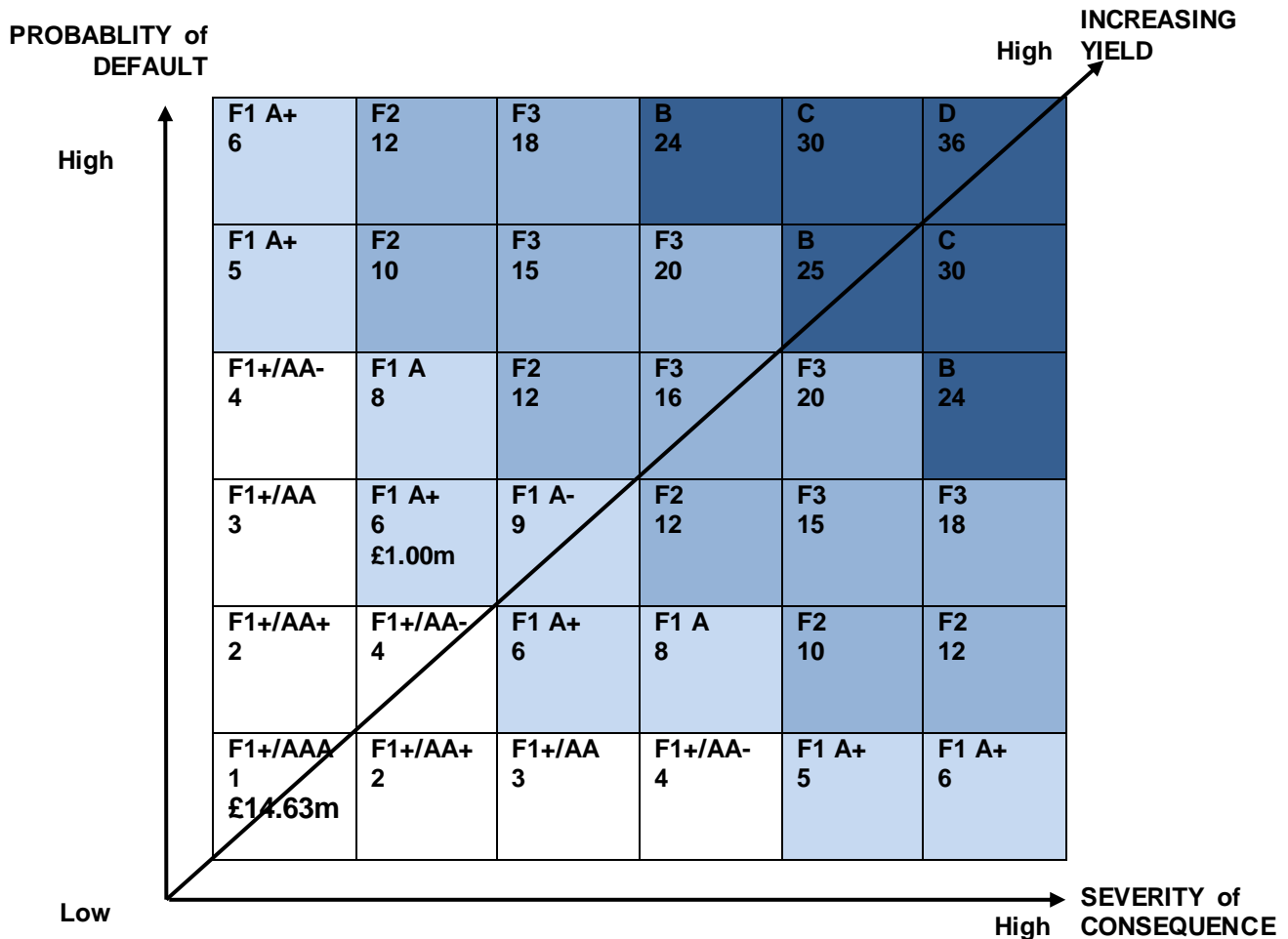
- 2.2. The Authority holds significant invested funds, representing grant income received in advance of expenditure plus balances and reserves held. The cash is initially held in a number of highly liquid Money Market Funds to ensure security of the funds until they are required to be paid out. This approach is consistent with the Council's approved Treasury Management Policy and Strategy for 2024/25. The balance of investments is therefore expected to fall over the coming months as the income is fully expended.

- 2.3. All of the investments made since April 2024 have been with organisations on the current counterparty list. The maximum level of investment permitted in the Treasury Management Strategy in any one institution, or banking group, is currently £15m. Whilst the maximum should be retained, in light of current economic conditions, a day-to-day operational maximum of 10% of the total portfolio is currently being imposed for investments. This will spread the risk for the Council but will have a small detrimental impact on the returns the Council will receive in the future. The Council has remained within that boundary during the year. At present, it is not expected that there will be any need to review this limit.
- 2.4. The Council will only invest in institutions that hold a minimum Fitch rating of A- for banking institutions, or AAA for money market funds. The ratings applied to investment grade institutions, and the much riskier speculative grade institutions, as defined by Fitch, have been placed into a risk matrix (paragraph 2.8).
- 2.5. An investment has been made with the Church, Charities and Local Authority Investment Fund (CCLA) in June 2014. CCLA invest in commercial property which is rented out to enterprises such as retail units, warehousing, and offices. The majority of properties owned are in the south of the country where the market is often more buoyant than the north. The Council has in effect bought a share of the property portfolio and returns paid are in the region of 4%. This is seen as a long-term investment with the potential for the capital value of the investment to vary as property prices fluctuate.
- 2.6. The Net Asset Value (NAV) of the Property Fund has decreased over a 12-month period to April 2024 from 289.20p per unit to 276.09p per unit, a decrease of 4.5%. The fund is considered to be a long-term investment and fluctuations in value are to be expected with this type of asset. The situation will continue to be monitored closely however, and advice taken from the Council's treasury advisers should its position in the fund need to be reviewed. The income yield on the Property fund at the end of April 2024 was 5.18% which, is higher than returns received in the past and represents a reasonable return on the Council's investment.
- 2.7. The ratio of overnight deposits (short term) to fixed term investments and the property fund is shown below:



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



SEFTON RISK TOLERANCE:

Risk Level	Score	Grade	Amount Invested
LOW	1 - 4	Investment Grade	£14.63m
LOW - MEDIUM	5 - 9	Investment Grade	£1.00m
MEDIUM	10 - 20	Investment Grade	-
HIGH	21 - 36	Speculative Grade	-

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

3. Interest Earned

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

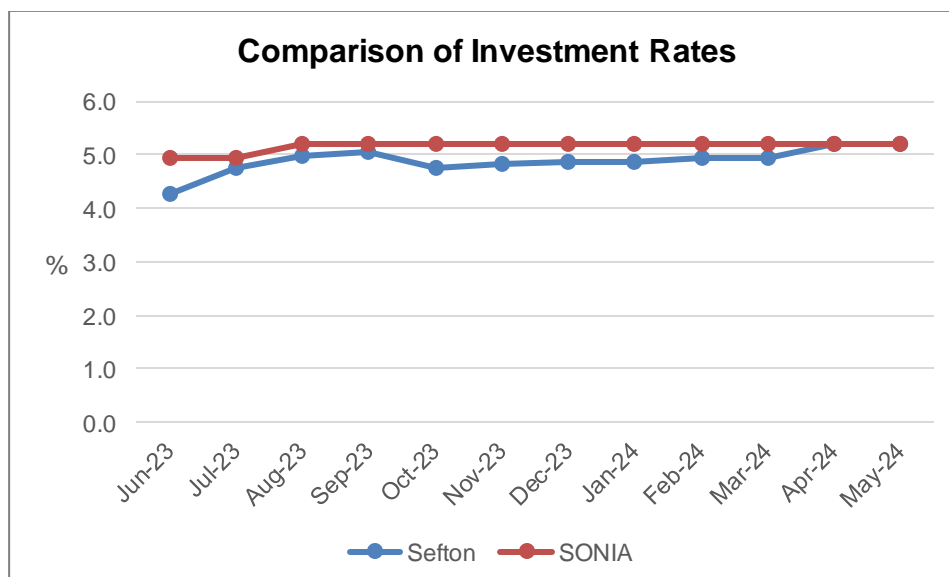
	Budget £m	Actual £m	Variance £m
May-24	0.179	0.228	0.049

	Budget £m	Forecast £m	Variance £m
Outturn 2024/25	1.343	1.674	0.331

3.2. The forecast outturn for investment income shows the level of income to be above target against the budget for 2024/25. Investment rates have remained at a higher level over the past twelve months (see 3.4. below) when compared to previous years largely in response to rises in interest rates. The budgeted income for 2024/25 has therefore been set at a higher level when compared to previous financial years.

3.3. As mentioned in paragraph 2.9, it is not envisaged that improved rates will lead to a significant increase over and above the current forecast income from investments during 2024/25 as cash balances are diminishing and held in short term deposits.

3.4. The Council has achieved an average rate of return on its investments of 5.20%. The chart below shows the average rate of return plotted against the SONIA benchmark.



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3.5. As can be seen from the chart above, the performance of Sefton’s investments is in line with the SONIA benchmark rate to the end of May 2024.

4. Borrowing Strategy

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

4.2. Interest rates have seen substantial rises over the last two years, although these rises have now begun to plateau. The Bank Rate rose by 1% from 4.25% at the beginning of April 2023 to its current level of 5.25% by the end of September 2023. The Bank Rate was 2% higher than at the end of September 2022.

4.3. The Council has PWLB loan maturities of £8.846m scheduled during 2024/25 comprising several historic loans. The Council pursues a strategy of internal borrowing as per the Treasury Management Strategy approved by Council. Cash balances have therefore been reduced to replace maturing loans where possible and when interest rates on deposits remain lower than PWLB borrowing rates.

4.4. Following consultation with the Council’s treasury advisers, it is considered prudent to continue to pursue the above strategy in view of recent interest rate rises. The borrowing position will be kept under review however and further advice sought should the need arise to take out external borrowing from the PWLB for the maturities scheduled during 2024/25 and any new borrowing approved by Council for the capital programme.

5. Interest Rate Forecast

5.1. Arlingclose, the Council’s treasury advisers, have provide the following interest rate view as at May 2024:

	Current	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25	Mar-26	Jun-26	Sep-26	Dec-26	Mar-27
Official Bank Rate													
Upside risk	0.00	0.00	0.25	0.25	0.50	0.50	0.75	1.00	1.00	1.00	1.00	1.00	1.00
Central Case	5.25	5.25	5.00	4.75	4.25	3.75	3.25	3.00	3.00	3.00	3.00	3.00	3.00
Downside risk	0.00	0.50	0.50	0.50	0.75	0.75	0.75	0.75	1.00	1.00	1.00	1.00	1.00

Underlying assumptions:

- The Bank of England is now biased towards reductions in Bank Rate, and the upcoming data will determine the timing of the start of the easing cycle and its extent. The UK economy started the year stronger than expected, and wage growth, core and services inflation remain high, so there remains uncertainty around the start of the cycle, but it will be a surprise not to see one cut this summer.

- In May, the MPC continued its dovish tilt. Another committee member, Dave Ramsden joined Swati Dhingra in voting for a rate cut. For the remaining seven members the focus remains on the persistence of inflation, specifically in wages and services.
- UK GDP growth rebounded in Q1 2024 after the technical recession in H2 2023. Survey data suggests that this recovery continued in April, but the UK economy remains relatively weak, with GDP only 0.2% higher in Q1 compared to a year ago and consumer spending barely growing.
- Employment has started to decline, although vacancy levels stabilised suggesting that demand for new labour remains relatively resilient. Anecdotal evidence suggests lower pay growth, and we expect unemployment to rise, which will lead to some deterioration in consumer sentiment. Household and business spending will therefore remain relatively soft. Stronger demand in Q1, however, raises some upside risks to this view.
- Inflation rates will move lower over the next 12 months. The headline CPI rate for April will be at or below the 2% target. There are upside risks from geo-political issues and now stronger domestic activity. With policymaker fears around the persistence of underlying inflationary pressure, particularly services inflation, we believe Bank Rate will remain unchanged until August and initially reduce slowly.
- The MPC minutes suggest that some committee members may not need to see much more evidence on falling inflation before changing their minds, so there is certainly a chance of an earlier rate cut in June.
- We expect that the continuation of restrictive monetary policy will bear down on activity and will require substantial loosening in 2025 to boost activity and inflation.
- Global bond yields will remain volatile and investors' positioning for the timing of US monetary loosening will continue to influence movements in gilt yields. Moreover, there is a heightened risk of fiscal policy, credit events and/or geo-political events causing substantial volatility in yields.

Forecast:

- The MPC held Bank Rate at 5.25% in May.
- The MPC will cut rates to stimulate the UK economy but will be reluctant to do so until it is sure there will be no lingering second-round effects. We see rate cuts from Q3 2024 to a low of around 3% by late 2025.
- The risks around Bank Rate are initially to the downside, as a rate cut in June is a possibility, before shifting to the upside from the start of 2025. The developing Upside risks to inflation could limit the extent of monetary easing.
- Long-term gilt yields have dipped a little following softer US data and less hawkish signals from US policymakers. Arlingclose's central case is for yields to be volatile around a relatively narrow range, reflecting the likelihood for monetary loosening in the Eurozone, UK and US.

6. Compliance with Treasury and Prudential Limits

- 6.1. As at the end of May 2024, the Council has operated within the treasury and prudential indicators set out in the Council's Treasury Management Strategy Statement and in compliance with the Council's Treasury Management Practices.

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Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 June 2024
Subject:	Sending / Discussing Personal Information Policy		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Corporate Resources		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

To seek approval for a revised policy on Sending / Discussing Personal Information.

Recommendation(s):

(1) To approve the revised policy on Sending / Discussing Personal Information

Reasons for the Recommendation(s):

It is essential that the Council has up to date and relevant policies for handling personal data in order to comply with its obligations under the General Data Protection Regulations and the Data Protection Act.

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

None – not to have such policies increases the risk that the council will not comply with its obligations when handling personal data.

What will it cost and how will it be financed?

(A) Revenue Costs - None

(B) Capital Costs - None

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Implications of the Proposals:

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

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
Facilitate confident and resilient communities:
Commission, broker and provide core services: Compliance with this policy and others relating to the processing of data will ensure that the Council handles personal data in a legal and robust manner enforcing effective and efficient core services and provide confidence to members of the public that their data is handled appropriately.
Place – leadership and influencer:
Drivers of change and reform:
Facilitate sustainable economic prosperity:
Greater income for social investment:
Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD 7683/24) has been consulted and any comments have been incorporated into the report. and the Chief Legal and Democratic Officer (LD.5783/24) is the author of the report

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee / Council meeting.

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

Appendices:

There are no appendices to this report.

Background Papers:

There are no background papers available for inspection.

1. Introduction

1.1 In accordance with the accountability principle under Article 5 of the UK General Data Protection Regulation, the Council must put in place appropriate technical and organisational measures to meet the requirements of accountability. Policies and procedures provide clarity and consistency, by giving staff guidance and direction to understand their roles and responsibilities regarding data protection and information governance. Effective data protection policies and procedures help the Council to take practical steps to comply with its legal obligations.

1.2 The attached policy was first created in November 2014 and approval for its implementation was sought from the Audit and Governance Committee in June

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2015. It has subsequently been reviewed a number of times and will continue to be on a biennial basis.

- 1.3 When approved, the policy will form a suite of similar policies on the Council's intranet and will be publicised to all staff.



Sending / Discussing Personal Information Policy

June 2024

Summary Sheet

Document Information

Protective marking (Official /Official-Sensitive-Personal/Official-Sensitive-Commercial/Official-Sensitive-Confidential)	Official
Ref	IG Procedure 6.0
Document purpose	Council obligations under Data Protection Act in relation to sending / discussing personal data via fax, e-mail, phone or post.
Document status (Draft / Active)	Active
Partners (If applicable)	N/A
Date document came into force	1/11/2014
Date of next review	June 2026
Owner (Service Area)	Sefton Council – Information Governance, Strategic Support
Location of original (Owner job title / contact details)	Data Protection Officer – as above.
Authorised by (Committee/Cabinet)	Information Management Group November 2014 Audit & Governance Committee June 2015

Document History

Version	Date	Author	Notes on revisions
1.0	November 2014	Ben Heal DPO who revised document purchased from Act Now IG consultancy.	On ICO advice to be taken to full Cabinet for ratification.
2.0	December 2020	Catherine Larkin Mark Quillan Steve Lawson	Reviewed following data incident
3.0	June 2024	Catherine Larkin	Inclusion of information about discussions within shared office spaces

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1 Providing Personal Information Safely by Post

1.1 Introduction

When sending out paper documents containing service user or other personal data, you must ensure that the documents are secure and properly addressed. You are responsible for ensuring that they are sent to the right people, safely packaged, and that they can safely be returned to you if not successfully delivered.

This is not just good office practice – accuracy of personal information and keeping it secure are key principles of data protection. This includes appropriate security of the personal data and protection against unauthorised or unlawful processing, accidental loss, destruction or damage, using appropriate technical or organisational measures.

Many organisations have been subject to enforcement action for not observing sensible procedures when posting personal data. It is just as important to send information securely internally as well as externally.

1.2 Key Actions

Ensure that the destination you are sending documents to is still in the same place – especially if the recipient is outside of the Council.

Check the address and send documents to a named person if at all possible, and not to a department or team. In all cases, do not address letters to an organisation without at least identifying the team.

Put a covering letter with the information – DO NOT put records or data into an envelope by themselves.

Seal the envelope securely and mark it **Private and Confidential on the front and back of the envelope.**

Send any personal or other sensitive information by special delivery and keep the tracking information.

All post which leaves a Council building for posting externally should have the return address stamped on the front of the envelope. This will allow a wrongly delivered envelope to be returned without having to be opened.

The Council, as the data controller that chooses to use a delivery service to transfer personal data, is the party responsible for the data. If a delivery service loses a letter or a parcel containing highly sensitive personal data, it is the data controller that sent the data that will be responsible for the loss. It was the data controller that chose to use the delivery service. If it was vital that the personal data was delivered securely, the data controller should have used secure delivery rather than an ordinary postal service.

2 Providing Personal Information Safely Over the Telephone

2.1 Introduction

All staff need to keep personal information about individuals secure and private at all times. Individuals are entitled to expect that their privacy and confidentiality is respected, and that their data are always treated with care and appropriate security.

For both confidentiality and legal reasons, it is vital that care is taken when providing information over the phone.

Using the phone carries a number of risks:

- Information may be transcribed incorrectly
- You cannot always be certain who you are dealing with
- You may be overheard

You must ensure when discussing individuals and/or their families that your conversation cannot be overheard by colleagues outside of your team. It is critical that we maintain the trust that our service users and customers place in us.

2.2 When someone calls you asking for information

Establish who you are speaking to before you disclose any information. Identify the person clearly, check who they work for and what they want.

If a person demands information, check their entitlement to receive that information.

Unless you are certain that the person is who they say they are, get their switchboard number (not their direct number) and ring them back. Check the switchboard number from their website, not from them.

If in doubt, ask them to put their request in writing. Any request for access to the personal data of a third party must be made in writing. If you are unsure about whether or not to disclose the information, check with your Line Manager, Information Asset Owner or the Council's Data Protection Officer.

2.3 When you call someone

If you are calling to provide information, be certain that the phone is the best way to provide information. In many cases it is better to provide it in an email (which allows a specific record of the information to be retained). If the information is personal or sensitive, you must use a secure form of e-mail, such as Egress.

Ensure you speak to the person who needs the information – never leave personal or sensitive data in a message.

2.4 When someone calls to provide you with information

Ensure you record information accurately – check the information with the person providing it. Do you have the spelling, numbers and details right? It is very easy to make a mistake when noting down telephone numbers and email addresses. Read the information back to the caller to double-check.

2.5 In-coming communications - process to be followed when entering data into systems

It is vital to ensure that all incoming communications received by the Council, whether received face to face, by phone, email or postal correspondence, are accurately matched with the data subject they concern before being entered into relevant Council systems for processing. Inaccuracies and mistaken identity at this stage create an inherent risk of serious data security breaches when subsequently processing and responding to communications which have been linked to the wrong data.

Officers with responsibility for entering data into systems, whether receiving information by phone call, face-to-face, email or in the post, must identify and reject items which fail to meet the two-identifier standard at the point of receipt.

Where possible, further suitable and relevant data must be requested before the communication can be accepted and processed.

Face-to-face customers must be asked for a minimum of two items of relevant documentary identification or identifying information.

Customers on the phone must be asked for a minimum of two items of identifying information.

Telephone messages, emails, postal communications etc. must be checked for a minimum of two items of identifying information before being imported into systems or processed in any other way. Where identifying information is found to be insufficient, a reply, sent via the same channel or via contact details provided within the original communication, should be issued requesting such additional identifying information as is relevant and appropriate.

If it is not possible to respond and request further identifying information, e.g. a written note containing no contact details, then the communication cannot proceed any further and must be discarded.

3 Discussions in the office

The Council needs the personal data of its employees, citizens of the Borough and customers to be able to function properly and undertake its tasks and obligations. We are trusted to look after this information and every employee has a responsibility

to comply with the UK data privacy laws. This means keeping personal information about individuals secure and private at all times.

Individuals are entitled to expect that their privacy and confidentiality is respected, and that their data are always treated with care and appropriate security.

Therefore, for both confidentiality and legal reasons, it is vital that care is taken when having professional discussions in the office.

You must ensure when discussing individuals and/or their families that your conversation cannot be overheard by colleagues who have no right to hear the content. It is critical that we maintain the trust that our service users and customers place in us.

This could be a breach of data protection legislation if you reveal personal data about an identifiable, living individual.

Wherever possible, book a meeting room in a Council building or have the conversation via MS Teams at home, ensuring you cannot be overheard by anyone who lives with you.

When this is not possible and the conversation has to take place in an open office which may be overheard by colleagues outside of your team, be mindful of how loud your voice may be, what you are saying and who is in the near vicinity and may be able to hear you.

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Agenda Item 12

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 June 2024
Subject:	Unreasonably Persistent and Unacceptable Behaviour Policy		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

To provide Members with a revised policy and procedure for dealing with unreasonably persistent and unacceptable behaviour by members of the public when complaining to the Council or making data access requests.

Recommendation(s):

Audit and Governance Committee

(1) To consider the report and the revised policy and to make any appropriate comments or amendments and to submit a final draft to Council for approval

Full Council

(1) To endorse the policy recommended by the Audit and Governance Committee

Reasons for the Recommendation(s):

The revised policy will provide officers with a framework in which to deal with complainants who exhibit unreasonably persistent and unacceptable behaviour.

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

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None. The current policy was endorsed by Full Council on 2 March 2017 and requires updating particularly in light of the Council motion of 18th April 2024 'Support to Women in Public Life'.

What will it cost and how will it be financed?

(A) Revenue Costs

None

(B) Capital Costs

None

Implications of the Proposals:

Resource Implications (Financial, IT, Staffing and Assets): None	
Legal Implications: Having such a policy will stand the authority in good stead when it comes to dealing with individual cases. This approach is recommended by the Local Government Ombudsman's office and the Information Commissioner	
Equality Implications: None	
Impact on Children and Young People: None	
Climate Emergency Implications: The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
Facilitate confident and resilient communities:
Commission, broker and provide core services:
From time to time members of the public can become vexatious or unfocussed

complainants or in their data requests. This can be very difficult for officers to deal with and very time consuming.

The proposed policy and procedure if agreed will give officers a framework against which to consider dealing with such complainants and ensure that they are dealt with consistently and in a fair and proportionate manner

Place – leadership and influencer:

Drivers of change and reform:

Facilitate sustainable economic prosperity:

Greater income for social investment:

Cleaner Greener

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.7674/24) and the Chief Legal and Democratic Officer (LD.5774/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Council meeting.

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

Appendices:

- Revised Unreasonably Persistent and Unacceptable Behaviour Policy

Background Papers:

There are no background papers available for inspection.

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1. Introduction

- 1.1 From time-to-time complainants and members of the public can act in a way that makes it impossible for officers to reach a resolution on their complaints or data requests. Efforts by officers to resolve such matters can also take up a disproportionate amount of officer time when resources are increasingly scarce. Complainants and members of the public falling into this category are a very small proportion of those engaged in the vast amount of correspondence exchanged between the Council and members of the public each year.
 - 1.2 The policy is applicable to complaints that Members of the Council have breached the Council's Members' Code of Conduct, and the Monitoring Officer will be mindful of the policy when dealing with such complaints.
 - 1.3 The attached draft revised policy and procedure document aims to establish a set of principles for both staff and complainants to either resolve difficulties or for the Council to garner sufficient evidence to be able to cease responding to individual's correspondence.
- 2 Furthermore, on 18th April 2024 Council unanimously approved the following motion submitted by Councillor Atkinson:

Support to Women in Public Life

45% of Sefton Councillors are women, with Sefton Council recently appointing its first female leader in its 50-year history.

Sefton is a positive reflection of how increasing numbers of women are participating in politics and wider public life, including being elected to public office, attending political events, and making their voices heard. Even in societies where women do not have equal rights, they often risk their lives to speak out and are not prepared to be silent partners in the future of their countries.

But despite the progress women have made in this country and in this instance in Sefton, there is the ever-present spectre of misogyny, particularly on social media. Unfortunately, we are all aware of the level of abuse many, if not all, female councillors experience. This can involve inappropriate language of a sexualised nature, threats, accusations, complete lies, foul language, humiliating negative comments about looks, body size and shape, to name a few. The sole aim of this disgraceful behaviour, given it is specifically targeted at women, is to seek to undermine all that is female. The trolls all have one thing in common...their hatred of women.

In recognition of this serious problem and the desire of this council to demonstrate its continued support to women in public life:

This council resolves to

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- Take a zero-tolerance approach to this behaviour and help protect female councillors in Sefton.
- -Agree to treat those individuals(with the appropriate evidence,)who are guilty of this despicable behaviour as vexatious complainants to deter further insult and degradation to women because of their gender.
- In light of this motion, ask officers to review the Council's Vexatious and Unfocussed Complaints Policy.
- Work closely with the Police and Crime Commissioner and the Police to hold to account and work toward full prosecution of those who are guilty of those behaviours.
- Work with newly elected female councillors to advise them of those who have been identified as vexatious complainants because of the inappropriate behaviour in order they take a robust approach and protect themselves from these attacks.

2.1 If approved, senior managers in the Council will be tasked with ensuring that those that deal with complaints and data requests are acquainted with and understand the policy. It is proposed that the policy will be added to the Council's transparency pages and appropriate links made on the Council's website to ensure that the policy is accessible to all.

2.3 Having such a published policy is recommended as good practice by both the Local Government Ombudsman's office and the Information Commissioner's Office.

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Sefton Council

Unreasonably persistent and unacceptable behaviour policy

June 2024

DRAFT

Summary Sheet

Document Information

Protective marking (Official/Official-Sensitive-Personal, Official-Sensitive-Commercial, Official-Sensitive Confidential)	Official
Ref	Unreasonably persistent and unacceptable behaviour policy (previously referred to the Vexatious or unfocused complaints policy and procedure v4.0) Policy 5.1
Document purpose	Legal obligations and good practice in Council use in dealing with vexatious and unfocused citizen complaints and those who display unacceptable behaviour.
Document status (Draft / Active)	Active
Partners (If applicable)	N/A
Date document came into force	2 nd March 2017
Date of next review	Biennial basis as part of Annual Information Governance statement taken to Information Management Group
Owner (Service Area)	Sefton Council – Commissioning Support and Business Intelligence
Location of original (Owner job title / contact details)	Data Protection Officer – as above
Authorised by (Committee/Council)	Audit & Governance Committee – 19 th June 2024 Council approval – 11 July 2024

Document History

Version	Date	Author	Notes on revisions
1	April 2016	Ben Heal – Data Protection Officer	
2	April 2016	Ben Heal – Data Protection Officer	Incorporation of comments from colleagues
3	May 2016	Ben Heal – Data Protection Officer	Incorporation of comments from colleagues
4	June 2016	Catherine Larkin – Data Protection Officer	Incorporation of comments from colleagues
5	June 2024	Catherine Larkin – Data Protection Officer, David McCullough – Chief Legal and Democratic Officer	Amendment to legislation references, broadening of policy

Introduction

The purpose of this policy is to explain the actions that the Council will take against individuals deemed to be displaying unreasonable or unacceptable behaviour which can distress our staff and councillors or strain our resources with persistent and unrealistic demands.

This policy describes how Sefton Council applies the Local Government and Social Care Ombudsman and Information Commissioner's guidance on citizens who the Council deem to be displaying unreasonable or unacceptable behaviour.

Where complaints relate to data sharing this document has been prepared in terms of the Council's obligations as a "data controller" under the UK General Data Protection Regulation, Data Protection Act 2018 and the Freedom of Information Act 2000.

The Council is committed to providing everyone it deals with in a respectful, courteous and polite manner. Where an individual raises an issue or complaint with us, they have a right to expect to be dealt with fairly and impartially. They should also receive a response which fully addresses their concerns in a timely manner.

The Council may encounter complainants who act in a vexatious or unfocused way which makes resolution of their complaints or enquiries impossible, while taking up a disproportionate amount of Council resources. As an employer, we have a duty to safeguard the health and wellbeing of our staff. The Council does not expect its staff or its councillors to tolerate abusive, threatening, demeaning or offensive behaviour either verbally or in writing. Similarly, we do not expect our staff to deal with someone who, because of the frequency of their contact, places a strain on time and resources and causes undue stress for staff.

Under section 14 of the Freedom of Information Act 2000 (FOIA 2000), public authorities are not required to respond to freedom of information requests which are vexatious or repeat requests.

Most people exercise their right of access responsibly. However, a few may misuse or abuse FOIA by submitting requests which are intended to be annoying, disruptive or have a disproportionate impact on a public authority. The ICO recognises that dealing with unreasonable requests can strain resources and get in the way of delivering mainstream services or answering legitimate requests. These requests can also damage the reputation of the legislation itself.

Section 14(1) is designed to protect public authorities by allowing you to refuse any requests which have the potential to cause a disproportionate or unjustified level of disruption, irritation or distress.

Councillors

For the avoidance of doubt, this policy also applies to complaints that Members of the Council have breached its Code of Conduct.

Serving in public office is both a privilege and a responsibility, however, there is a growing issue of abuse and intimidation in public and political discourse that can have a negative impact on councillors, their families and local democracy.

In 2022, the LGA found that seven out of 10 councillors had experienced abuse from the public in the previous year. Further research by the LGA in 2022, reinforced concerns that

abuse in public life and public discourse is becoming normalised and seriously impacting civic life and local democracy.

Sefton Council is a positive reflection of how increasing numbers of women are participating in politics and wider public life, including being elected to public office.

This policy confirms the Council's commitment to taking a zero-tolerance approach to this behaviour and help protect female councillors in Sefton.

The Council also has a dedicated policy for dealing with the online abuse and intimidation of Councillors.

Principles

The Council recognises that a small minority of individuals cannot work within the Council's usual procedures. Therefore, there needs to be an equitable 'due process' offering equivalent rights to either facilitate resolution of the issues raised or where this is not possible conclude ongoing contact with the complainant over the specific concerns.

There is a consistent need to obtain clarity and focus on complaints and enquiries. This is applicable to both complainant and Council.

The Council has an obligation to protect its staff and resources from the complainant's unjustifiable actions. We expect our staff to be treated with courtesy and respect. We recognise that customers and service users can at times feel under pressure, distressed or feel that they have to be determined to pursue their concerns. They can also feel angry about their situation.

The formalised assessment process is an opportunity to verify that the Council has listened to the complainant and evaluated its options and rationale when responding. It should evidence a review by senior Departmental and Corporate Council managers of the circumstance, context, and sufficiency of communication with the complainant.

The complainant should not be under or over serviced by the Council in regard to the complaint or data access sought.

The approach set out in this guide is based on the clear understanding that:

- All complainants are treated with fairness and respect.
- In the absence of very good reasons to the contrary, all complainants have a right to access public services.
- All complaints are considered on their merits.
- Unreasonable actions from complainants do not preclude there being a valid issue. Someone may have a legitimate complaint but express it unreasonably.
- The substance of a complaint (what is alleged to have gone wrong, and its impact) should dictate the level of resources dedicated to it, not a complainant's demands or actions.
- Anger is an understandable and, to some degree, an acceptable emotion among frustrated complainants as long as it is not expressed through aggression, violence or the use of offensive or discriminatory language.
- Staff and councillor safety and well-being are paramount when dealing with unreasonable complainant conduct.

- The decision to change or restrict a complainant's access to services as a result of their actions will only be made at a service management level. It must also be subject to review.
- Service managers will ensure relevant systems, policies and procedures are in place to manage complaints including making information available to staff on how to respond to unreasonable actions.
- Any decision to restrict actions to services should be proportionate in relation to the impact the unreasonable actions have on the organisation's ability to deliver an efficient service. Any restriction should still allow fair access to mandatory services.

New complaints from people who have come under this policy will be treated on their merits. The Council will decide whether any restrictions which have been applied before are still appropriate and necessary in relation to the new complaint. The council does not support a "blanket policy" of ignoring genuine service requests or complaints where they are founded.

Anticipated Outcomes

A formalised assessment of the issues will be undertaken. This should be overseen by senior managers from the relevant Council Department, the Chief Legal and Democratic Officer, and the Corporate Information Management & Governance Executive Group as appropriate. The findings will be recorded and shared with the complainant.

Sufficient agreement and focus should be created to enable a Council response to the applicant's request.

The Council may eventually decide to protect its resources and staff by refusing to deal with the set of issues raised by the complainant as they can evidence they are unreasonably persistent or their behaviour is unacceptable in nature.

An overview of the process is outlined in Appendix 1.

Definitions

Unfocused

Where the complainant's issues are either too vague, imprecise as to time, place or personnel or constantly shifting as to what is sought to be resolved.

Vexatious

The regulatory bodies – the Local Government and Social Care Ombudsman and the Information Commissioner's Office - have itemised what they consider to be unreasonably persistent and unacceptable behaviour. While not exhaustive the examples below illustrate the variety of behaviours to which the Council will respond to protect its staff and resources:

- Persistent complaining over the same issue. Persistence will be defined as the same or similar complaint made, irrespective of to whom in the Council, on a number of occasions. Persistently seeking an outcome that the Council has already explained is unrealistic for policy, legal or other valid reasons.
- Complaining about or challenging an issue based on a historic and/or irreversible decision or incident.

- Making persistent and unreasonable demands on Council staff after the unreasonableness has been explained. An example would be a complainant who insists on immediate responses or sets the Council unreasonable deadlines.
- Behaviour or language that may cause staff and Councillors to feel seriously stressed, afraid, intimidated, threatened or abused, e.g. the use of language that could be described as foul, offensive, demeaning, inappropriate and/or racist, sexist or homophobic, threats or physical violence, derogatory remarks, rudeness, harassment, inflammatory statements and unsubstantiated allegations;
- Threatening behaviour and harassment of employees and Councillors, whether this is in person or via social media
- Taking a 'scatter-gun' approach to their complaints, for example within the Council or using MPs, elected members, or regulatory bodies.
- Refusing to specify the grounds of their complaint despite offers of assistance.
- Refusing to co-operate with the Council's investigation of the complaint, insisting on their demands being met without such an investigation.
- Refusing to accept that issues are not within the power of the Council to investigate, change or influence. An example would be a problem caused by the private sector rather than the Council.
- Insisting that the complaint be dealt with in ways other than the Council's complaints policy or equivalent. For example, insisting there are no written records made of the complaint.
- Refusing to accept the outcome of the complaint or data access process after the Council's considered final response, repeatedly arguing the point, or denying that this was an adequate response.
- Insisting a minor variation in the original complaint means that it is a 'new' complaint requiring a new Council response.
- Where the complainant can be evidenced to be verbally or physical abusive, threatening or violent in their contact with the Council over the issue.
- Where the complainant keeps shifting the focus of the topic or relevant staff involved with the complaint.
- Where the complainant has been significantly partially or wholly untruthful in their complaint or data access request.
- Is politically motivated - where the complaint is used to bring into question another political party's ethos, to fuel personal political animosities or to solely meet the interests of a particular political party.

The Protection from Harassment Act 1997 indicates that someone's actions amount to harassment when they make the victim feel distressed, humiliated, threatened or fearful of further violence.

This type of behaviour can be exhibited in many different ways, including in person, on the telephone, in written or email correspondence and on social media platforms. When dealing with this kind of behaviour, the Council will take into account the frequency of contact, the content of the contact, the actions we took to resolve the customer's complaint and the level of disruption caused.

If unreasonable behaviour occurs during a telephone conversation, Council staff will explain to the caller why their behaviour is unacceptable. The caller will be given the opportunity to stop the unacceptable behaviour. If the unacceptable behaviour continues, Council staff will inform the caller that they are ending the telephone call and will record the reason for the termination on the appropriate Council system.

The Council's response to unreasonably persistent or unacceptable behaviours

Once sufficient evidence around seemingly unreasonably persistent or unacceptable behaviour is accrued by the relevant Council team the first step is take the issue, with relevant evidence, to the Corporate Information Management and Governance Executive Group. They will decide if the conditions are met to put in place alternative methods of dealing with the complainant. Which method depends on the severity and longevity of the complainant's actions.

However, should it be determined that the behaviour in question is sufficiently serious enough, the Council withholds the right not to follow the process outlined below and will inform the complainant that it will no longer enter into any dialogue with them. If such action is deemed appropriate in connection with a complaint or complaints that a councillor has breached the Members Code of Conduct, then such a decision is for the Council's Monitoring Officer.

There may also be occasions where the relationship between the Council and unreasonably persistent or vexatious or abusive complainant breaks down completely. This may even be the case while complaints are under investigation and there is little prospect of achieving a satisfactory outcome. In such circumstances, there may be little purpose in following all the stages of the complaints procedure. Where this occurs the Council will advise the complainant that they may approach the Local Government & Social Care Ombudsman who may be prepared to consider a complaint before the procedure has run its course.

Employees of the Council and Councillors will be guided to retain a comprehensive log of the inappropriate behaviour or harassment. This will include, but is not limited to:

- Telephone logs,
- Copies of emails,
- Copies of written correspondence,
- Screen shots of social media posts,

The Council may ask the complainant to enter into an agreement which provides focus for the complaint and sets expectations for the Council and the complainant.

A template guide for such an agreement can be found at Appendix 2.

Where sufficient evidence already exists Council will send a letter of 'vexatious' status to the complainant. A template guide can be found at Appendix 3.

A failure by the complainant to meet the focusing agreement requirements will lead to the vexatious status statement and be used as evidence of good will and intent by the Council to any subsequent regulator's investigation.

Focussing and expectation agreement with complainant

An agreement may be drawn up between the individual/complainant and the Council, where possible.

The agreement should recognise that while the complainant has the same complainant rights as any other, there is a need for extra support to gain focus, clarity and structure. If

these cannot be obtained the Council cannot resolve the complaint/s and will therefore not progress the complaint.

A central principle is the complainant should not be under or over serviced by the Council or its workforce.

The component elements of the agreement should be:

- Boundaries of relevant Council staff involvement
- Respective responsibilities of complainant and Council
- Forming realisable expectations with complainant
- Contact and authority structure for complainant
- Time frames, deadlines, key information required, communication methods, and closure steps
- List of options for action
- Mutual goals
- Signatures

Boundaries of Council staff involvement

There will be a single point of contact (SPOC) person for the complainant.

Other organisation staff will keep to their specialist roles but direct all communications relating to the complaint or data request via the SPOC. The SPOC may at times ask any Council staff to contact directly but the principle is that this is mainly the SPOC's decision. If the SPOC becomes unavailable the complainant will be informed of a replacement.

If the complainant complains about the SPOC, they will need to outline and evidence their complaint in writing and send it to a specified senior manager. The senior manager will then communicate with the complainant as to whether they consider the complaint justified to the extent they replace the SPOC.

Respective responsibilities of complainant and Council

The complainant should:

- State their complaint in an organised manner without excessive or extraneous material. They should be signposted to advocacy services to support them to do this if necessary.
- Provide all required information in a timely and complete manner – not in dribs and drabs over time.
- Provide only factual and truthful material.
- Use the SPOC and not bring other organisational staff into responding to their complaint/s
- Refrain from personal remarks, offensive or threatening behaviour.

Council staff should:

- Respond via the SPOC in an accurate and timely and truthful manner.
- Unless agreed with the SPOC redirect all communications relating to the complaint back to the SPOC.
- Offer the complainant the same level of service as any other complainant.

Forming achievable expectations with complainant

A key function of the SPOC is to clarify what the grounds for complaint are. Without this the complaint response cannot progress.

If the complainant subsequently compounds, confuses, or keeps adding complaints, they will explain this is not acceptable as it presents the Council with a shifting and unclear complaint.

If the complainant has further complaints these may await the outcome of the original complaint as this may answer all subsequent complaints.

It will be explained that:

- All further complaints around the same issue will not be considered until the initial one is completed
- The Council will not respond to a further complaint as this was outlined at the outset of the original complaint.
- It may be appropriate to bring complaints together at a later stage of the process.

Contact structure for complainant

Communications will be via

- Letter or email
- Phone calls
- In person interviews

The SPOC will be where the complainant is directed to go for ALL complaints – except a complaint about the SPOC. It will be explained while they may attempt to contact others in the organisation, including senior managers, they will only redirect them back to the SPOC.

Time frames, deadlines, key information required, communication methods and closure steps

The SPOC will outline in written form what these expectations are. They are clearly interdependent. For instance, until key information is acquired from the complainant, time frames and deadlines cannot be established. Given the SPOC may be contacting busy operational sites for information it is important to be realistic to the complainant about time scales. If they complain further about non-response they will be directed to the agreed time scales.

List of options for action by the Council

The Council may highlight a number of options for action including:

- To refuse to process complaints which are persistent, confused, and / or contain excessive or extraneous material after the Council's attempt to clarify them with complainant.
- Refusing to register and process further complaints about what it perceives as the same matter.
- Placing of limits on the number and duration of contacts per week or month.
- Offer restricted time slot for necessary calls.
- Limiting the complainant to one contact medium – letter, email, and phone.

- Requiring the complainant only contact one member of staff.
- Any personal contact takes place with a staff witness.

In brief, the implementation sequence for any of the above options starts with SPOC liaising with relevant service manager who will write to complainant outlining why their behaviour is of concern and what actions will follow if it does not cease.

Restrictions will be proportionate and appropriate and recognise individual circumstances and inform the complainant of their right to refer to the Ombudsman or the Information Commissioner.

If progress is impeded by the complainant's actions the matter will be returned to the Corporate Information Management and Governance Executive Group for decision whether to escalate to Vexatious status.

Mutual goals (mutual where possible with the complainant)

Where possible the Council is keen that the above are mutual goals and principles shared between the complainant and the Council. It is the obligation of the complainant to state briefly and clearly what they cannot agree with and why. The Council will decide if they can modify it accordingly.

The agreement and any complainant response to it will potentially be shared with any regulator such as the Ombudsman, Information Commissioner's Office and professional body to whom the complainant may turn. It should provide evidence of Council goodwill and openness while requesting structure and clarity from the complainant.

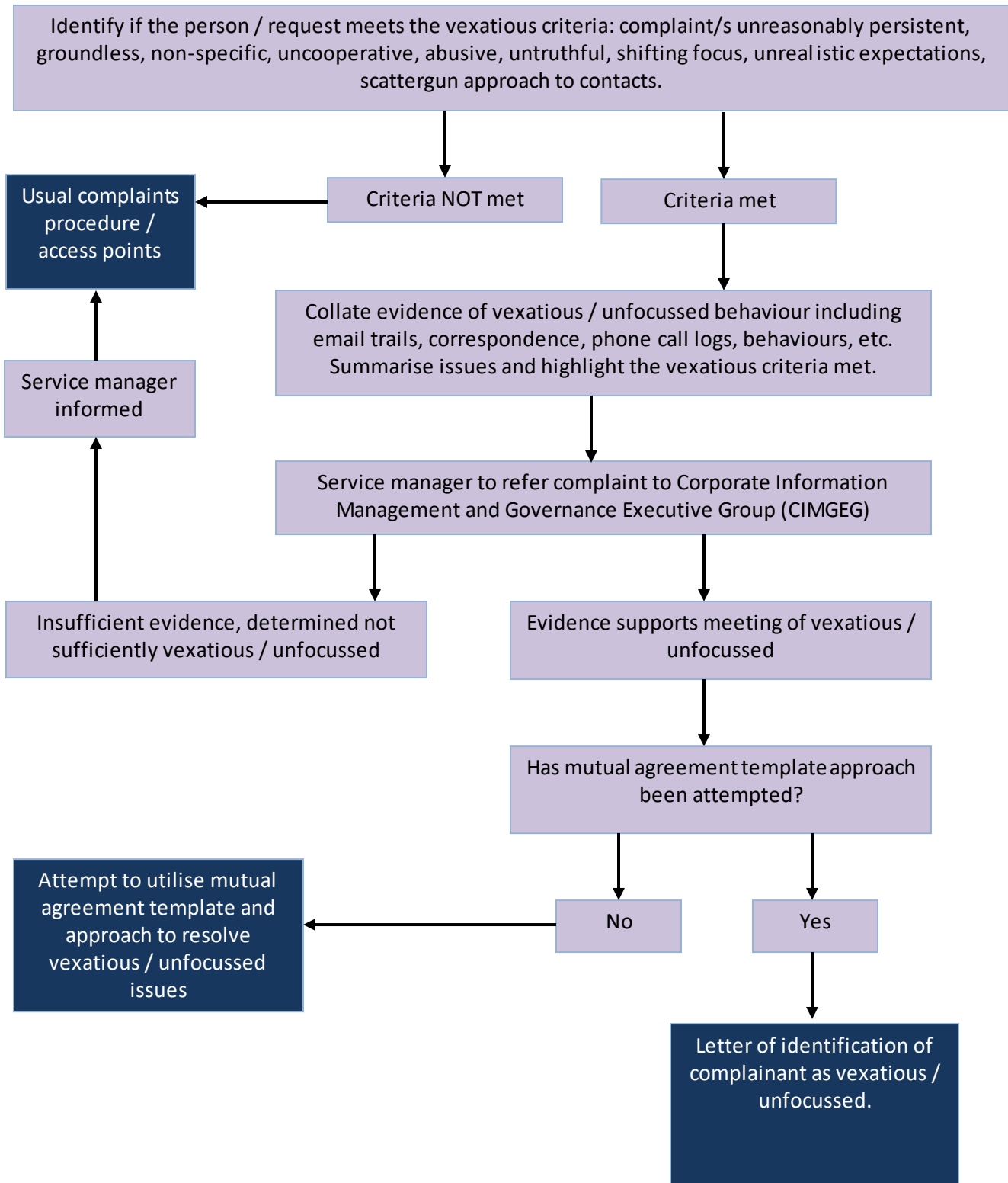
Signatures to agreement

These will be sought where possible. If the complainant refuses to sign, it will be recorded for evidence to any regulatory body that they were offered the opportunity. It is acceptable for them to verbally agree to the agreement and the Council record such agreement.

Appendix 1

Background/Purpose

To ensure proportionate and appropriate response to citizen complaints when seemingly unfocused or compromising Council staff or resources.



Appendix 2 – Mutual Agreement Template

If it is decided that it might be possible for the complainant and Council to come to mutual agreement over a set of agreed components relating to their complaints/enquiries the following covering letter and agreement template should be used. The sections are described in more detail above. The following recognises while the complainant has the same complainant rights as any other, there is a need for extra support to gain focus, clarity and structure.

Covering letter to accompany Mutual Agreement Template

Re: Your Contact With Sefton MBC

I write with reference to your complaints to the Council/requests for information under the DPA /FOIA as detailed below:

- XXXX e.g email of 6 June 2016 addressed to XXX
- XXXX email of 10 June 2016 addressed to YYYY
- XXX
- XXXX

Your contact with the Council has been considered in line with the Council's policy on 'unreasonably persistent and unacceptable behaviour' and to assist in resolving your complaints / requests, the Council consider it appropriate to enter into an agreement with you on how your contact with the Council will be managed in the future.

Please find enclosed a draft agreement for your consideration and if you are happy with the contents I shall be very grateful if you could sign a copy and return it to me at your earliest convenience. Alternatively, you could confirm your agreement via email to:

xxxxxxxxxxxxx@sefton.gov.uk.

I trust you will view this as a positive development in your relationship with the Council which is advanced as a way in which your complaint / request can be appropriately resolved.

Yours sincerely

Mutual Agreement Template

Boundaries of Council staff involvement

The Council and complainant agree to work through a single point of contact in order to ensure consistency and appropriateness of contact.

Single Point of Contact Details

Add in contact details ...

Job title

*Contact details**E-mail**Phone No**Address*

Person to contact if you wish to complain about the single point of contact.

Add in contact details ...

*Job title**Contact details**E-mail**Phone No**Address***Respective responsibilities of complainant and Council**

Adjust the following to include complainant name and add / remove any criteria as necessary.

Complainant agrees to:

- *State my complaint in an organised manner without excessive or extraneous material*
- *Provide all required information in a timely and complete manner – not in dribs and drabs over time*
- *Provide only factual and truthful material*
- *Use the single point of contact and not contact other organisational staff regarding my complaint/s*
- *Refrain from personal remarks, offensive or threatening behaviour*

The Council agrees to:

- *Respond via the single point of contact in an accurate, timely, and truthful manner*
- *Unless agreed with the single point of contact, redirect all communications from the complainant back to the single point of contact.*
- *Offer the complainant the same level of service as any other complainant.*

Forming achievable expectations

Use this section to clarify what the complainant's key issues are and identify the grounds for the complaint.

The primary complaint is:

Contact structure for complainant

Outline the expected way that contact with the single point of contact will be made (letter, email, phone, in person, etc.)

Contact structure

Time frames, deadlines, key information required, communication methods and closure steps

Complete specific details relating to these areas that are realistic and specific. Particular effort should be made to closure steps and definition of when the complaint will be considered to be closed and no further action will be taken. These elements should be clear and unambiguous.

List of options for action

Where appropriate agree limitations to the actions to be taken by both parties when dealing with the complaint. These could include but are not limited to:

- To refuse to process complaints which are persistent confused and contain excessive or extraneous material after the agencies initial attempt to clarify them with complainant.*
- Refusing to register and process further complaints about what it perceives as the same matter.*
- Placing of limits on the number and duration of contacts per week or month.*
- Offer restricted time slot for necessary calls.*
- Limiting the complainant to one contact medium – letter, email, and phone.*
- Any personal contact takes place with a staff witness.*

Mutual goals

Where possible the Council are keen that the above are mutual goals and principles shared between the complainant and the Council. It is the obligation of the complainant to briefly and clearly state what they cannot agree with and why and the Council will decide if they can modify it accordingly.

The agreement and any complainant response to it will potentially be shared with any Council regulator such as the Ombudsman, Information Commissioner's Office and professional body to whom the complainant may turn. It should provide evidence of Council goodwill and openness while requesting structure and clarity from the complainant.

Signatures to agreement

	Signature	Date
<i>Complainant/s</i>	_____	_____
<i>Sefton Council Representative</i>	_____	_____

Appendix 3 – Vexatious Status Letter

Template for letter of vexatious status to complainant

Re: Your Contact With Sefton MBC

I write in connection with your recent communications with Sefton Council which I consider to be vexatious. I will detail the action that we will take as a consequence of that decision.

I have reviewed the considerable amount / nature of communications and have summarised events in the attached document.

It is my decision that you should now be considered a vexatious complainant for the following reasons:

- You have made groundless complaints and claims against the Council and its officers
- You have made an unreasonable amount of contacts with the Council in relation to matters which have their origin in events of XXXXX
- You make the same complaints repeatedly
- You continually raise subsidiary issues / complaints
- Your complaints are often vague, not backed by evidence and / or difficult to comprehend
- You contact many officers within the Council
- You refuse to accept the outcome of the complaints process
- You refuse to accept documentary evidence
- Your repeated contacts with Council officers is placing unreasonable demands on staff time and resources
- You have threatened legal proceedings against the Council on a number of occasions but we have not been served with any court papers
- Your communication has included use of threats, intimidation or violence
- Your communication has included use of abusive, offensive or discriminatory language
- Your communication has caused officers or councillors to feel harassed.

Please note that in future Sefton Council will not reply to or acknowledge any further contact from you on any matter directly or indirectly related to the matters described above.

When making this decision I have considered the *Local Government Ombudsman's Guidance note on management of unreasonable complaint behaviour* and I consider this to be a just and proportionate response.

However, if you submit any further complaints not related directly or indirectly to matters referred to above those complaints will be considered on their merits according to the appropriate process.

Signed by relevant Senior Manager

Appendix 4

Background information from the Information Commissioner's Office and Local Government Ombudsman relating to vexatious requests.

Information Commissioner's Office

[What does section 14\(1\) of FOIA say? | ICO](#)

Local Government Ombudsman

[Managing unreasonable actions by complainants: A guide for organisations - Local Government and Social Care Ombudsman](#)

Agenda Item 13

Report to:	Audit and Governance Committee	Date of Meeting:	Wednesday 19 June 2024
Subject:	Work Programme Update Report		
Report of:	Executive Director of Corporate Resources and Customer Services	Wards Affected:	(All Wards);
Portfolio:	Corporate Services		
Is this a Key Decision:	No	Included in Forward Plan:	No
Exempt / Confidential Report:	No		

Summary:

The Audit and Governance 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 20 March 2024 and reasons for non-submission of some of the reports listed.

The reports considered at the meeting on 20 March 2024 were listed in the Work Programme for the 2023-2024 Municipal Year, which had been approved by Audit and Governance Committee on 15 March 2023.

Recommendation(s):

The Committee is requested to note the Audit and Governance Committee Work Programme update on reports listed for submission to the meeting held on 20 March 2024.

Reasons for the Recommendation(s):

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.

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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 equality implications.	
Impact on Children and Young People:	
None	
Climate Emergency Implications:	
The recommendations within this report will	
Have a positive impact	No
Have a neutral impact	Yes
Have a negative impact	No
The Author has undertaken the Climate Emergency training for report authors	Yes

Contribution to the Council's Core Purpose:

Protect the most vulnerable:
N/A
Facilitate confident and resilient communities:
N/A

<p>Commission, broker and provide core services:</p> <p>The Audit and Governance 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.</p>
<p>Place – leadership and influencer:</p> <p>N/A</p>
<p>Drivers of change and reform:</p> <p>N/A</p>
<p>Facilitate sustainable economic prosperity:</p> <p>N/A</p>
<p>Greater income for social investment:</p> <p>N/A</p>
<p>Cleaner Greener:</p> <p>N/A</p>

What consultations have taken place on the proposals and when?

(A) Internal Consultations

The Executive Director of Corporate Resources and Customer Services (FD.7692/24) and the Chief Legal and Democratic Officer (LD 5792/24) have been consulted and any comments have been incorporated into the report.

(B) External Consultations

None

Implementation Date for the Decision

Immediately following the Committee meeting.

Contact Officer:	Amy Dyson
Telephone Number:	0151 934 2045
Email Address:	amy.dyson@sefton.gov.uk

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Appendices:

Appendix 1 - Update on Reports listed in the 2023-2024 Audit and Governance Committee Work Programme and ad hoc reports submitted for consideration by Audit and Governance Committee held on 20 March 2024

Background Papers:

CIPFA – Audit Committees – Practical Guidance for Local Authorities and Police 2022 Edition can be viewed at the following link:

<https://modgov.sefton.gov.uk/ecSDDisplay.aspx?NAME=SD2926&ID=2926&RPID=34906445>

1. Introduction / Background

- 1.1 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 2024

- 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 2023-2024 Work Programme for consideration at the meeting of the Audit and Governance Committee held on 20 March 2024 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.

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Update on Reports listed in the Audit and Governance Work Programme for consideration by Audit and Governance Committee held on 20 March 2024

	Report Title	Inclusion Rationale	Details	Comments and/or reason for delay
	Governance Reports			
(1)	Review of effectiveness of the Audit and Governance Committee – Complete Self-Assessment	Good Practice	Submitted and Noted	
(2)	Review of the Audit and Governance Committee’s Training Requirements	Good practice	Submitted and Noted	
(3)	Review and approve Annual Work Plan for the Audit and Governance Committee	Good practice	Submitted and Approved	
(4)	Work Programme Quarterly Update Report	Good practice	Submitted and Noted	
(5)	Code of Corporate Governance	Recommended by A&G	N/A	N/A
	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)	Approval of the Annual Internal Audit Plan and Review of the Internal Audit Charter	Terms of Reference	Submitted and Approved	
	Risk Management Reports			
(8)	Review of the Quarterly Corporate Risk Register	Terms of Reference	Submitted and Noted	Quarterly update provided to Members
(9)	Regular report on health and safety (included in Quarterly Corporate Risk Register Report)			
	Monitor Role			
(10)	Reporting of the anti- fraud, bribery and corruption strategy (included in Risk and Audit Service Performance Report)	Terms of Reference	Submitted and approved	
(11)	Review of Whistleblowing Policy	Terms of Reference	Submitted and approved	
(12)	Provide an annual report on the Council's Anti-Money Laundering Policy	Terms of Reference	Deferred	Deferred
	Accounts, Financial Statements & Treasury Management Reports			
(13)	Treasury Management In-Year Position	Terms of Reference		
	Ad hoc Reports (not on Work Programme)			
	ICT Acceptable Usage Policy		Submitted and approved	
	Sefton Assurance Map		Submitted and noted	
	Grant Thornton External Audit Progress Report and Sector Update - February 2024		Submitted and noted	
	Review of Terms of Reference	Good Practice	Submitted and noted	

	Guidance for Council Appointed Directors		Submitted and approved	
	Unrecoverable Debts over £10,000		Submitted and approved	
	Write-off of irrecoverable retail-related arrears with balances over £10,000		Submitted and approved	

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