

Public Document Pack



MEETING: AUDIT AND GOVERNANCE COMMITTEE

DATE: Wednesday 21st September, 2016

TIME: 3.00 pm

VENUE: Birkdale Room, Town Hall, Southport

Member

Councillor
Councillor Brennan (Chair)
Councillor Roche (Vice-Chair)
Councillor Ashton
Councillor Bennett
Councillor Bliss
Councillor Kevin Cluskey
Councillor McGinnity
Councillor Moncur
Councillor Sayers
Councillor Shaw

Substitute

Councillor
Councillor McKinley
Councillor Roscoe
Councillor Daniel Lewis
Councillor McCann
Councillor Dutton
Councillor Bradshaw
Councillor Robinson
Councillor Linda Cluskey
Councillor Dams
Councillor Hands

COMMITTEE OFFICER: Debbie Campbell
Senior Democratic Services Officer
Telephone: 0151 934 2254
Fax: 0151 934 2034
E-mail: debbie.campbell@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.

This page is intentionally left blank.

A G E N D A

1. **Apologies for absence**
2. **Declarations of Interest**

Members are requested to give notice of any personal or prejudicial interest and the nature of that interest, relating to any item on the agenda, in accordance with the Members Code of Conduct.
3. **Minutes** (Pages 5 - 8)

Minutes of the meeting held on 29 June 2016.
4. **Audit Findings**

Report of the Council's External Auditors – Ernst and Young LLP. To Follow.
5. **Local Government Sector Update** (Pages 9 - 18)

Report of the Council's External Auditors – Ernst and Young LLP.
6. **Annual Audit and Certification Fees 2016/17** (Pages 19 - 22)

Letter submitted by the Council's External Auditors – Ernst and Young LLP.
7. **Adult Social Care and Public Health Complaints Annual Report 2014/15** (Pages 23 - 44)

Report of the Head of Commissioning Support and Business Intelligence.
8. **Information Management** (Pages 45 - 58)

Report of the Head of Regulation and Compliance.
9. **Local Government Ombudsman Complaints 2015/16** (Pages 59 - 70)

Report of the Head of Regulation and Compliance.
10. **Standards Regime in Sefton 2015/16** (Pages 71 - 80)

Report of the Head of Regulation and Compliance.
11. **Vexatious or Unfocussed Complaints and Data Requests** (Pages 81 - 84)

Report of the Head of Regulation and Compliance.

12. Statement of Accounts 2015/16

Report of the Chief Finance Officer. To Follow.

13. Treasury and Capital Activity - Outturn 2015/16

(Pages 85 -
98)

Report of the Head of Corporate Resources.

14. Risk and Audit Service Performance Report

(Pages 99 -
126)

Report of the Head of Corporate Resources.

15. Exclusion of Press and Public

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

- Item 8 – Appendices 1, 2, 3 & 4

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

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

16. Revenue & Benefit Service - Write off of Irrecoverable Debts with Balances over £10,000

(Pages 127 -
144)

Report of the Chief Finance Officer.

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

AUDIT AND GOVERNANCE COMMITTEE

MEETING HELD AT THE TOWN HALL, BOOTLE ON 29 JUNE 2016

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

Councillors Ashton, Bennett, Kevin Cluskey,
McGinnity, Moncur and Sayers

1. APOLOGIES FOR ABSENCE

Apologies for absence were received from Councillor Bliss, Councillor Shaw and his Substitute, Councillor Hands.

2. DECLARATIONS OF INTEREST

No declarations of any disclosable pecuniary interest were received.

3. WELCOME AND INTRODUCTIONS

The Chair welcomed everyone to the Committee, particularly new Members and the Council's new Chief Internal Auditor, Laura Williams, and he stressed the independent role of the Committee.

4. CHAIR'S ANNOUNCEMENT

The Chair paid tribute to Margaret Rawding, the former Chief Finance Officer, who had recently retired from her position with the Council, and also to Mike Morris, Senior Democratic Services Officer, whose retirement was imminent.

Stephan Van Arendsen, Head of Corporate Resources, would be continuing in Margaret Rawding's role as an adviser to this Committee in a financial capacity.

RESOLVED:

Agenda Item 3

AUDIT AND GOVERNANCE COMMITTEE - WEDNESDAY 29TH JUNE, 2016

That thanks be extended to both Margaret Rawding and Mike Morris for their services to both this Committee and the Council and the best wishes of the Committee be extended to them for the future.

5. MINUTES

RESOLVED:

That the Minutes of the meeting held on 23 March 2016 be confirmed as a correct record.

6. INTERNAL AUDIT ANNUAL REPORT 2015/16

The Committee considered the report of the Chief Finance Officer, attaching a copy of the Chief Internal Auditor's Annual Report, which provided the Committee with a review of Internal Audit and Risk Management activity for 2015/16, together with the Chief Internal Auditor's opinion on the overall adequacy and effectiveness of the Council's internal control environment.

A copy of the Internal Audit Annual Report entitled "Corporate Support - Risk and Audit Service Annual Report 2015/16" was attached as an Annex to the report and it detailed the following:-

- Chief Internal Auditor Opinion 2015/16;
- Internal Audit Service;
- Internal Audit Service Performance;
- Professional standards;
- The Risk Management Service; and
- Fraud.

Copies of the following were attached to the Annual Report:-

- Internal Audit Plan 2015/16 Progress Update; and
- Internal Audit Plan 2016/17 Progress Update as at 03/06/16.

The Head of Corporate Resources presented the report and responded to questions raised by Members of the Committee on work undertaken investigating fraud; the Chief Internal Auditor's opinion on aspects of the Council's internal control environment; the approach undertaken by Internal Audit; follow-up actions required; and work undertaken on Assurance.

The Chief Internal Auditor concluded by stressing the importance of providing strong assurances in the future.

RESOLVED: That

- (1) the report and position statement of the Internal Audit and Risk Management Service be noted; and
- (2) the Chief Internal Auditor's opinion arising from the work of the Internal Audit Service be noted.

7. POST-BREXIT CONSIDERATIONS FOR THE COUNCIL'S INVESTMENTS

With the agreement of the Chair and in view of the urgency of the matter, the Head of Corporate Resources tabled a paper entitled "Post-Brexit Considerations for the Council's Investments", outlining the key points raised by Capita Asset Services following the result of the recent European Referendum. The paper discussed a range of issues including potential ratings changes for financial institutions; interest rate exposure; the potential impact upon the return that the Council could expect from its investment strategy; impact on potential borrowing strategies; and the Council's current "counterparty" list.

In addition to the issues raised, Committee Members also raised concerns regarding the teams within the Council which are currently supported by European funding and what the impact of the referendum may be on these areas.

RESOLVED:

That the paper on "Post-Brexit Considerations for the Council's Investments" be noted.

8. FUTURE WORK ITEMS / TRAINING EVENTS

The Head of Regulation and Compliance outlined future work items for the Committee during the current Municipal Year, including information management and governance; data breaches handling and management; maladministration; constitutional amendments; and standards.

The Head of Corporate Resources outlined possible future training events for Members which would include treasury management and the development of the internal audit plan.

RESOLVED:

That the future work items and possible training events outlined be noted.

Agenda Item 3

AUDIT AND GOVERNANCE COMMITTEE - WEDNESDAY 29TH JUNE,
2016

9. DATE OF NEXT MEETING

The Senior Democratic Services Officer indicated that following a request to change the date of the next meeting of the Committee, the Chair had agreed that the next meeting would be held on Wednesday, 21 September 2016, at the Town Hall, Southport, commencing at 3.00 p.m. Confirmation of this change would follow in due course.

RESOLVED:

That the change to the date of the next meeting of the Committee be noted.

Local government audit committee briefing

Contents at a glance

Government and economic news

**Accounting, auditing and
governance**

Regulation news

**Key questions for the audit
committee**

Find out more

This sector briefing is one of the ways that we hope to continue to support you and your organisation in an environment that is constantly changing and evolving.

It covers issues which may have an impact on your organisation, the Local government sector and the audits that we undertake. The public sector audit specialists who transferred from the Audit Commission form part of EY's national Government and Public Sector (GPS) team. Their extensive public sector knowledge is now supported by the rich resource of wider expertise across EY's UK and international business.

This briefing reflects this, bringing together not only technical issues relevant to the local government sector but wider matters of potential interest to you and your organisation.

Links to where you can find out more on any of the articles featured can be found at the end of the briefing, as well as some examples of areas where EY can provide support to Local Authority bodies. We hope that you find the briefing informative and should this raise any issues that you would like to discuss further please do contact your local audit team.



Government and economic news

EU Referendum

24 June saw the outcome of the referendum concerning the United Kingdom's membership of the European Union. The result was a narrow decision to leave, precipitating the resignation of David Cameron as Prime Minister, and the appointment of Theresa May. David Davis (Secretary of State for Exiting the EU) has been tasked with negotiating the UK's exit from the EU.

EY recognises that our clients will be planning to navigate what lies ahead. As a firm, we have been considering the consequences of both possible outcomes both for ourselves and for our clients.

Some considerations for local authorities include:

- ▶ Local authorities and LEPs are central to driving the growth of the economy in supporting the balance of payments in their localities. There will be a high level of uncertainty for businesses to invest and recruitment following the immediate impact of Brexit
- ▶ There may be an impact on migration. Migration is always an issue for Local Authorities who are usually the end point for housing and location of migrants to the UK as well as employing large numbers in social care
- ▶ Where the workforce of a local authority is made up of significant numbers of staff from EU member countries their working rights post Brexit may be impacted

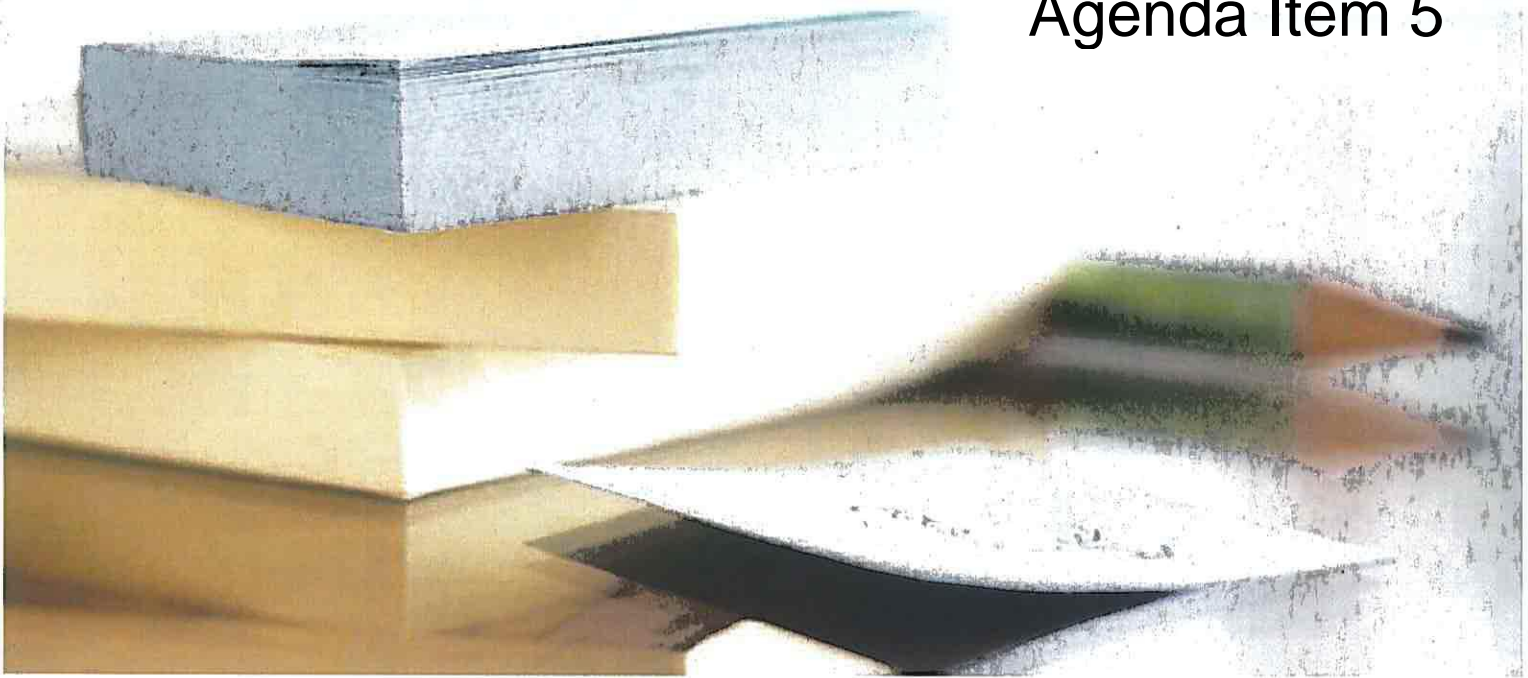
- ▶ Business rates revenue may reduce if companies that were planning to set up in the UK now choose to set up in an EU member country instead

If you have any questions arising from the referendum result, please don't hesitate to contact your engagement manager.

Off-Payroll working in the public sector: update

As noted in the previous briefing (March 2016) changes have been proposed to the way that individuals who are contracted to work for local authorities by another company pay their tax. Currently, the obligation rests with the intermediary company who is responsible for assessing whether their engagements are subject to IR35 and accounting for PAYE and NIC. From 6 April, this responsibility, and the liability for paying the correct tax will be shifted to the public sector body which pays the company.

In order to simplify this and increase the likelihood of compliance, the Government has suggested that workers are automatically considered to fall within the scope of the new rules if there is the right to personal service and the engager decides, or has the right to decide how the work should be done. In addition, for more complex cases, an online tool will be provided to help engagers in determining whether or not IR35 applies to a particular engagement. In practice, this will require local authorities to collect more personal data from workers who have been contracted via an intermediary company.



Election data

The government published their Open Government National Action Plan in May 2016. In addition to twelve other commitments designed to improve the transparency of the current government, there is a pledge to develop a common data standard for the reporting of election results throughout the UK. This move is being led by the Local Government Association, and aims to support electoral administrators to adopt this common standard in order to reduce errors and wasted time in aggregating election results.

This is a developing initiative which will require some local authorities to take part in a pilot programme, after which local authorities will be encouraged to take up the process in the 2017 local elections.

Government lending to local authorities

Changes to the way that the central government will lend money to local authorities are currently being consulted on. Following the devolution of borrowing powers in 2004, local authorities take the lead in identifying projects for which they require funding and assessing how much they can afford to borrow, meaning that the decision-making body Public Works Loan Board is no longer required.

The government have suggested the transferral of powers from the now obsolete PWLB to HM Treasury to increase the efficiency of lending to local authorities and ensure more accountability to ministers.



Accounting, auditing and governance

Whole of Government Accounts (2014/15)

The National Audit Office (NAO) has issued a report on the state of the Whole of Government Accounts (WGA) which was released in May 2016. Covering the financial year 2014-15, the annual accounts show that net expenditure has grown from £145.7bn to £152bn. This is in contrast to the government's own fiscal measure, as reported in the National Accounts, which states the deficit as having decreased from £71bn to £57bn.

The increase in net expenditure has been attributed to the decommissioning in the oil, gas and nuclear fields, increases in net interest on pension scheme liabilities and the impact of the triple lock policy on state pensions.

Government expenditure on wages experienced a small increase, from £148.2bn to £148.3bn, in spite of government job losses totalling 20,346. The government also experienced a slight increase in revenue from £652.9bn to £659.3bn, largely attributable to the increases in value added tax.

It should be noted however, that the NAO signalled there were shortfalls in the reporting from a number of departments and organisations.

Government Internal Audit Agency Corporate Plan 2016-17

The Government Internal Audit Agency (GIAA) released their Corporate Plan in May 2016, highlighting their increasing scope in Central Government audit. The GIAA is targeting increased investment in the Agency in order to improve the level of service they provide, as well as providing audit advice across the central government which best targets their needs.

By bringing together several departmental audit functions in their first year of existence, the Agency reached its target of becoming responsible for 50% of central government internal audit. The GIAA will seek to increase this percentage, and has also set the objective of improving Cost Effectiveness by 15%.

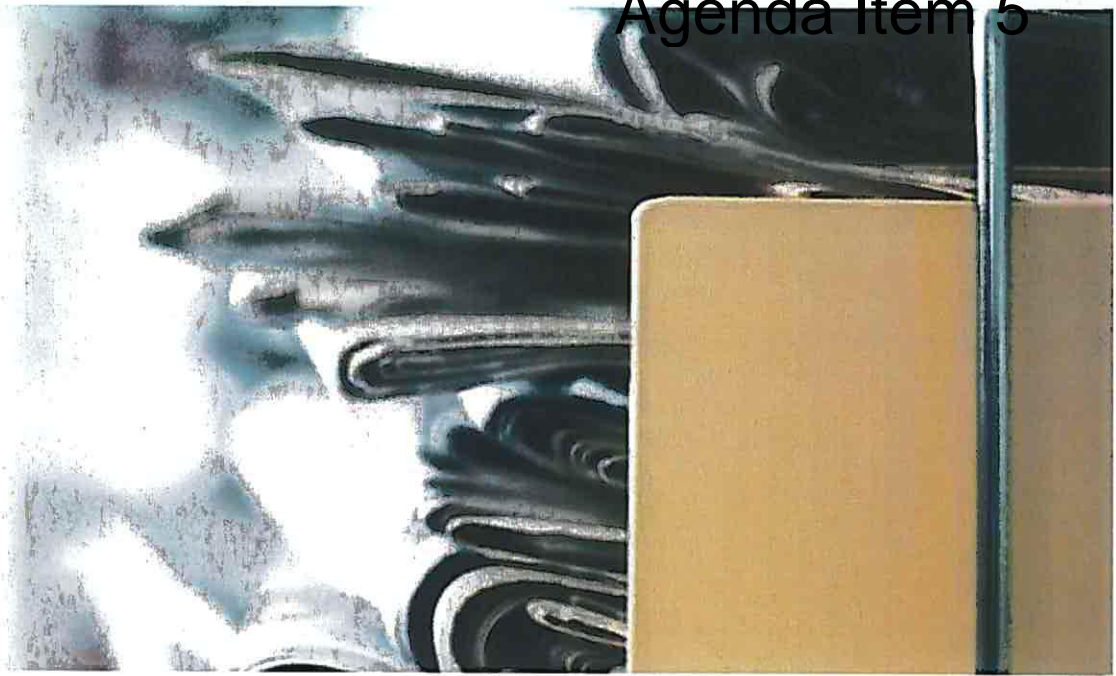
Through the establishment of the Internal Audit Framework, the GIAA is continuing to utilise collective buying power to secure access to private sector resources, in order to leverage a specialist service. This allows individual departments to receive auditing services at a lower cost than when they had to seek contracts on a single department basis.

Although the GIAA's priorities remain HM Treasury and the MoD, current customers include six sub-departments encompassed in the Department for Communities and Local Government.

New Highways Network Asset Code of Practice

CIPFA consulted on a Code of Practice on the Highways Network Asset (HNA Code) to replace the Transport Infrastructure Code of Practice in late March/early April this year. Following that process proposed revisions to the consultation draft are to be taken to CIPFA/LASAAC for approval.

CIPFA have announced that the HNA Code will be published in August 2016. Following on from that publication CIPFA will subsequently issue HNA Guidance Notes and HNA Accounting Guidance. These documents will supersede all previously issued Codes and guidance and will therefore be the definitive approach that authorities must follow and auditors will audit to.



DREAM approach to Highways Network Asset

The introduction of Depreciated Replacement Cost accounting for the Highways Network Asset (HNA) in 2016/17 is a major task for both authorities and their external auditors. By following the DREAM approach set out below we believe the task will run smoother.

Document highways systems: almost all highways and engineering IT inventory information has not been subject to audit and lack detailed procedure manuals/notes. Full documentation of the key core data systems should be completed as one of the initial tasks that an authority carries out.

Reports and reconciliations: assess the information requirements of the task and whether the existing systems can produce the required reports and reconciliations or will new reports and reconciliations be needed? Identify any corrective action required.

Evidential based: the quality of the inventory is key to the change. So as well as documentation of inventory systems, establish how you will evidentially prove that the inventory is complete and the named assets exist. This includes key asset dimensions. However, before engaging expensive external contractors to do this consider all the processes that you currently have in place that actually do this ranging from routine cyclical inspections to independent system reviews. Use this to identify areas where 'top-up' work is required.

Audit: early and regular engagement with both internal audit (IA) and external audit (EA) is a key determinant of successful implementation. IA can assist in establishing documentation procedures and can carry out system audits of those systems. Sharing your proposals with EA in advance will reduce the risk of abortive work. Decisions on what work you actually do are a matter for the authority, but the EA will provide comments on proposed approaches.

Materiality: this is a key concept both to the authority as the accounts are stated to include all material items and EA who audit to a calculated materiality level. Materiality has both quantitative and qualitative aspects. In simple terms the quantitative identifies the level at which consideration needs to be given to whether omission of an item or inclusion of an error requires correction. The qualitative level is where a professional judgement is made as to whether correction of that item would influence decisions of the users of the accounts.

As the HNA is to be classed as a single asset the materiality is based upon the total value and not the constituent parts. Due to the importance of this amount discussions around the level at which the authority is considering setting it at should take place with EA at an early stage to ensure that this will not lead to problems in the audit process.

For further information please consult with your audit team.

Agenda Item 5



Regulation news

Financial sustainability

The NAO published a report on 15 June which examined the financial sustainability of local authorities, given that government funding has been reduced since 2010 and a previous report by the NAO found that local authority revenue income fell by 25.2% in real terms from 2010-11 to 2015-16.

The report focuses on three areas of risk and opportunity for local authorities in the current climate: their ability to service debt costs from revenue; their ability to ensure adequate investment in local authority assets; and the government's ability to balance local autonomy and national oversight.

It concludes that although the fall in revenue income has placed pressure on local authorities, their capital programmes have not been under the same pressure. Despite prudent action by local authorities to minimise the cost of debt servicing, this accounts for a significant part of revenue spending: 9.9% on average in single tier and county councils. This in turn has an impact on the ability of local authorities to adequately maintain and invest in core assets.

The NAO offers several recommendations for the Department for Communities and Local Government: the most crucial of which is that the Department should improve its understanding of capital expenditure and resourcing issues and work with CIPFA to review the current capital framework in order to promote decision making which is more appropriately adjusted to consider the long term given expected financial pressures.

Ofsted social care annual report 2016

Her Majesty's Chief Inspector has recently published his annual report into social care, seeking to provide a clear representation of state of the system in the UK. Currently, a quarter of local services are deemed inadequate. The key message of the report is that this inadequate provision is not the result of a lack of funding, size nor deprivation of the area, rather a shortage of quality leadership within the social care sector. The report highlights examples of where excellent leadership in local authorities has resulted in the quality of care significantly improving, leaving those authorities without such leadership behind.

The report also points towards the importance of local political leadership as a key driver of success, and shows how the best-performing local authorities have been aided by political actors with an active and positive attitude towards social care. It concludes that it is the behaviour of these politicians, twinned with strong leadership from managers which gives staff more confidence, resulting in a higher overall level of care.

A further area for improvement noted is that of training of staff. The report notes the high commitment of those working in the sector, but recognises that often staff are not given the adequate training opportunities to deal with the complex and ranging problems with which they are faced.



Key questions for the audit committee

What questions should the Audit Committee be asking itself?

What actions are being taken to consider the impact of the UK's decision to leave the European Union?

Have we considered the increase in personal data collection which we will be responsible for as a result of changes to off-payroll working?

Are we prepared to undergo a review of our processes for reporting election results?

Have we considered how the increasing scope of the Governmental Internal Audit Agency could impact on local government audits in the future?

Have we considered the impact of the new highway network asset code of practice and the impact on our local authority?

Have we given consideration to the need to minimise revenue spend on debt servicing and maximise revenue spend on assets?



Find out more

EU Referendum

For more news about the EU referendum result and its implications: <http://www.ey.com/UK/en/Issues/Business-environment/EU-Referendum>

Off-Payroll working in the public sector: update

See the full EY report at: [http://www.ey.com/Publication/vwLUAssets/EY-tax-news-2016-05-31-07/\\$FILE/EY-tax-news-2016-05-31-07.pdf](http://www.ey.com/Publication/vwLUAssets/EY-tax-news-2016-05-31-07/$FILE/EY-tax-news-2016-05-31-07.pdf)

Election data

See the full action plan at: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/522781/UK_Open_Government_National_Action_Plan_2016-18.pdf

Government lending to local authorities

See the government announcement at: <https://www.gov.uk/government/news/government-takes-next-step-to-modernise-the-governance-of-lending-to-local-authorities>

Whole of Government Accounts (2014/15)

See the NAO's analysis of the Whole of Government Accounts at: <https://www.nao.org.uk/highlights/whole-of-government-accounts/>

Government Internal Audit Agency Corporate Plan 2016-17

Read the GIAA's Corporate Plan – visit: https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/526224/GIAA_Corporate_Plan_2016-17__final_.pdf

Financial sustainability

Find the full report the NAO at: <https://www.nao.org.uk/wp-content/uploads/2016/06/Financial-sustainability-of-local-authorities-capital-expenditure-and-resourcing.pdf>

Ofsted social care annual report 2016

Read the full report at: <https://www.gov.uk/government/publications/ofsted-social-care-annual-report-2016>

EY | Assurance | Tax | Transactions | Advisory

About EY

EY is a global leader in assurance, tax, transaction and advisory services. The insights and quality services we deliver help build trust and confidence in the capital markets and in economies the world over. We develop outstanding leaders who team to deliver on our promises to all of our stakeholders. In so doing, we play a critical role in building a better working world for our people, for our clients and for our communities.

EY refers to the global organization, and may refer to one or more, of the member firms of Ernst & Young Global Limited, each of which is a separate legal entity. Ernst & Young Global Limited, a UK company limited by guarantee, does not provide services to clients. For more information about our organization, please visit ey.com.

Ernst & Young LLP

The UK firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited.

Ernst & Young LLP, 1 More London Place, London, SE1 2AF.

© 2016 Ernst & Young LLP. Published in the UK.
All Rights Reserved.

ED None

EY-000002451.indd (UK) 07/16. Artwork by Creative Services Group Design.

Information in this publication is intended to provide only a general outline of the subjects covered. It should neither be regarded as comprehensive nor sufficient for making decisions, nor should it be used in place of professional advice. Ernst & Young LLP accepts no responsibility for any loss arising from any action taken or not taken by anyone using this material.

ey.com/uk

This page is intentionally left blank



Ernst & Young LLP
100 Barbirolli Square
Manchester
M2 3EY

Tel: + 44 161 333 2860
Fax: + 44 161 3333001
ey.com

Margaret Carney
Chief Executive
Sefton Council
Magdalen Square
Bootle
L30 5QH

18 April 2016

Ref: HR/CD

Direct line: 0151 2140 4227

Email: cdavies4@uk.ey.com

Dear Margaret

Annual Audit and Certification Fees 2016/17

We are writing to confirm the audit and certification work that we propose to undertake for the 2016/17 financial year at Sefton Council.

Indicative audit fee

For the 2016/17 financial year Public Sector Audit Appointments Ltd (PSAA) has set the scale fee for each audited body, following consultation on its Work Programme and Scale of Fees.

The fee reflects the risk-based approach to audit planning set out in the National Audit Office's Code of Audit Practice for the audit of local public bodies.

The audit fee covers the:

- Audit of the financial statements
- Value for money conclusion
- Whole of Government accounts.

For Sefton Council our indicative fee is set at the scale fee level. This indicative fee is based on certain assumptions, including:

- The overall level of risk in relation to the audit of the financial statements is not significantly different from that of the prior year
- Officers meeting the agreed timetable of deliverables;
- The operating effectiveness of the internal controls for the key processes identified within our audit strategy;
- We can rely on the work of internal audit as planned;
- Our accounts opinion and value for money conclusion being unqualified;

- Appropriate quality of documentation is provided by the Council;
- There is an effective control environment; and
- Prompt responses are provided to our draft reports.

Meeting these assumptions will help ensure the delivery of our audit at the indicative audit fee which is set out in the table below.

As we have not yet completed our audit for 2015/16, our audit planning process for 2016/17 will continue as the year progresses. Fees will be reviewed and updated as necessary, within the parameters of our contract.

Certification fee

The PSAA has set an indicative certification fee for housing benefit subsidy claim certification work for each audited benefits authority. The indicative fee is based on actual 2014/15 benefit certification fees, and incorporating a 25 per cent reduction.

The indicative certification fee is based on the expectation that an audited body is able to provide the auditor with complete and materially accurate housing benefit subsidy claim with supporting working papers, within agreed timeframes.

The indicative certification fee for 2016/17 relates to work on the housing benefit subsidy claim for the year ended 31 March 2017. We have set the certification fee at the indicative fee level. We will update our risk assessment after we complete 2015/16 benefit certification work, and to reflect any further changes in the certification arrangements.

Summary of fees

	Indicative fee 2016/17 £	Planned fee 2015/16 £	PWC Actual fee 2014/15 £
Total Code audit fee	126,897	126,897	169,196
Certification of housing benefit subsidy claim	10,298	10,390	16,802

Any additional work that we may agree to undertake (outside of the Code of Audit Practice) will be separately negotiated and agreed with you in advance.

Billing

The indicative audit fee will be billed in 4 quarterly instalments of £34,298.75.



Audit plan

Our plan is expected to be issued by March, 2017. This will communicate any significant financial statement risks identified, planned audit procedures to respond to those risks and any changes in fee. It will also set out the significant risks identified in relation to the value for money conclusion. Should we need to make any significant amendments to the audit fee during the course of the audit, we will discuss this in the first instance with the Director of Finance and, if necessary, prepare a report outlining the reasons for the fee change for discussion with the Audit and Accounts Committee.

Audit team

The key members of the audit team for the 2016/17 financial year are:

Hassan Rohimun
Executive Director

HRohimun@uk.ey.com

Tel: 0161 333 3280

Caroline Davies
Senior Manager

CDavies4@uk.ey.com

Tel: 0151 210 4227

We are committed to providing you with a high quality service. If at any time you would like to discuss with us how our service to you could be improved, or if you are dissatisfied with the service you are receiving, please contact me. If you prefer an alternative route, please contact Steve Varley, our Managing Partner, 1 More London Place, London, SE1 2AF. We undertake to look into any complaint carefully and promptly and to do all we can to explain the position to you. Should you remain dissatisfied with any aspect of our service, you may of course take matters up with our professional institute.

Yours faithfully

Hassan Rohimun
 Executive Director
 For and on behalf of Ernst & Young LLP

This page is intentionally left blank

Report to: Overview and Scrutiny Committee **Date of Meeting:** 28/06/16

Subject: Adult Social Care and Public Health Complaints Annual Report 2014-15 **Wards Affected:** All Wards

Report of: Head of Commissioning Support & Business Intelligence

Is this a Key Decision? No **Is it included in the Forward Plan?** No

Exempt/Confidential No

Purpose/Summary

To inform members of the performance of Adult Social Care Services in responding to complaints

Recommendation(s)

Members are asked to note the report and its findings.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		x	
2	Jobs and Prosperity		x	
3	Environmental Sustainability		x	
4	Health and Well-Being		x	
5	Children and Young People		x	
6	Creating Safe Communities		x	
7	Creating Inclusive Communities		x	
8	Improving the Quality of Council Services and Strengthening Local Democracy		x	

Agenda Item 7

Reasons for the Recommendation:

Statutory Duty under the Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 and under The NHS Bodies and Local Authorities (Partnership Arrangements, Care Trusts, Public Health and Local Healthwatch) Regulations 2012.

Alternative Options Considered and Rejected:

n/a

What will it cost and how will it be financed?

(A) Revenue Costs
Not applicable

(B) Capital Costs
Not applicable

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial – n/a	
Legal	
Human Resources – n/a	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact of the Proposals on Service Delivery:

n/a

What consultations have taken place on the proposals and when?

The Chief Finance Officer has been consulted and has no comment on the report as there are no direct financial implications arising from the report (FD.4206/16) and Head of Corporate Legal Services (LD.3489/16) have been consulted and any comments have been incorporated into the report.

Implementation Date for the Decision

n/a

Background Papers:

Adult Social Care and Public Health Annual Complaints Report 2014-15

Contact Officer: Rachel Richardson, Health and Social Care Complaints Officer

Tel: 0151 934 3166

E-Mail: rachel.richardson@sefton.gov.uk

This page is intentionally left blank

Adult Social Care and Public Health Complaints

1 April 2014 – 31 March 2015

Contents

	Page
Executive summary	3
Current Legislation	4
Overview of Complaints Procedure	5
Adult Social Care Complaints	6
Local Government Ombudsman	9
Public Health Complaints	11
Compliments	13
Learning from Complaints	14
Conclusions and recommendations	16
Appendix 1	17
Appendix 2	18

Executive summary

Adult Social Care Complaints

The number of complaints relating to Adult Social Care has continued to increase year on year and we received a total of 121 in the year 2014-15. The table below shows the previous figures for comparison.

	2011-2012	2012-2013	2013-2014	2014-2015
Total	45	62	109	121

The main areas of concern for complainants were:

- Attitude of staff
- Availability of Service
- Finance and Funding
- Quality of Service

Of the 121 complaints received, 45% were upheld either in full or in part.

Six complaints were referred to the Local Government Ombudsman within this timeframe and the outcomes were as follows:

- 4 found no fault with the Council and no further action was recommended.
- 2 found fault with the Council for not sharing a copy of an assessment with the service user and the recommended actions were for the Council to offer a formal written apology to one service user and for the other the LGO recommended that we waive the outstanding debt we were seeking to recover.

Learning from Complaints

There have been several areas of learning and areas for improvement which have been identified through the complaints received and these can be summarised as follows:

- Communication
- Safeguarding
- Clear Recording / Documentation
- Partnership Working
- Timeliness of Complaint Responses

Current Legislation

Complaints are handled according to The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 and accompanying guidance (Listening, Responding, Improving). This legislation operates across Health and Adult Social Care and places significant emphasis on a personalised approach to complaints and 'learning from complaints'.

The Public Health function transferred to the Local Authority with effect from 1 April 2013 and therefore any complaints concerning this department are managed by the Customer Response Team on a day to day basis and the Director for Public Health will be the nominated responsible person for these complaints.

The Local Authority Social Services and National Health Service Complaints (England) Regulations 2009 can be viewed at

http://www.legislation.gov.uk/uksi/2009/309/pdfs/ukxi_20090309_en.pdf

The Listening, Responding, Improving guidance is available at

http://webarchive.nationalarchives.gov.uk/+www.dh.gov.uk/en/publicationsandstatistics/publications/publicationspolicyandguidance/dh_095408

Overview of Complaints Procedure

Whenever a query or concern is raised, staff should take every opportunity to find an early resolution to the problem. There may be simple steps that can be taken to resolve the issue quickly and efficiently. Being proactive could prevent the matter being escalated to a complaint and ensures that an efficient service is provided to the individual.

If a staff member receives a complaint via telephone, he/ she should offer to either take the complainant's contact details for the complaints officer to call back or provide the details shown below. If a complaints correspondence is received, this should be referred to the complaints officer immediately. The complaints officer is responsible for writing an acknowledgement letter within three working days and sending the complainant a copy of the procedure.

The complaints officer will allocate the complaint to an investigating officer (who may be an external investigator or a Council staff member). The investigating officer will be expected to:

- Clearly identify the issues in the complaint
- Review all relevant documentation
- Speak to relevant staff and obtain statements as appropriate
- Draw conclusions based on the above information and determine whether the complaint will be upheld or not
- Make recommendations based on the findings
- Refer all the above information in a timely manner to the complaints officer who will draft the final response to the complainant which will be signed by the Director of Older People.
- Seek opportunities for early resolution

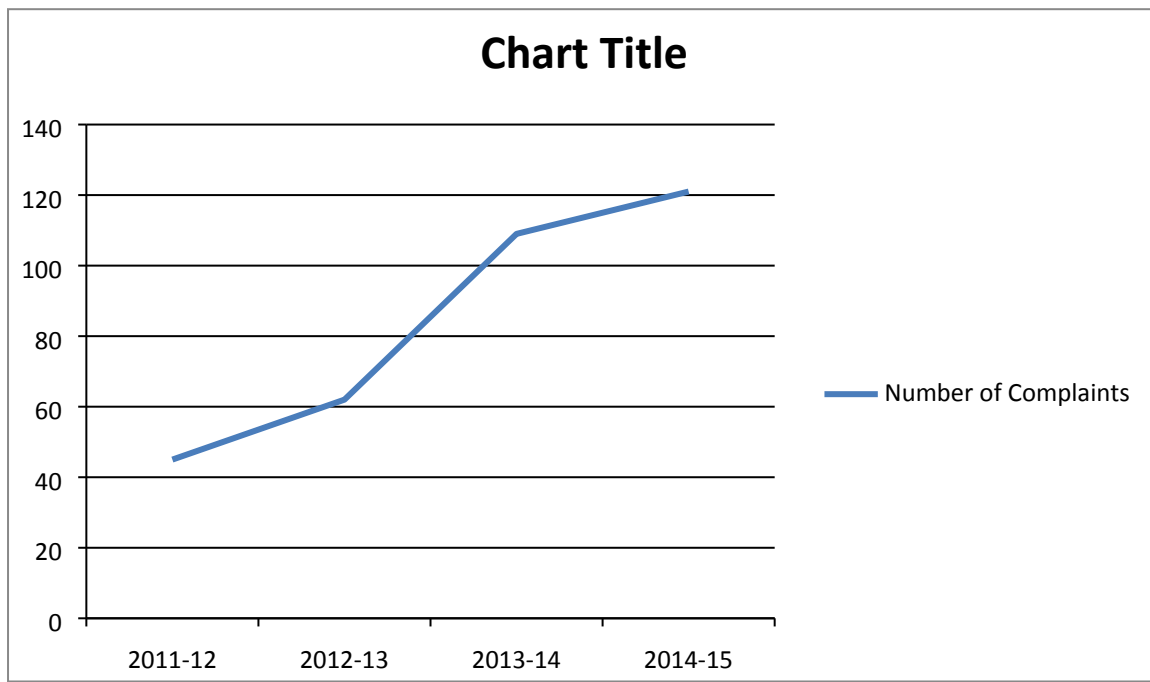
The timescales for completing a complaint investigating and responding to the complainant are negotiable. However, we usually aim to provide the full response within twenty-five working days. Therefore, to ensure that the response is finalised in good time, investigating officers should complete the investigation within fifteen working days. The complaints officer will assist with any enquiries from the investigating officer during this time. All complaint responses are quality assured by the appropriate Head of Service before being sent to the Director of Older People to sign.

If recommendations are made by the investigating officer, once the complaints response is finalised, an action plan will be written and tasks delegated to appropriate staff to complete.

The Adult Social Care Procedure Manual is in the process of being finalised so that all staff are familiar with the complaint process and can appropriately refer a complainant to the correct department so that the matter can be dealt with.

Adult Social Care Complaints

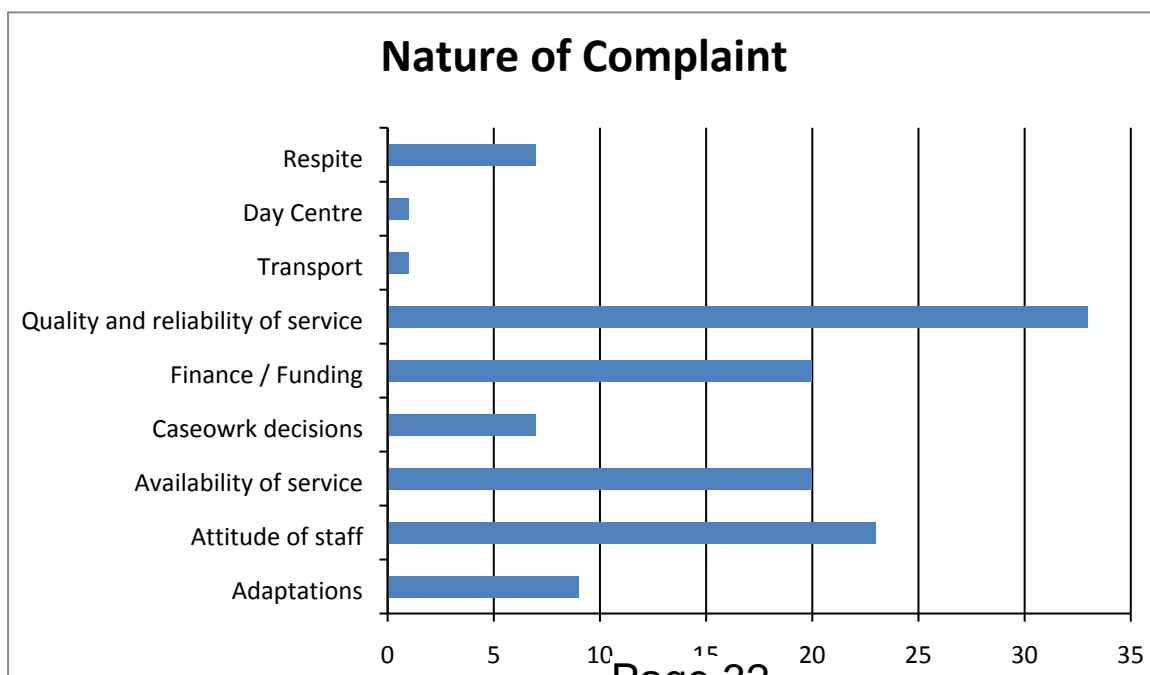
In the year 2014-15, the number of complaints relating to Adult Social Care has continued to increase as demonstrated below.



This is the first full year of recording complaints under our new Adult Social Care business model so the figures will not be directly comparable to previous years. This year's statistics can be found in the table below.

The number of complaints has therefore increased from the previous year which we would have expected in view of the financial challenges faced by the Council. There has been a significant restructure of Adult Social Care functions which was implemented with effect from 1 April 2014 and this could also be a contributing factor to this increase as staff settled into the new structure.

The following table and breakdown show the nature and balance of the content of the complaints received.



The following statistics show the outcomes from the complaints we have received. The outcomes show that 27% of complaints were upheld, 18% were partly upheld, 45% were not upheld and 9% of complaints were resolved via another means. Where the outcome is recorded as other remedy, this will include complaints which may have been progressed as a Safeguarding enquiry rather than a complaint due to the nature of the concerns. This will also include complaints which may have been withdrawn.

Nature of Complaint	Total Number of Complaints 2014-15	Number of complaints upheld	Number of complaints partly upheld	Number of complaints not upheld	Other remedy
Adaptations	9	0	0	9	0
Attitude of staff	23	5	5	12	1
Availability of service	20	6	8	6	0
Casework Decision	7	1	1	4	1
Finance / Funding	20	8	3	8	1
Quality and reliability of service	33	8	4	15	6
Transport	1	1	0	0	0
Day Centre	1	1	0	0	0
Respite	7	3	1	1	2
Total	121	33	22	55	11

Quality and reliability of service

Complaints concerning the quality and reliability of the service account for just over 27% of the total complaints received. The majority of these complaints are considered to be low level complaints, however the actions of Sefton Council had had a significant impact on the service user or their family to warrant a complaint being made. These complaints focused on issues such as

- Telephone calls not returned in a timely manner
- Actions not being taken within agreed timescales, the most common being that a staff member will contact the caller within an agreed timescale and this did not happen
- Reports / assessments containing incorrect or inaccurate information
- Insufficient or inaccurate information provided to service users / their families and carers
- Lack of clarity about available services
- Quality of processes undertaken – concern about whether these were robust enough

These complaints represented a significant proportion of the total complaints received, and of these complaints 36% were upheld either in full or in part. Later in the report, we have detailed the learning from the Adult Social Care complaints and the actions that have been taken to improve the services we provide. We hope that these pieces of work will help to reduce the number of complaints that are upheld due to low level issues.

Finance / Funding

Finance and funding complaints account for 17% of the overall number of complaints and 55% of these were upheld in full or in part. Some of these complaints were caused due to administrative errors such as invoices sent to incorrect addresses, delay in requesting documentation and invoices not being clear. Some complaints were caused due to third party “top-ups” as relatives disputed whether these should apply.

Availability of Service

These complaints accounted for 17% of the total number of complaints and 70% of these complaints were either upheld in full or partially upheld. Some of these complaints were due to delays in allocating a social worker to a case. Some of these complaints related to the fact that a service could not be put in place as the service user did not meet the eligibility criteria.

Attitude of staff

Complaints relating to staff attitude accounted for 19% of the overall complaints and of these 43% were upheld either in full or in part. Of the complaints which had an element to be upheld, actions have been taken including that staff members implicated have formal supervision with their line managers to discuss this issue.

Timeliness of Complaint Responses

The timescales for completing a complaint investigating and responding to the complainant are negotiable. However, we usually aim to provide the full response within twenty-five working days. The Health and Social Care Complaints Officer will keep the complainant updated throughout the lifecycle of the complaint and confirm if there will be a delay in providing a substantive response and confirm an expected completion date.

Of the 121 Adult Social Care Complaints, 54 complaint responses were issued within the agreed timescale which is 45%. A more detailed breakdown is provided below:

	Number of Complaints Received	Complaints responded to within timescale	Percentage of complaints responded to within timescale
Quarter 1	18	2	11
Quarter 2	37	14	38
Quarter 3	39	22	56
Quarter 4	27	16	59
TOTAL	121	54	45

Although we acknowledge that some complaints can be complex with a significant amount of documentation to consider, we are acutely aware of the need to improve our response times to complaints. The Health and Social Care Complaints Officer now meets regularly with team managers and service managers to ensure that thorough and robust investigations are completed and concluded in good time.

Local Government Ombudsman

Six complainants have referred their respective complaints to the Local Government Ombudsman (LGO). The Local Government Ombudsman is an independent, impartial and free service which can investigate complaints about local authorities and certain other bodies including all types of adult social care providers. If the LGO finds that the organisation has done something wrong which has caused significant injustice, the LGO will aim to get the organisation concerned to put it right.

Complaint 1

Mr X stated that the Council was at fault for deciding that Mr X's relative is not eligible for a stair lift. Its officers made a technical decision based on their assessment of Mrs X.

The LGO concluded that there was no fault by the Council in how it reached its decision. The LGO also noted that Council had explained to Mr X what he needed to do to get Mrs X reassessed.

Complaint 2

Mr B complained to Sefton Council that he had been excluded from discussions and planning for his relatives' needs and care. The Council refused to investigate his complaint about his relative's care; and furthermore, the Council refused to disclose any information about his relative to him.

The LGO concluded that this matter would not progress to an investigation as there was no fault by the Council. The LGO stated that she would also be unable to investigate a complaint on behalf of the service user as the complainant did not have the consent of the service user.

Complaint 3

Mrs C complains the Council failed to consider her granddaughter's, Ms B's, diagnosis of autism when it assessed her needs. Mrs C says the supported living placement where Ms B lives does not offer the specialist support she needs and this impacts on her quality of life. She also says the Council failed to complete formal mental capacity assessments.

The LGO did not uphold Mrs C's complaint and found no fault with the Council.

Complaint 4

Mr H complains that the Council failed to properly carry out an OT assessment, has refused him a wheelchair ramp and has also refused to sort out his wet room. He says because the adaptations have not been carried out to his home, the hospital cancelled a planned operation on his knee.

The LGO found fault with the Council as we had not provided a copy of the OT assessment to Mr H thus preventing him from having the opportunity to comment on our formal record of his assessment. We wrote to Mr H to apologise for this.

Complaint 5

Mrs R complains that the Council failed to investigate safeguarding concerns regarding her late relative. Mrs R states that she was denied access to her relative.

The LGO found no fault with the way in which the Council had undertaken the investigation. The LGO has noted the learning that the Council had identified following the investigation of this complaint which included reviewing its processes to ensure safeguarding reports are shared in a timely way, roles and relationships were established as part of safeguarding investigations and decisions were always clearly documented.

Complaint 6

Mrs X complains the Council has failed to comply with the remedy recommended by the Ombudsman in her previous complaint. There was a delay in the Council assessing Mrs X as Shared Lives Carer for her nephew who lives with her. The Council agreed to pay Ms X £7421.60 due to difference in the amount she received from Direct Payments and amount she should have received as Shared Lives Carer. The Council is now trying to recover £432.25 from her following an audit of Direct Payments.

Mrs X says she recently discovered her family were entitled to weekend respite before her nephew turned 18. She says the Council never offered this to her or her family.

The Council's most recent decision regarding Mrs X's nephew's entitlement to respite was made in 2010. The LGO concluded that this is too long ago to investigate now. If Mrs X believes her nephew's circumstances have changed so that he may now be entitled to respite she should contact the Council to request this.

The LGO concluded that the Council failed to advise the LGO that it was pursuing Mrs X for unspent Direct Payments for her nephew when we investigated her previous complaint. Mrs X has been put to considerable time and trouble pursuing this and her previous complaint so the Council should waive the outstanding debt it is seeking to recover.

Public Health Complaints

Nature of Complaint	Number of Complaints 2013-14	Number of Complaints 2014-15	Number of Complaints Upheld 2014-15
National Child Measurement Programme	1	16	2
Adaptations	0	1	1
Availability of Service	0	1	0
TOTAL	1	18	3

National Child Measurement Programme (NCMP)

The seventeen complaints concerning the National Child Measurement Programme (NCMP) were all received from parents who had received the letter confirming the outcome of their child’s measurements. Common concerns were:

- Terminology used in the letter was too strong
- Effect on child’s self-esteem if saw the letter
- Potential bullying if child’s result becomes common knowledge
- The programme makes no allowance for the child’s diet and any exercise he / she may undertake

Public Health England has developed template letters for local authorities to inform parents of their individual child’s weight, height and BMI centile classification (underweight, healthy weight, overweight, very overweight). Therefore some of the terminology cannot be changed. However, in light of the complaints received, we will review the language used in the NCMP letters to try to reassure parents that the result is a guide only and, because the result does not consider factors such as diet and exercise, there is a margin for error.

We upheld two of these complaints. One complainant contacted the Council as the NCMP letter had been sent to an incorrect address. A full apology was offered to the complainant for this error. The Council received another complaint from a complainant who allegedly observed measurements taken incorrectly by the staff in charge of the programme. The outcome of this complaint investigation was that, unfortunately, the measuring equipment was not working correctly on the day in question and children affected had been re-measured and their parents informed.

We recorded the outcome for fourteen of the complaints as “other remedy” as the complaints provided feedback on the programme and associate letters itself. Therefore this feedback will be shared with the regional and national feedback for future programmes.

Adaptations

We received a complaint concerning an alleged delay in the Council arranging for anti-scald valves to be fitted at property. The Director of Public Health offered an apology to the complainant for the delay. The Director of Public Health explained that, although the particular contract between the Council and contractor had expired at the time of the complaint, the contractor had been contacted to arrange for the installation to take place. This complaint was therefore upheld in full.

Availability of Service

A complainant contacted Sefton Council as he was concerned that his personal data had been lost by the Council and a service was not being made available to him. Furthermore, the complainant alleged that the Council did not put a reduction plan in place for him.

The outcome of the complaint investigation was that the complainant's personal data had not been lost. The Council explained that a full explanation had been given to the complainant to explain why it would not be appropriate at that time for the complainant to follow a detoxification plan. We therefore did not uphold this complaint.

Timeliness of Complaint Responses

The timescales for completing a complaint investigating and responding to the complainant are negotiable. However, we usually aim to provide the full response within twenty-five working days.

Of the 18 Public Health Complaints, 9 complaint responses were issued within the agreed timescale equating to 50%.

Compliments

It is always pleasing when positive feedback is received, therefore any compliments received by staff are referred to the Customer Response Team to be recorded and acknowledged if possible. Compliments will be shared with the Director of Older People and relevant staff. The table below shows the teams which have received compliments and a sample of compliments has also been provided.

Team	Number of Compliments
Contracts and Commissioning	4
Customer Access Team	1
ELAS	1
Lobby	3
North Hub	4
OT and Sensory	22
South Hub	5
Welfare Rights	2
TOTAL	42

"From the first day, the staff treated my [relative] with respect and dignity. The staffare exceptional people. The next time that you are looking for somewhere to promote as excellent practice, make sure you point your inspectors there. It's not just my [relative] that was treated this way — it's the culture. They do it because they care so deeply about those that they look after."

"You were like a breath of fresh air"

"We found it a very refreshing change for the courtesy and understanding shown by your staff"

"I was extremely concerned by the crisis but you have eased my immediate worries and the only one who was able to resolve anything. If there is anyone I can thank / provide my recommendation to for your help please let me know. I greatly appreciate it."

*"the team have been a credit to you. Always available and happy to help with the various forms..... Often such services receive negative feedback in the press but thus far I have nothing but praise for them."
 "I would also like to take this opportunity to thank Sefton Council for its continued support of my [relative]. We are truly grateful for [service user]'s amazing care package.... Once again thank you for your support and understanding and the positive outcome of a very worrying period in time."*

"I know you have put a lot of work and time to get to a brilliant conclusion.....So once again, a massive thank you to your team at Sefton Council."

"[Staff member] performed her duties with the upmost professionalism and sensitivity."

Learning from Complaints

Complaints provide a valuable indication of areas where services may need to be reviewed or improved. Some complaints highlight an error or concern that is specific to one individual or family. In other cases, complaints can highlight issues that may impact many families across the service. These issues can be identified through detailed case reviews prompted by complaints, or identification of patterns and trends from a number of complaints.

Quarterly Reports are presented to leadership that identify any trends and consider how learning points can be used to inform service planning. Regular meetings between the complaints manager and members of the leadership team monitor performance in relation to complaints and ensure that action points are completed.

As a result of what the Department has learned from the complaints it has received, the following service improvements have been implemented:

Communication

Although we have not received complaints which focus solely on communication, the complaints received this year highlight that communication with Sefton Council has been difficult at times for people who need to speak to the teams. This feedback has been received from service users, carers and some professionals.

After reviewing this feedback, we accept that communication is an aspect of our service that must be improved. As a result we have included this as a standard item for team meetings. This will continue to be monitored via feedback from complaints and the information shared with service managers. A work flow programme is being developed and communication is an issue which will be included with this.

Safeguarding

A dedicated safeguarding team was established following the restructure of the adult social care teams and has been in place since April 2014.

We acknowledge that safeguarding can be a contentious area of work and as such it can generate complaints due to the nature of the work undertaken. The work undertaken by the team is very sensitive and can cause tensions between the Council and those involved in a safeguarding enquiry which in turn may result in an increase in complaints.

Of the ten complaints received, two were upheld in full and three were partly upheld (one complaint was outstanding at the time of this report). The rationale due to these complaints being upheld in part or in full included delays in issuing the safeguarding report to the appropriate individuals and the quality of the work produced.

Recording and adequate documentation have been issues identified in a number of complaint investigations and therefore is an identified area for improvement. The Training Department of Sefton Council are developing a bespoke training package with the support of an external provider to provide training for good practice when chairing meetings and good practice for recording information. This training will focus initially on safeguarding enquiries, however, we may consider offering this training to other teams within Adult Social Care.

Clear recording and documentation

This has been an issue identified in a number of complaint investigations and therefore is an identified area for improvement. At present, the team managers complete sampling of assessments completed in line with the Care Act 2014. These sampling exercises highlight any issues of accuracy with regard to recording and documentation.

Furthermore, an advanced practitioner has been tasked with completing quality assurance of cases and has completed a case sampling of recording on LiquidLogic Adults System (LAS) to establish whether the recording within the case is of an acceptable standard.

All workshops for Adult Social Care staff reiterate the necessity, particularly in light of the perception of challenge due to the Care Act 2014, to ensure that information is accurate and up to date.

Partnership Working

Adult Social Care Managers meet regularly with health colleagues to discuss the procedures in place to deal with all pressures within hospital settings and to ensure a seamless process for service users on discharge. Therefore there is more dialogue between organisations and more links to ensure that planned services are in place to meet a service user's assessed need. There are more joint posts which are jointly managed so that there is continuity of care to ensure that the service user's identified eligible needs are met in a timely manner without disadvantaging the service user.

Some of the complaints have been upheld due to a delay in determining funding responsibility as in certain cases, Sefton Council felt that a service user would trigger for health funding. These delays have typically been due to delays in decision making between Council staff and health colleagues as to whether the service user should be CHC funded, joint funded or funded solely by the Council.

There is currently a piece of work underway to strengthen the process for identifying the relevant financial responsibility to prevent anxiety for the service user and his or her family. It was identified that there needed to be an improvement in the timeliness of agreeing funding which would be achieved via clearer guidance and agreements between organisations. The protocol which is being developed has been done so in conjunction with the Clinical Commissioning Group (CCG) and, once finalised, will be cascaded to all staff. The protocol will improve timeliness by clarifying the process for all staff who are responsible for its implementation. The protocol will strengthen the responses from the decision making panel and ensure that all decisions are communicated promptly and precisely to professionals involved with each case. There will be an escalation process for staff to refer to senior management if there are any avoidable delays in the process.

Timeliness of complaint responses

Earlier in the report, we confirmed that only 45% of complaint responses were issued within the timescale originally agreed with the complainant. Therefore, the Health and Social Care Complaints Officer now meets regularly with team managers and service managers to progress complaints investigations in a timely manner. We are also considering the most appropriate training to provide to operational staff regarding complaints' investigations. We hope that these measures will improve the timeliness of responses and the quality of responses thus resulting in more complaints being resolved at a local level and less complaints being referred to the Local Government Ombudsman.

Conclusions and Recommendations

The number of complaints relating to Adult Social Care has increased year on year and we anticipate that this trend will continue. As the demand placed on the Council increases, we must continue to manage the expectations of our service users and their families as best as possible and to continue to monitor valuable feedback from them which we receive via the Complaints Procedure.

After consideration of the above content, we have made the following recommendations:

- We will aim to respond to at least 70% of complaints within the agreed timescale in the next financial year
- The Health and Social Care Complaints Officer will attend Business Planning Meetings to ensure continued engagement and awareness of the Complaints Procedure with Adult Social Care Staff
- To continue to focus on learning from complaints and compliments
- To provide training to Adult Social Care staff, particularly those staff members involved in the investigation of complaints.

Appendix 1

Team	Total Number of Complaints 2014-15	Number of complaints upheld	Number of complaints partly upheld	Number of complaints not upheld	Other remedy
Area Finance	4	1	2	1	0
Community Equipment Stores	3	0	1	1	1
Commissioning and Contracts	19	6	2	6	5
Community Mental Health Team (North)	3	0	0	3	0
Community Mental Health Team (South)	4	2	0	2	0
Lobby	12	2	4	6	0
North Hub	20	6	2	10	2
OT / Sensory	13	0	0	13	0
Safeguarding	10	2	3	5	0
South Hub	27	11	7	6	3
SS Customer Access Team	1	1	0	0	0
Welfare Rights	5	2	1	2	0
Total	121	33	22	55	11

Appendix 2

The table below shows the client categories for complaints received between 1 April 2014 and 31 March 2015.

Service User Category	Total Number of Complaints 2014-15	Number of complaints upheld	Number of complaints partly upheld	Number of complaints not upheld	Other remedy
Carer	0	0	0	0	0
Dementia	13	4	1	6	2
Frailty / Temporary Illness	6	4	1	1	0
Learning Disability	23	9	6	7	1
Mental Health	14	5	2	6	1
No Category Recorded	25 [^]	2	4	17	1
Other Vulnerable Person	1	0	0	1	0
Older People	18	4	4	6	4
Physical Disability	20	5	4	9	2
Sensory Disability – Deafblind	0	0	0	0	0
Sensory Disability – Dual Sensory Impairment	0	0	0	0	0
Sensory Disability – Hearing Impairment	0	0	0	0	0
Sensory Disability – Visual Impairment	0	0	0	0	0
Substance Misuse	1	0	0	1	0
Total	121[^]	33	22	54	11

Report to: Audit and Governance **Date of Meeting:** 21 September 2016

Subject: Information Management **Wards Affected:** Wards

Report of: Head of Regulation and Compliance

Is this a Key Decision? No **Is it included in the Forward Plan?** No
Exempt/Confidential No

Purpose/Summary

To update Members on the Council’s approach to information management.

Recommendation(s)

- 1) To note the contents of the report.
- 2) To request the Head of Regulation and Compliance to submit future reports on an annual basis covering the Council’s information management and governance arrangements including details about data breaches within the Council.

How does the decision contribute to the Council’s Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		x	
2	Jobs and Prosperity		x	
3	Environmental Sustainability		x	
4	Health and Well-Being		x	
5	Children and Young People		x	
6	Creating Safe Communities		x	
7	Creating Inclusive Communities		x	
8	Improving the Quality of Council Services and Strengthening Local Democracy	x		

Agenda Item 8

Reasons for the Recommendation:

To inform members of the Council's approach to information governance and management and the consequences of not having appropriate arrangements in place together with details of data breaches in 2015/16.

It is recommended that a similar report is produced on an annual basis.

Alternative Options Considered and Rejected:

None

What will it cost and how will it be financed?

(A) Revenue Costs

N/A

(B) Capital Costs

N/A

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial	
Legal Data Protection Act 1998; The EU General Data Protection Regulation	
Human Resources	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact of the Proposals on Service Delivery:

Robust information management and governance arrangements will make a positive impact on service delivery throughout the Council.

What consultations have taken place on the proposals and when?

The Head of Corporate Resources (FD 4316/16.....) has been consulted and any comments have been incorporated into the report.

The Head of Regulation and Compliance is the author of the report (LD 3599)

Implementation Date for the Decision

Immediately following the Committee meeting.

Contact Officer: David McCullough

Tel: 934 2008

Email: david.mccullough@sefton.gov.uk

Background Papers:

There are no background papers available for inspection

.

Agenda Item 8

1. Introduction/Background

Sefton recognises information as an important asset in the provision and effective management of services and resources. It is of paramount importance that information is processed within a framework designed to support and enable appropriate information management.

Information Management is a set of multi-disciplinary structures, policies, procedures, processes and controls implemented to manage information at an organisational level, and designed to support regulatory, legal, risk, environmental and operational requirements.

Effective information management should:

- Treat information as a valuable asset;
- Maintain compliance with relevant UK and European Union legislation, for example the Data Protection Act 1998;
- Have in place policies, procedures and guidelines designed to support appropriate information handling and management.
- Demonstrate organisational commitment by setting out roles and responsibilities of staff;
- Have in place appropriately trained Information Governance staff available to provide advice and support to the Council.

2. What Structures Do We have in Place in Sefton

The Corporate Information Management & Governance Executive Group (CIMGEG) is a group of senior Council officers chaired alternatively by the Senior Information Risk Owner (SIRO) and the Head of Commissioning that reports to the Senior Leadership Board (SLB) and the Audit & Governance Committee (A&G). Its role is to oversee the Information Management & Governance framework for the Council.

The following are key membership roles:

- Head of Regulation and Compliance (Joint Chair)
- Head of Commissioning Support and Business Intelligence (Joint Chair)
- Head of Corporate Resources
- Performance and Intelligence Manager
- Data Protection Officer/Caldicott Guardian
- Workforce Learning and Development Manager

The Group has a tactical level group working on their behalf - the Information Management Tactical Group (IMTaG) with representation from the Council's Information Asset Owners (IAOs) and other information specialists.

Other sub groups may be formed as 'task and finish' working groups to meet business requirements.

Key roles:

Senior Information Risk Owner (SIRO)

The Council's SIRO is the Head of Regulation and Compliance and the Deputy SIRO is the Council's Principal Lawyer. The SIRO is responsible for corporate information risk management and is responsible for leading and fostering a culture that values, protects and uses information in a manner that benefits the Council and its service users.

Information Asset Owners (IAO)

IAO's are managers who are directly accountable to the SIRO, providing assurance that their information assets are managed effectively in relation to their risks. Specifically duties are:-

- Ensure there is a maintained Info Asset Register for their service area.
- Ensure identification, review and prioritisation of data risks and their mitigation.
- Take instruction from the Council's SIRO and be actively involved with the Information Management Group.
- Follow the Council's risk reporting / incident management requirements as published on the intranet.
- Foster an effective Information Governance culture for their staff. This will mean ensuring staff take the Council provided training opportunities and overseeing opportunities for briefing and training within the service area.
- Risk assessment overview. Gain sufficient risk based understanding of their database purposes, what and who enters the data and how it may leave.
- Oversee information risks when a new information asset is being created or imposed.

Information Asset Administrators (IAA)

IAA's are staff who are familiar with information risks in their area or department. It is not assumed all depts. can afford the resource, or are structured to be able to host this virtual post.

Specifically tasks are:

- Accept delegated tasks from their IAO.
- Act as first port of call for local managers and staff seeking advice on the handling of information.
- Maintenance of Information Asset Registers.

Agenda Item 8

- Ensuring compliance with data sharing agreements, noting day to day issues such as breach near-misses, poor information governance practice.
- Ensuring information handling procedures are fit for purpose and are properly applied especially in relation to personal information.
- Recognise potential or actual security incidents and consult the IAO.
- Under the direction of their IAO, ensure that information is securely destroyed under retention rules.

3. Training

Since July 2014 the Corporate Learning Centre have been providing a half-day briefing session for all council staff entitled 'Information Compliance, Sharing and Guarding'. In that time they have trained 79.8% of all current internal staff which equates to 1875 staff including 128 agency staff and students.

The objectives for the briefing sessions are for staff to:

- Gain a working knowledge of confidentiality and information sharing
- Be aware of relevant legislation and good practice.
- Be aware of security issues for the use and storage of personal information
- Be aware of breaches and the requirement to report breaches immediately

Evaluations from the briefing sessions show that on average 98% of staff rated the session for meeting each objective as excellent or good.

Going forward the plan is to run the briefing sessions every three months for new staff, students and agency staff.

The Corporate Learning Centre are also developing a refresher course as an e-learning package taking approximately 35 to 40 minutes to complete. Following the course is a test of 20 questions with a pass rate of 85%. Staff will be asked to sit this course every two years. Any staff who fail the test will be asked to attend a classroom based briefing session and then re-sit the test.

The E-Learning Refresher course will enable staff to gain a working knowledge of the legislation governing Information Compliance and advice on how to stay within the law when conducting their day-to-day activities including:

- Collecting Information.
- Maintaining Accurate Information.
- Do's & Don'ts when working with information.
- Sharing information.
- Storage & Security of information.
- Information incidents and what to do if it happens to you.

- Rights of Access to Information.
- Direct Marketing and Newsletters.
- Disposal of information

4. Data Breaches

Sefton Council is legally required to take appropriate measures to prevent unauthorised or unlawful processing, accidental loss, and destruction of or damage to personal data.

A data security breach can come in a number of forms such as:

- Loss or theft of data or equipment on which data is stored (laptop, pen drive etc.) whether encrypted or not
- Loss of paper or other hardcopy records, especially where they are lost outside of the office or working environment
- Paper or other hardcopy records are disposed of with inadequate security (placed in with general waste and not sent for shredding)
- Staff member accesses information to which they are not entitled
- Information is obtained by deception
- Information is stolen (emailed or copied without Sefton Council's authorisation)
- Incorrect information is accidentally released (sending sensitive information out to the wrong person or address etc.)

Following guidance from the Information Commissioner's Office (ICO) a serious data breach which has the potential to cause serious detriment / distress to the data subject(s). Loss of sensitive data relating to 10 or more data subjects is deemed serious by the ICO and is classed as a "high risk" factor in the reporting tool we use to report breaches to the Health & Social Care Information Centre (HSCIC).

The Council follows the guidance of the Information Commissioner's Office (ICO) and Health & Social Care Information Centre (HSCIC) guidance on this topic. Specifically the four stages are:

- Containment and Recovery
- Risk Assessment
- Who to notify (data subjects, other agencies, HSCIC, ICO)
- Evaluation, 'Lessons Learned', and Response

A breach or potential breach is not purely an 'internal to the specific department' matter. It is a corporate concern requiring support, to ensure actions or inactions are legal, attend to data subjects' rights, and factor in the Council's reputation and possibility of ICO financial penalties. The ICO currently has the power to impose a civil monetary penalty notice of £ 500,000. However, the new European General Data Protection

Agenda Item 8

Regulation (GDPR) which the UK government may have to adopt in order to demonstrate compliance when trading with the EU, imposes a much higher penalty for serious data breaches. The maximum fine will be up to 10 million Euros or 2 per cent of an organisation's global turnover.

The GDPR also imposes a new duty for all data controllers to report certain types of data breach to the relevant supervisory authority within 72 hours (in the case of the UK this will be the Information Commissioner's Office) and in some cases to the individuals affected. A failure to notify a breach when required to do so may result in a fine.

When a data security incident or breach has occurred, the Data Protection Officer (DPO) should be notified immediately, along with the Information Asset Owner (IAO) of the service involved, relevant senior managers, the Senior Information Risk Owner (SIRO), the Chief Internal Auditor and often a Human Resources representative. The Data Breach Reporting form which is available to all staff on the Intranet must be completed. Data Breach reporting is covered in the Council's mandatory Information Compliance training.

The DPO then convenes a Council Breach Evaluation Group (CBEG) meeting if the breach is deemed serious enough. Otherwise the CBEG is held virtually via e-mail. A minimum of four members of the following are required to make decisions:

- Relevant Department(s) senior manager
- Legal Representative
- Data Protection Officer / Caldicott Guardian
- Where relevant:
 - Human Resources representative; Communications Representative; Specialist Advisors (e.g. IT);
 - Other agencies involved;
 - Chief Internal Auditor (or representative); etc.

The CBEG decide:

- Subsequent containment / recovery actions.
- Whether to disclose the breach to: relevant data subjects; HSCIC / ICO; Other Agency e.g. Police; SIRO or their deputy.
- Internal division of labour, which may include involvement in the investigation or negotiate involvement in any disciplinary investigation.
- Any immediate lessons to be applied in Department or Council.
- Date to meet again regarding meeting all four breach stages (recovery, risk assessment, notification, evaluation).

Example of Enforcement Action Against a Local Authority

In July 2012 a council sold a building which had been previously used as offices for their Children and Adults Services. The property was then vacant but visited by potential buyers for two years until it was sold again in August 14. On 1 September 2014 the company that purchased the property contacted the Council to tell them that they had found 45 bags of confidential documentation in the property. The documentation was found to contain confidential and sensitive personal data relating to over 100 data subjects. The breach was investigated by the Information Commissioners Office who imposed a penalty of £100,000.

Examples of Enforcement Action Against other Public Sector Bodies:

- £180,000 fine for a health trust that twice accidentally disclosed information via email about patients with HIV
- £185,000 fine for a health trust that accidentally published on its internet site personal details of its staff for a period of 11 months.
- £200,000 fine the Crown Prosecution Service after laptops were stolen which contained videos of police interviews.

Sefton position

In 2015/16 the Council experienced 21 Data Breaches and 1 "near miss". Of the data breaches 12 were serious enough to warrant reporting to the HSCIC and 1 was classed as a Level 2 breach which was reported and subsequently investigated by the ICO.

SUMMARY OF ALL 22 INCIDENTS

Breach type	Format	Number
Unauthorised access/disclosure	Digital	5
Unauthorised access/disclosure	Other	1
Disclosed in error	Paper	9
Disclosed in error	Digital	2
Lost or stolen paperwork	Paper	2
Lost or stolen hardware	Digital	2
Near Miss – Disclosed in error	Paper	1
		22

Agenda Item 8

DETAILS OF THE 12 CASES REPORTED TO HSCIC:

Date	Level	Breach type	Format	Comment
01-Apr-15	1	Unauthorised access/disclosure	Digital	Staff member looking at family records
02-July-15	2	Unauthorised access/disclosure	Other	Covert recording of staff member by a service user
03-July-15	1	Disclosed in error	Digital	Court bundle contained information that should not have been disclosed to all parties
01-Oct-15	1	Disclosed in error	Paper	Mis-post of LAC Review notes
06-Oct-15	1	Unauthorised access/disclosure	Digital	Staff member looking at family records
06-Nov-15	1	Disclosed in error	Paper	Paper records contained sensitive information that should not have been disclosed to one of the recipients
18-Nov-15	1	Disclosed in error	Paper	Social care report sent to wrong person
04-Dec-15	1	Disclosed in error	Paper	Misaddressed envelope by Council team containing social care report (children's)
06-Jan-16	1	Disclosed in error	Paper	Child Protection report contained information it should not have
05-Feb-16	1	Lost or stolen hardware	Digital	Laptop stolen from Council office. No encryption due to age of laptop. Minimal information contained on it.
11-Mar-16	1	Unauthorised access/disclosure	Digital	Staff member looking at family records
11-Mar-16	1	Lost or stolen paperwork	Paper	Staff member's address book found outside premises – contained references to service users.

LEVEL 2 BREACH

This breach involved a social worker disclosing confidential and sensitive personal data to a third party who had no legitimate right to have the information. The breach was reported to the ICO who replied as follows:

I write to inform you that I have now completed my investigation into the verbal disclosure of by an individual at Sefton Metropolitan Borough Council ("Sefton MBC"), which was reported on 14 October 2015.

In summary, it is my understanding that this incident concerned a children's social worker who was covertly recorded disclosing confidential and sensitive personal data as defined by the Data Protection Act 1998 (DPA).

Based on the information you have provided, we have decided that regulatory action is not appropriate in this case. The reasons for this are below.

Our consideration of this case.

I have investigated whether Sefton MBC has complied with the requirements of the seventh data protection principle, which states that:

"Appropriate technical and organisational measures shall be taken against the unauthorised or unlawful processing or personal data and against accidental loss or destruction of, or damage to, personal data.

The data in this case is considered to constitute sensitive personal data as defined by the DPA.

Whilst investigating this incident I have considered the seriousness of the breach, aspects of your information governance procedures (such as your policies and training), and the potential detriment to the individuals concerned. It is noted that that our Good Practice team compiled an Audit which was completed in January 2015. Sefton's management accepted the recommendations of the Audit and has confirmed implementation dates for the various recommendations with the ICO.

The follow-up Audit, which was completed in November 2015, identified ongoing concerns regarding training and the monitoring of training within Sefton MBC. The low training completion rate continues to be a cause for concern for the ICO.

However, it is also noted that Sefton MBC has a target of 80% for the uptake in training by April 2016. This commitment has been a factor in the decision not to take regulatory action and we expect Sefton MBC to implement the training as stipulated.

Agenda Item 8

Therefore, after careful consideration and based on the information provided, we have decided not to take any formal enforcement action on this occasion. I would point out that if further information relating to this incident comes to light, or if any further incidents involving Sefton MBC are reported to us, we will revisit this matter, and enforcement action will be considered as a result.

Thank you for your co-operation and assistance during the course of our investigation.

We now consider the matter closed.

Over the past year the number of paper based breaches – particularly in Children’s Services - has diminished thanks to better quality control and IT changes. As part of the Council’s Data Breach procedures each breach is used to identify possible learning and changes needed. A number of lessons learned have or are being put into practice:

- Core system defaults have been modified to prevent automatic disclosure
- Training provision has been significantly increased
- Provision of specialist bags for conveying paper files
- Potential utilisation of encrypted email (Egress) to ensure secure distribution of sensitive records

The number of breaches caused as a result of human error continues to be a cause for concern. As stated earlier, 79.8% of the current workforce has attended the mandatory Information Compliance training. However, we have recently seen a number of breaches caused by the use of “Auto- Complete” when choosing a recipient’s e-mail address in the To, Cc and Bcc fields. In a number of cases, individuals have selected the wrong recipient. The disclosure of personal data to an unauthorised person – that is an individual who has no right to see that information – is a breach of the seventh principle of the Data Protection Act. Data controllers are obliged to take appropriate technical and organisational measures against unauthorised or unlawful processing of personal data against accidental loss or destruction of, or damage to, personal data. The ICO has imposed significant fines on organisations that commit a breach of this nature. Not only due to the failure to take appropriate technical and organisational measures but because the Commissioner considers that the data subjects are highly likely to suffer substantial damage and distress as a result of the unauthorised disclosure. The breach is also highly likely to cause reputational damage to the organisation involved. Monetary penalty notices are published on the ICO’s website, are often reported nationally and can result in a loss of public confidence.

The risks associated with not checking the correct e-mail address when working with personal data are highlighted in the Information Compliance training. We are currently looking at technical options as to how to mitigate the risks associated with this type of human error.

This page is intentionally left blank

Report to: Audit and Governance Committee **Date of Meeting:** 21 September 2016

Subject: Local Government Ombudsman Complaints 2015/16 **Wards Affected:** All

Report of: Head of Regulation and Compliance

Is this a Key Decision? No **Is it included in the Forward Plan?** No
Exempt/Confidential No

Purpose/Summary

To present members with the Local Government Ombudsman’s Annual Review Letter 2016

Recommendation(s)

To note the report.

How does the decision contribute to the Council’s Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		x	
2	Jobs and Prosperity		x	
3	Environmental Sustainability		x	
4	Health and Well-Being		x	
5	Children and Young People		x	
6	Creating Safe Communities		x	
7	Creating Inclusive Communities		x	
8	Improving the Quality of Council Services and Strengthening Local Democracy	x		

Agenda Item 9

Reasons for the Recommendation:

It is important for effective corporate governance for members to have information about the number of complaints to the Local Government Ombudsman about the Council and the outcome of the same.

Alternative Options Considered and Rejected:

What will it cost and how will it be financed?

(A) Revenue Costs

Any costs arising from corrective action in response to upheld complaints has been, or will be, met from existing revenue budgets. The total value of the required financial compensation for the cases referred to in this report is in the region of £13K.

(B) Capital Costs

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial	
Legal	
Human Resources	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact of the Proposals on Service Delivery:

A better understanding of how the Council interacts with the citizens of the borough will aid improvements in service delivery throughout the council.

What consultations have taken place on the proposals and when?

The Head of Regulation and Compliance is the author of the report (LD 3586/16)
The Head of Corporate Resources (FD4303/16) has been consulted and notes that cost of resolving the identified complaints will be found within existing revenue budgets.

Implementation Date for the Decision

Immediately following the Committee meeting.

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

Background Papers:

Local Government Ombudsman Review of Local Government Complaints 2015-16:

<http://www.lgo.org.uk/assets/attach/3915/Local%20Gov%20Report%202015-16%20final%2027.07.2016.pdf>

Agenda Item 9

1. Introduction

1.1 The Local Government Ombudsman (LGO) is the independent body responsible for investigating complaints made against public bodies where it is alleged that there has been maladministration causing injustice.

1.2 Examples of maladministration may include:

- Excessive and unreasonable delay.
- Making misleading or inaccurate statements.
- A public body's failure to follow its own specified procedures or to follow statutory procedures.
- Failing to properly consult or liaise.
- Failing to provide information when requested to do so.
- Not keeping adequate records.
- Failing to investigate or reply to a query from a member of the public

1.3 Once maladministration has been established, it must be confirmed that it has led to personal injustice for the complainant. Injustice can include:

- The time and trouble involved in pursuing a complaint against a public body.
- The loss of a right or service, which the complainant is legitimately entitled to.
- Costs associated with pursuing the complaint.
- Inconvenience, worry, distress and hurt feelings.

1.4 It must also be proved that the injustice was caused by the public body and was not merely incidental.

1.5 Remedies recommended by the LGO include requiring local authorities to:

- Apologise to a complainant
- Offer financial compensation. This may be appropriate where there is no practical remedy or where the complainant has suffered financial loss as a result of the injustice
- Review the procedure that led to the injustice.
- Offer additional training for public body staff
- Reconsider a decision.
- Pay money where the injustice is that money (such as housing benefit) has not been paid

- Consider alternative specific remedies where the injustice has been caused by the loss of a non-monetary benefit, such as enjoyment of a property where the public body has failed to deal with noise nuisance in the area
- Make payments to the complainant in recognition of the time and trouble involved in pursuing the complaint

1.6 In July 2016 the Local Government Ombudsman Dr Jane Martin, published her Review of Local Government Complaints for 2015-16 and in June sent her 'Annual Review Letter 2015' to the Council. A copy of the Annual Review Letter can be found in Appendix 1.

1.7 The review of all local government complaints states:

"The headline messages from this year's statistics are:

- *we received 19,702 complaints and enquiries, which is a similar level to the previous year*
- *we upheld 51% of detailed investigations, which has increased from 46% the previous year*
- *the area most complained about is education and children's services*
- *we also saw the biggest increase in percentage terms (13%) in complaints and enquiries about education and children's services.*

We know, however, that numbers alone do not tell everything about the attitude towards complaints and how they are responded to locally. Arguably of more importance is to understand the impact those complaints have on people and to learn the lessons from those complaints to improve the experience for others.

This year we are able to publish more information about the recommendations we make to put things right when people have suffered. We made 3,529 separate recommendations to remedy injustice. These recommendations include actions for the local authority to take to remedy injustice for individuals and to prevent injustice for others by improving practice.

Our investigations can also provide local authorities with the reassurance that they have carried out a fair investigation of a complaint and satisfactorily offered to put things right, before the person decided to come to us. Our annual review letters to local authorities, published in tandem with this report, show the number of upheld cases where we were satisfied with the remedy the local authority had proposed. They also show how often each authority complied with our recommendations – we welcome that 99.9% of recommendations were complied with across all local authorities last year.

Agenda Item 9

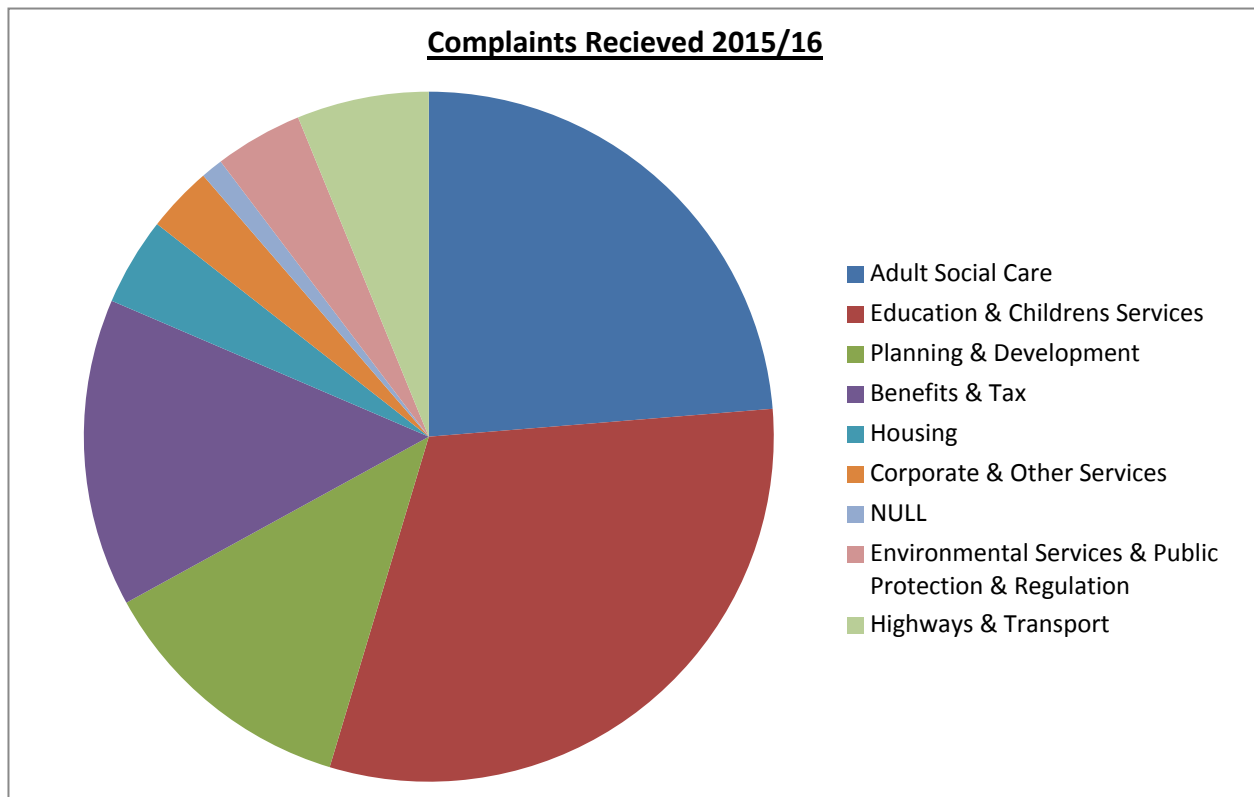
The LGO is the final stage for complaints – the person affected must have gone through their local authority’s complaints process before coming to us for an independent review of the case. So in relation to the many thousands of exchanges happening daily between local authorities and people in their areas, our complaints are a relatively small proportion; however each one represents a problem that was not put right locally, or an experience that drove the person to pursue their complaint with us.“

2. Sefton

Sefton’s Annual Letter provides information about complaints received in relation to Sefton as follows:

Complaints and enquiries received in 2015/16:

Adult Care Services	Benefits and Tax	Corporate and other Services	Education and Children’s Services	Environment Services	Highways and Transport	Housing	Planning and Development	Other	Total
24	14	4	30	4	6	4	12	1	99



Complaints and Enquiries Received for Sefton

2015/16	99
2014/15	72
2013/14	76

Decisions Made in 2015/16:

Agenda Item 9

					Detailed Investigations		
Incomplete or Invalid	Advice Given	Referred back for Local Resolution	Closed After initial Enquiries	Not Upheld	Upheld	Uphold Rate	Total
7	1	52	22	8	12	60%	102

Details of 12 Upheld Complaints

Category	Summary of Compliant	Outcome
Adult Care Services	The Council delayed in deciding to pay for adaptations at Mr B's home to allow his mother in law, Ms C, to move there. The Council also fettered its discretion by failing to consider offering Ms C any discretionary housing assistance to meet the extra costs of the works above the £30,000 disabled grant limit. It wrongly told Mr B he would have to pay the extra costs without exploring any other options or cheaper schemes. Mr B experienced increased carer's strain and was caused uncertainty, distress and considerable time and trouble Pursuing this matter. Ms C remained in a property which did not meet her needs for longer than should reasonably have been expected.	The Council agreed to the Ombudsman's recommendations that it apologises in writing to Ms C and Mr B, pays Ms C £1,000 for her distress and pays Mr B £4,000. It also agreed to review its procedures to prevent a blanket policy approach.
Adult Care Services	The Council properly assessed whether Mr J needed further disabled adaptations in his home to meet his needs. However, the Council failed to provide Mr J with a written copy of the assessment document after it assessed him. This meant Mr J lost an opportunity to comment on what the Council had formally recorded about his needs.	The Council agreed to the Ombudsman's recommendation that it apologise in writing to Mr J for failing to provide him with a copy of the assessment document.
Adult Care Services	The Council failed to advise the Ombudsman that it was pursuing Mrs X for unspent Direct Payments for her nephew when the Ombudsman investigated her previous complaint. Mrs X has been put to considerable time and trouble pursuing this and her previous complaint so the Council should waive the outstanding debt it is seeking to	The Council should waive the £316.53 in recognition of the time and trouble Mrs X has been put to pursuing these complaints.

Agenda Item 9

	recover.	
Adult Care Services	Mrs A was unhappy when the Council reduced the hours of educational provision for her son D, who is disabled. This meant she would have to care for him for most of the week, which she would find very difficult.	The Council agreed to increase its provision for D.
Adult Care Services	The complainant, Mr X, complains on behalf of both of his uncles. Mr X complains about the Council's decision to significantly reduce the support Mr A and Mr B will receive. Mr X says the Council failed to carry out a proper assessment and did not properly take the information from the family into account.	The Council agreed to carry out a reassessment of Mr A and Mr B's needs.
Adult Care Services	Ms B complains the Council refused to pay for her mother's residential care from 15 December 2014 until 5 February 2015.	The Council agreed to pay for her care in the sum of £2,303.
Adult Care Services	The Council's safeguarding enquiry into Mr B's adult fostering placement was generally not at fault, but it did not fully address the concerns raised by his parents about how his carer spent money on his behalf.	There is evidence of some fault in the Council's safeguarding investigation. However, the information available supports the Council's findings that Mr B did not suffer significant harm and has not experienced personal injustice. The Council agreed to address the problems identified with financial arrangements for service users in its adult fostering placements.
Education & Children's Services	The complaint was about child social care interventions including child social care's decision to place two children under child protection plans.	There was evidence that child social care did not communicate as clearly and quickly as it should

Agenda Item 9

		<p>about decisions and social work practice.</p> <p>This caused Mr and Mrs A avoidable distress. Also the organisation of Core Group meetings was poor. To remedy fault involved in this complaint it was recommended and the Council agreed to pay Mr and Mrs A £400 for distress to feelings caused by fault in the way decisions were communicated and poor organisation of Core Group meetings.</p>
Education & Children's Services	There was fault in the way the Independent Admission Appeal Panel considered Mrs X's appeal.	The Council agreed to offer Mrs X a fresh appeal with a different panel.
Education & Children's Services	The Council's failure to include relevant information in the pack for a school admission appeal was fault.	The fault did not cause injustice.
Housing	Mr and Mrs B, say their council mortgage was not paid off by 2004 as they had expected, given they have not missed any payments and have adjusted their payments to reflect interest rate changes, so they complain the Council has overcharged them.	The Council offered to put Mr and Mrs B back in the position they would have been if their mortgage loan had cleared in 2003/4 when it should have done. It has agreed to repay them the difference between what they have paid and what they should have paid, plus interest making a total of £4,396.
Benefits & Tax	The Council dealt incorrectly with Mr and Mrs X's claim for council tax benefit, it made an unreasonable referral to its fraud team and did not ask for	The Council agreed to pay Mr and Mrs X £1,000 for the unnecessary actions

Agenda Item 9

	<p>information at the right time. Its fault in dealing with this claim led to unnecessary and unreasonable court orders, bailiff's referrals and threats of bankruptcy and prison. The Council threatened bankruptcy without investigating if Mr and Mrs X were vulnerable. The Council did not respond properly when Mr and Mrs X told it of their ill health and their correct belief they qualified for council tax benefit. The Council caused substantial injustice to Mr and Mrs X.</p> <p>The Council does not provide any information about how it allocates late council tax payments. This also caused Mr and Mrs X injustice as they did not know what happened to payments they made and could not understand why the Council said they owed council tax from 2009 onwards.</p>	<p>taken against them and the distress they have suffered, remove all court and other costs from the council tax account from 2008 onwards, apologise to Mr and Mrs X, and provide accessible public information on its website or by leaflet about how the Council deals with late payments or payments that differ from the instalment amount.</p> <p>The Council also agreed to undertake appropriate training for relevant staff and review its procedures for gathering evidence to support claims for council tax support.</p>
--	---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------	--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

3. Comparative Data for Merseyside Authorities in 2015/16

Authority	Total Complaints and Enquiries Received	Upheld	%
Knowsley	28	4	14%
Liverpool	168	21	12.5%
Sefton	102	12	12%
St. Helens	34	4	12%
Wirral	96	21	22%

Appendix 1

This page is intentionally left blank

Report to: Audit and Governance Committee **Date of Meeting:** 21 September 2016

Subject: Standards Regime in Sefton 2015/16 **Wards Affected:** All

Report of: Head of Regulation and Compliance

Is this a Key Decision? No **Is it included in the Forward Plan?** No
Exempt/Confidential No

Purpose/Summary

To provide Members with information about complaints that Members have breached the Council's Member Code of Conduct in 2015/16.

Recommendation(s)

To note the contents of the report.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		x	
2	Jobs and Prosperity		x	
3	Environmental Sustainability		x	
4	Health and Well-Being		x	
5	Children and Young People		x	
6	Creating Safe Communities		x	
7	Creating Inclusive Communities		x	
8	Improving the Quality of Council Services and Strengthening Local Democracy	x		

Agenda Item 10

Reasons for the Recommendation:

To allow members to be aware of the number and type of complaints that Members have breached the Council's Member Code of Conduct in the municipal year 2015/16.

Alternative Options Considered and Rejected:

None

What will it cost and how will it be financed?

(A) Revenue Costs

(B) Capital Costs

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Financial	
Legal Localism Act 2011	
Human Resources	
Equality 1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact of the Proposals on Service Delivery:

What consultations have taken place on the proposals and when?

The Head of Corporate Finance and ICT (FD4308/16.....) has been consulted and notes that there are no financial implications in the report

The Head of Regulation and Compliance is the author of the report (LD 3591/16)

Implementation Date for the Decision

Immediately following the Committee meeting.

Contact Officer: David McCullough

Tel: 0151 934 2008

Email: david.mccullough@sefton.gov.uk

Background Papers:

There are no background papers available for inspection

Agenda Item 10

- 1.1 On 25 May 2010, the coalition government announced its intention to abolish the Standards Board regime set out in Part 3 of the Local Government Act 2000 (LGA 2000). The government accepted that it was important to have safeguards in place to prevent the abuse of power and misuse of public money, given that those who elected members to office had the right to expect the highest standards of behaviour. However, it considered that the standards regime under the LGA 2000, under which all local authorities by law had to adopt a national code of conduct and a standards committee to oversee the behaviour of members and receive complaints, regulated by Standards for England, was ineffective, bureaucratic and encouraged petty complaints or harmful accusations. It therefore proposed that, through the Localism Act 2011, local authorities would draw up their own local codes of conduct and it would become a criminal offence for members to deliberately withhold or misrepresent a financial interest.
- 1.2 The Localism Act 2011 introduced fundamental changes to the regulation of standards of conduct for elected and co-opted members. It introduced:
 - A requirement to register pecuniary and other interests.
 - The creation of a new criminal offence of failing to register relevant interests.
- 1.3 Under section 27 of the Localism Act 2011, a relevant authority must promote and maintain high standards of conduct by its members and co-opted members.
- 1.4 When discharging its duty, a relevant authority must adopt a voluntary code dealing with the conduct that is expected of members and co-opted members of the authority when they are acting in their capacity as members (that is in an official capacity). (There is therefore no requirement in relation to members' private lives although disqualification as a result of imprisonment for three months or more under section 80 of the Local Government Act 1972 remains.)
- 1.5 A parish council may (if it wishes to) adopt the code of its principal authority.
- 1.6 Section 28 provides that a local authority in England must ensure that its code of conduct includes appropriate provisions for registering, and disclosing:
 - Pecuniary interests.
 - Interests other than pecuniary interests.
- 1.7 Members are not required to give an undertaking to comply with their local authority's code of conduct and the previous consequence of not complying with that requirement, that is not being able to act as a member, has been removed.

1.8 However, section 28 requires a relevant authority to have arrangements in place to deal with complaints that its code of conduct has been breached, including arrangements for complaints to be investigated.

1.9 The Localism Act 2011 does not give a relevant authority any power to impose sanctions for breach of its code, such as:

- Disqualification from office, or
- Withdrawal of monetary allowances.

2. Dealing with a Compliant

2.1 Upon receipt of a complaint that a member has breached the code of conduct the complaint will be assessed by the Monitoring Officer against the legal jurisdiction test and if applicable, the local assessment criteria. If one or more of the local assessment criteria applies to the complaint, it is likely that no further action will be taken by the Monitoring officer and the complaint will be rejected. There is no right of appeal against the Monitoring officer's decision.

2.2 The Monitoring Officer may at any stage seek to resolve the complaint informally which is often the most cost-effective way of resolving the complaint and may be appropriate where:

- (a) the Subject Member appears to have a poor understanding of the Code of Conduct and/or related Council or Parish Council Procedures; or
- (b) there appears to be a breakdown in the relationship between the Complainant and the Subject Member; or
- (c) the conduct complained of appears to be a symptom of wider underlying conflicts which, if unresolved, are likely to lead to further misconduct or allegations of misconduct; or
- (d) the conduct complained of appears common to a number of Members of the Council or Parish Council, demonstrating a lack of awareness, experience or recognition of the particular provisions of the Code of Conduct and/or other Council or Parish Council procedures etc; or
- (e) the conduct complained of appears to the Monitoring Officer not to require a formal sanction; or
- (f) the complaint appears to reveal a lack of guidance, protocols and procedures within the Council or Parish Council; or
- (g) the Complainant and the Subject Member are amenable to engaging in an informal resolution; or
- (h) the complaint consists of allegations and retaliatory allegations between the parties; or
- (i) the complaint consists of allegations about how formal meetings are conducted; or
- (j) the conduct complained of may be due to misleading, unclear or misunderstood advice from officers.

Agenda Item 10

- 2.3 Informal resolution may consist of one or more of the following actions, which do not have to be limited to the Subject Member, but may extend to other Councillors including the whole Council or Parish Council where it may be useful to address systematic behaviour:
- (a) training;
 - (b) conciliation/mediation
 - (c) mentoring;
 - (d) apology
 - (e) instituting changes to the Council's or Parish Council's procedures;
 - (f) conflict management
 - (g) changes to the Council's or Parish Council's protocols;
 - (h) other remedial action by the Council or Parish Council;
 - (i) other steps (other than investigation) if it appears appropriate to the Monitoring Officer.
- 2.4 If the Monitoring Officer considers that the complaint cannot be resolved informally, he/she will refer the complaint to the Initial Assessment Sub-Committee, who will determine whether to refer the complaint for investigation. If the Initial Assessment Sub-Committee decides not to refer a complaint for investigation or other appropriate action, the Complainant may request that the decision of the Initial Assessment Sub-Committee be reviewed and re-considered by the Review Sub-Committee. Any such requests must be made within 10 working days of the decision of the Initial Assessment Sub-Committee being notified to the Complainant. If the Initial Assessment Sub-Committee or Review Sub-Committee decide to refer a complaint for investigation, the Investigating Officer will investigate the complaint and will prepare a report for the consideration of the Hearings Sub-Committee.
- 2.5 If the complaint is referred to the Hearings Sub-Committee the Monitoring officer will appoint an Investigating Officer who is responsible for gathering all the facts, documents and where applicable, for interviewing witnesses. Upon completion their enquires the Monitoring officer will review the investigating officer's final report in consultation with the Independent Person.
- 2.6 Where, on the basis of the Investigating Officer's report, the Monitoring Officer, having consulted with the Independent Person, concludes that there is no evidence of a failure to comply with the Code of Conduct they will inform the parties in writing that no further action is considered necessary. There is no right of appeal against the Monitoring Officer's decision.
- 2.7 Where, on the basis of the Investigating Officer's report, the Monitoring Officer, having consulted with the Independent Person, concludes that there is evidence of a failure to comply with the Code of Conduct, they will either:
- (a) take no action; or

- (b) seek informal resolution; or
- (c) refer the matter for consideration by the Hearings Sub-Committee

2.8 Where the hearings Sub-Committee determines that the Subject member has failed to comply with the Code of Conduct, any one or more of the following sanctions may be applied / recommended:

- (a) Reporting the findings to the Council or Parish Council for information;
- (b) Recommending to the Subject Member's Group Leader or Parish Council, or in the case of a Member who does not belong to such a Group, to the Council or Parish Council that they be removed from Committees or Sub-Committees of the Council;
- (c) Recommending to the Leader of the Council that the Subject Member be removed from the Cabinet or removed from particular Portfolio responsibilities;
- (d) Recommending the arrangement of training for the Subject Member;
- (e) Recommending to the Cabinet to remove the Subject Member from all outside body appointments to which the Subject Member has been appointed or nominated to by the Cabinet or the Council as appropriate;
- (f) Depending upon the nature of the breach, one of the following may be appropriate – withdrawal of facilities such as use of Council email, equipment, etc. or exclusion of a Subject Member from Council offices except to attend meetings.

3. Complaints in 2015/16

3.1 In the Municipal year 2015 / 16 only two complaints were considered by the Initial Assessment Sub-Committee and no complaints proceeded to a Hearings Sub-Committee.

3.2 The first complaint concerned a Parish Council. One member made a complaint about two other fellow members. In order to fairly determine the course of action for the complaint at Initial Assessment Sub-Committee, the Sub-Committee was convened with two members of Audit and Governance and one parish councillor. The complaint concerned the general atmosphere of the parish council, along with allegations of bullying and disrespect inter alia.

3.3 Initial Assessment Sub-Committee determined that the complaint warranted 'other action'. The members elected for the matter to be referred to the Monitoring Officer to commence a mediatory process. Initial mediation sessions were undertaken with each member individually (the complainant and the subjects of the complaint). After organising mediation sessions and once an agenda had been devised, all members and the Monitoring Officer met collectively to discuss the future workings of the Parish Council. The work with the Parish Council is on-going.

Agenda Item 10

- 3.4 The second complaint was made by an external contractor about a member. The complainant suggested that the member had been verbally abusive to the contractor's staff and abused their position as a councillor in order to try and enter a traffic management site. The councillor was made aware of the complaint and further clarification was sought by the Deputy Monitoring Officer. The councillor agreed that they had been at the junction referred to at the time of the complaint. They stated that they had asked the contractor why there were no signs at the beginning of the road to advise members of the public that further down the road was closed. The councillor denied ever being abusive and confirmed that they had their partner with them who could corroborate what had happened. The councillor also suggested that certain elements of the complaint were not true. The complaint progressed to Sub-Committee where it was determined that there would be no further action taken.
- 3.5 As per every complaint that proceeds to Initial Assessment Sub-Committee, the complainant is given written notification of the outcome of the Sub-Committee. Within this notification they are advised of their right to request a review of the decision. If they wish to exercise this right, the complainant must submit a written request within 14 days from the date of the notification letter explaining the grounds on which they consider the decision should be reviewed. A meeting of the Audit and Governance Review Sub-Committee is then convened comprising of different members to the Initial Assessment Sub-Committee.
- 3.6 The complainant contractor sought a review of the initial decision. As such, a Review Sub-Committee convened to consider the complaint. The Review Sub-Committee also decided that there should be no further action taken in relation to this complaint.

4. Liverpool City Region

- 4.1 The abolition of the statutory model code of conduct means that local authorities in England may have different codes so that:
- A councillor who is a member of more than one local authority is likely to be subject to different codes.
 - Different members of the same joint committee will be subject to the code of their different parent authorities.
- 4.2 The Liverpool City Region Combined Authority Scrutiny Panel have asked that a piece of work be undertaken to review all Member Codes of Conduct within the constituent authorities to see how the Nolan principles of public life are embedded in the codes and how consistent the codes are with each other, for example, the manner in which non-pecuniary interests are defined and treated varies amongst the constituent authorities.

Agenda Item 10

- 4.3 The review will also consider how each constituent authority deals with issues such as Code of Ethics for Internal Auditors and policies on gifts and hospitality and declarations of interest at committee meetings.
- 4.4 The work is being led by the Head of Internal Audit at Merseytravel and is anticipated that a report will be submitted to the LCR Combined Authority Scrutiny Panel on 19 October 2016. The report will be considered by our Monitoring Officer and if it has implications for Sefton, a report will be prepared for this committee.

This page is intentionally left blank

Report to: Audit and Governance Committee **Date of Meeting:** 21 September 2016

Subject: Vexatious or Unfocussed Complaints & Data Requests **Wards Affected:** All

Report of: Head of Regulation and Compliance

Is this a Key Decision? No **Is it included in the Forward Plan?** No
Exempt/Confidential No

Purpose/Summary

To provide Members with a proposed policy and procedure about the Vexatious or Unfocussed Complaints and Data Requests.

Recommendation(s)

- 1 To consider the contents of the report and to make any appropriate recommendations or amendments.
- 2 To recommend the draft policy to Council for consideration.

How does the decision contribute to the Council’s Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		x	
2	Jobs and Prosperity		x	
3	Environmental Sustainability		x	
4	Health and Well-Being		x	
5	Children and Young People		x	
6	Creating Safe Communities		x	
7	Creating Inclusive Communities		x	
8	Improving the Quality of Council	x		

Agenda Item 11

	Services and Strengthening Local Democracy			
--	--------------------------------------------	--	--	--

Reasons for the Recommendation:

To allow members to consider the draft policy and procedure for this sometimes difficult area of work.

Alternative Options Considered and Rejected:

None

What will it cost and how will it be financed?

(A) Revenue Costs

Nil

(B) Capital Costs

Nil

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

<p>Financial Nil</p>							
<p>Legal Having such a policy which it is anticipated will be published on the Council's transparency pages 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.</p>							
<p>Human Resources</p>							
<p>Equality</p> <table data-bbox="148 1843 1117 1989"> <tr> <td data-bbox="148 1843 1018 1883">1. No Equality Implication</td> <td data-bbox="1018 1843 1117 1883"><input type="checkbox"/></td> </tr> <tr> <td data-bbox="148 1883 1018 1924">2. Equality Implications identified and mitigated</td> <td data-bbox="1018 1883 1117 1924"><input type="checkbox"/></td> </tr> <tr> <td data-bbox="148 1924 1018 1989">3. Equality Implication identified and risk remains</td> <td data-bbox="1018 1924 1117 1989"><input type="checkbox"/></td> </tr> </table>		1. No Equality Implication	<input type="checkbox"/>	2. Equality Implications identified and mitigated	<input type="checkbox"/>	3. Equality Implication identified and risk remains	<input type="checkbox"/>
1. No Equality Implication	<input type="checkbox"/>						
2. Equality Implications identified and mitigated	<input type="checkbox"/>						
3. Equality Implication identified and risk remains	<input type="checkbox"/>						

Impact of the Proposals on Service Delivery:

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.

What consultations have taken place on the proposals and when?

The Head of Regulation and Compliance is the author of the report (LD 3592/16)

The Head of Corporate Resources (FD4309/16) has been consulted and notes the report indicates no direct financial implications for the authority.

Strategic Leadership Board considered the item in July 2016 and concurred with the draft document.

Implementation Date for the Decision

Following consideration at Council.

Contact Officer: Jill Coule

Tel: 0151 934 2031

Email: jill.coule@sefton.gov.uk

Background Papers:

There are no background papers available for inspection

Agenda Item 11

1. Introduction

- 1.1 From time to time complainants, 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 attached draft 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.
- 1.3 Through the introduction of the new I-Casework system it will be possible to monitor the use and application of the policy and it is likely that next year it will be possible to report back to members on its use.
- 1.4 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 documentation will be added to the Council's transparency pages and appropriate links made on the Council's website to ensure that the documentation is accessible to all.
- 1.5 Having such a published statement is recommended as good practice by both the Local Government Ombudsman's office and the Information Commissioner's Office.

Report to: Audit & Governance Committee **Date of Meeting:** 21st September 2016

Subject: Treasury and Capital activity – Outturn 2015/16.

Report of: Head of Corporate Resources

Wards Affected: All

Is this a Key Decision? No

Is it included in the Forward Plan? No

Exempt/Confidential No

Purpose/Summary

To inform members of performance against Prudential Indicators, and Treasury Management activities undertaken for 2015/16. The report also includes the Treasury Management position to August 2016.

Recommendation(s)

Audit & Governance is asked to note the contents of this report.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		√	
2	Jobs and Prosperity		√	
3	Environmental Sustainability		√	
4	Health and Well-Being		√	
5	Children and Young People		√	
6	Creating Safe Communities		√	
7	Creating Inclusive Communities		√	
8	Improving the Quality of Council Services and Strengthening Local Democracy		√	

Reasons for the Recommendation:

To ensure that Audit & Governance Committee is fully appraised of performance against prudential indicators, and of treasury activity undertaken in 2015/16, and of treasury activity for the period to August 2016.

Agenda Item 13

What will it cost and how will it be financed?

(A) Revenue Costs

The actual investment income to August 2016 is in line with the budgeted amount.

(B) Capital Costs

None.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	The Council has a statutory duty under the Local Government Act 2003 to review its Prudential Indicators and Treasury Management Activities	
Human Resources	None	
Equality		
1.	No Equality Implication	<input checked="" type="checkbox"/>
2.	Equality Implications identified and mitigated	<input type="checkbox"/>
3.	Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

None.

What consultations have taken place on the proposals and when?

The Head of Corporate Resources has been involved in the preparation of this report. (FD 4307/16)

The Head of Regulation and Compliance (LD 3590/15) has been consulted and has no comments on the report.

Are there any other options available for consideration?

None.

Implementation Date for the Decision

Immediately following the Committee Meeting.

Contact Officer: Stephan Van Arendsen

Tel: 0151 934 4081

Email: Stephan.VanArendsen@sefton.gov.uk

Background Papers:

None.

BACKGROUND:

1. Introduction

- 1.1. The CIPFA Prudential Code for Capital Finance in Local Authorities (The Prudential Code) was introduced following the Local Government Act 2003. The Prudential Code details a number of measures/limits/parameters (Prudential Indicators) that, to comply with legislation, must be set in respect of each financial year to ensure that the Council is acting prudently and that its capital expenditure proposals are affordable. Original Prudential Indicators for 2015/16 were approved on 5th March 2015.
- 1.2. A requirement of the Prudential Code is the reporting to Audit & Governance Committee of the outturn position of Prudential Indicators following the end of financial year. In accordance with this requirement, this report outlines the 2015/16 outturn for the following Prudential Indicators:-
- (i) Capital Expenditure (Sections 2);
 - (ii) Financing Costs/Net Revenue Stream (Section 3);
 - (iii) Capital Financing Requirement (Section 4);
 - (iv) Borrowing Limits (Section 5);
 - (v) Treasury Management Indicators (Section 6).
- 1.3. The Treasury Management Policy and Strategy Statements are agreed annually by the Council as part of the budget process. A requirement of the Policy Statement is the reporting to Audit & Governance of the results of the Council's treasury management activities in the previous year. Treasury management in this context is defined as:
- 'The management of the authority's cash flows, its banking, money market and capital market transactions; the effective control of the risks associated with those activities; and the pursuit of optimum performance consistent with those risks.'
- 1.4. In accordance with the above this report outlines the results of treasury management activities undertaken in 2015/16 covering the following issues:
- borrowing strategy and practice
 - the Council's current Debt Portfolio
 - compliance with Treasury Limits
 - compliance with Prudential Indicators
 - investment strategy and practice.
- 1.5. The results of treasury management activities in 2015/16 are also reflected in the net expenditure on Capital Financing Costs included within the Council's Revenue Budget.
- 1.6. The Capital Programme is also agreed annually as part of the budget process. It sets out the anticipated capital expenditure to be incurred within the year.

Agenda Item 13

2. Prudential Indicator 2015/16 – Capital Expenditure

- 2.1. Prudential indicators are an integral component of measuring how prudently a Council is acting with regard to its finances. They were introduced into all local authorities (by CIPFA) following the Local Government Act 2003. A number of measures/limits/parameters including capital financing, external debt, impact on council tax, and treasury management are set prior to the start of the year and are monitored on a monthly basis.

The original estimate for 2015/16 expenditure together with the actual capital expenditure calculated on an accruals basis for the financial year is as follows:

	£'000
Estimate	21,278
Actual	33,357

- 2.2 The Capital Programme for 2015/16 shows an increase in expenditure of £12.079m when compared to the original estimate of £21.278m. This movement has been caused by slippage from 2014/15 to 2015/16 and the new starts programme that commenced in 2015/16. The larger schemes that show an increase in expenditure due to slippage or new starts include: Thornton Link Road (£2.24m), Reech Project (£4.139m), Sports Invest to Save schemes (£1.028m) and Disabled Facilities Grant (£2.128m).
- 2.3 An analysis of spend in the year against the original estimate is at **Annex A**.

3. Prudential Indicator 2015/16 – Financing Costs/Net Revenue Stream

- 3.1. This indicator measures the financing costs of capital expenditure as a proportion of the net resource expenditure of the General Fund.
- 3.2. The actual percentage achieved against estimate is as follows:

Estimate	5.9%
Actual	2.2%

- 3.3 The reduction has been caused by lower than estimated borrowing costs, as a result of a change to the Minimum Revenue Provision (MRP) for Debt Repayment Policy in 2015/16 as agreed by Council on 5th March 2016.

4. Prudential Indicator 2015/16 – Capital Financing Requirement

- 4.1. The Capital Financing Requirement indicator reflects the Authority's underlying need to borrow for capital purposes. The Council is currently internally borrowed which is a temporary position. This reflects the current national low interest rates for investment of cash balances and the need to find savings for the revenue budget. The decision as to when external borrowing (to finance previous years'

capital expenditure) will be undertaken will be kept under review (see also Para. 5.4.3).

- 4.2. The Capital Financing Requirement is based on historic capital financing decisions and the borrowing requirement arising from the financing of actual capital expenditure incurred in 2015/16. The estimate and the actual Capital Financing Requirement at 31/03/16 are detailed below:

	£'000
Estimate	202,000
Actual	203,178

- 4.3. The actual level of Total Capital Financing Requirement as at 31st March 2016 is higher than the revised estimate due to the reclassification of the Probation Service debt as part of the changes to the MRP policy.
- 4.4. CIPFA's Prudential Code for Capital Finance in Local Authorities includes the following statement as a key factor of prudence:

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

- 4.5. In the report to Cabinet in March 2015, it was stated that the Authority would comply with this requirement in 2015/16. During the financial year, net external borrowing did not exceed the total of the Capital Financing Requirement.

5. **Prudential Indicator 2015/16 – Borrowing Limits**

- 5.1. External borrowing undertaken by the Council arises as a consequence of all the financial transactions of the authority, both capital and revenue, and not simply those arising from capital spending. During 2015/16, the Council managed its Treasury position in terms of its external borrowings and investments in accordance with its approved Treasury Management Strategy and established an Operational Boundary and Authorised Limit to manage the level of external debt. These items are described below.

5.2. **The Operational Boundary 2015/16**

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

- 5.2.2. The estimate and actual outturn for 2015/16 are presented below:

Agenda Item 13

	£'000
Estimate	157,500
Actual	126,828

5.2.3 The actual borrowing is lower than the revised estimate, reflecting the internally borrowed position of the Council, with the projected £4.5m of borrowing budgeted for 2014/15 and £8.5m budgeted for 2015/16 not being taken. The estimate also assumed that £10m of loans repaid in August 2015 would be replaced, however they were not. It should be noted that the estimate also contains borrowing headroom of £5m which was not required during the year.

5.3. The Authorised Limit 2015/16

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

5.2.3. The estimate and actual outturn for 2015/16 are presented below:

	£'000
Estimate	172,500
Actual	126,828

The variation reflects the position for the Operational Boundary and the fact that no exceptional cash movements were required.

5.4. Borrowing Strategy and Practice 2015/16

5.4.1 In 2015/16, repayments of £10.174m were made to The Public Works Loan Board (PWLB). Of this £10m was in repayment of the principal element of maturity loans, and £0.174m was in repayment of the principal element of annuity loans.

5.4.2 The Council's external debt activity in the year is summarised in the following table:

	£'000
Opening PWLB Debt 01/04/2015	120,351
Less Repayment Principal Loans	-10,174
Add New Borrowing	0
Closing PWLB Debt 31/03/2016	<u>110,177</u>

5.4.3 It can be noted that the policy of internally borrowing, running down the Authority's cash balances rather than taking out new borrowing or replacing maturing loans, continues. Under present economic conditions, it is considered prudent not to borrow for capital purposes. This provides a financially beneficial position, in revenue terms, for the Council. As the economy improves and interest rates

increase, this strategy will need to be reviewed, with external borrowing re-starting as interest rates allow. Our treasury management advisors, SECTOR, will provide support to the Council in determining the most appropriate timing for any new borrowing.

5.5. Current External Debt Portfolio 2015/16

The Council's current debt portfolio, taking account of the transactions detailed in paragraph 5.4, can be summarised as follows:

DEBT PORTFOLIO:			
	<u>2014/15</u>	<u>2015/16</u>	
Average Interest Rate Payable on PWLB Debt in Year	4.44%	4.52%	
<u>Debt Outstanding</u>	<u>31-Mar-15</u>	<u>31-Mar-16</u>	
	£'000	£'000	
PWLB	120,351	110,177	
Finance Leases	14,018	12,275	
Merseyside Residuary Body	4,813	4,376	

5.5.1 The movement in debt reflects the financing decisions taken in paragraph 5.4.3.

5.5.2 The level of the Council's actual external debt has also been monitored throughout the financial year and for information had remained within both of the Prudential Indicators set.

6. Debt Maturity Profile 2015/16

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

Fixed Rate Debt Maturity	Upper Limit	Lower Limit	Actual 31/03/2016
Under 12 months	35%	0%	9%
12 months and within 24 months	40%	0%	0%
24 months and within 5 years	40%	0%	0%
5 years and within 10 years	40%	0%	31%
10 years and above	90%	25%	60%

Agenda Item 13

- 6.2 As can be seen our debt profile highlights that most of our debt is due to mature in 10 years and above, reflecting the internal borrowing position of the Council, as no new borrowing has been undertaken in recent years.

7. Compliance with Treasury Limits 2015/16

- 7.1 The following Treasury Limits were approved by Council during the 2015/16 Budget Setting process:

Treasury Limits 2015/16	Limit	Actual
Authorised Borrowing Limit	£172.5m	£126.8m
Short Term Borrowing Limit	£15.0m	£0m
Proportion of variable interest rate External Borrowing	33%	0%

- 7.2 During the financial year the Council operated within these limits.

8. Interest rate exposure 2015/16

- 8.1. The following Prudential Indicators were approved for the 2015/16 financial year:

i) **Interest Rate Exposure Indicators**

- a) an upper limit of debt outstanding less investments held at fixed interest rates of 340% and a lower limit of 120% of the value of total debt outstanding less total investments;

Actual at 31/03/2016 130% fixed

- b) an upper limit of debt outstanding less investments held at variable interest rates of -20% and a lower limit of -240% of the value of total debt outstanding less total investments.

Actual at 31/03/2016 -30% variable

Hence all of the above are within the limit set.

ii) **Non Specified Investment Indicator**

An upper limit on the value of non-specified investments of 40% of total investments. Non specified investments are defined as over 2 years but less than 5 years;

Actual at 31/03/2016 11% CCLA

The Investment is with the Church, Charities and Local Authorities (CCLA) Property Fund. Once again this is within the limit set.

9. Investment Strategy and Practice 2015/16

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

i) **Externally Managed Investments**

No externally managed funds are held.

ii) **Internally Managed Investments**

The Council's available funds averaged £79.560m and were managed internally with advice from our Treasury Consultants.

In 2015/16 an average return of 0.84% was achieved. This is more than the benchmark 7 day LIBID figure of 0.36% and is considered to be an acceptable return. The majority of the funds are invested with banks and Money Market Funds (MMF's), with £5m is invested with the CCLA Property Fund. The return of 0.84% can be disaggregated into a return of 0.51% on bank and MMF investments, whilst 5.18% was returned by the CCLA investment. The key objective when investing funds is to firstly ensure security, then liquidity, and then yield.

9.2. The level of the Council's investments is summarised in the following table:

<u>Investments</u>	<u>31-Mar-15</u>	<u>31-Mar-16</u>
	£m	£m
Total Investment of Cash Balances	54.01	43.52

This year on year reduction is due to the Council's current position of being internally borrowed. £10.174m of PWLB loans were repaid in 2015/16 with no new borrowing undertaken; hence cash balances available for investment were lower when compared to the previous year.

Agenda Item 13

10. TREASURY POSITION FOR 2016/17 – UPDATE TO 31st AUGUST 2016

10.1 INVESTMENTS HELD

10.1.1 Investments held at the end of August 2016 comprise the following:

Overnight Deposits					
Institution	Deposit £m	Rate %	Maturity	On Current Counterparty List?	Rating
BNP Paribas	5.930	0.41	n/a	Yes	AAA
Federated	5.930	0.42	n/a	Yes	AAA
Insight	5.930	0.37	n/a	Yes	AAA
Invesco	1.580	0.39	n/a	Yes	AAA
Standard Life	5.930	0.43	n/a	Yes	AAA
Total	25.300				
Call Accounts					
Bank of Scotland	5.000	0.60	175 day notice	Yes	A+
Santander	2.000	0.90	95 day notice	Yes	A
Santander	2.000	1.05	120 day notice	Yes	A
Total	9.000				
Fixed Term Deposits					
Commonwealth Bank of Australia	5.000	0.82	27/01/2017	Yes	AA-
Heleba	5.000	0.84	05/01/2017	Yes	A+
Nationwide	5.000	0.71	05/10/2016	Yes	A
Goldman-Sachs	5.000	0.74	06/12/2016	Yes	A
Total	20.000				
Other					
The Funding Circle	0.010	-	n/a	n/a	n/a
CCLA	5.000	5.19	n/a	Yes	n/a
Total	5.010				

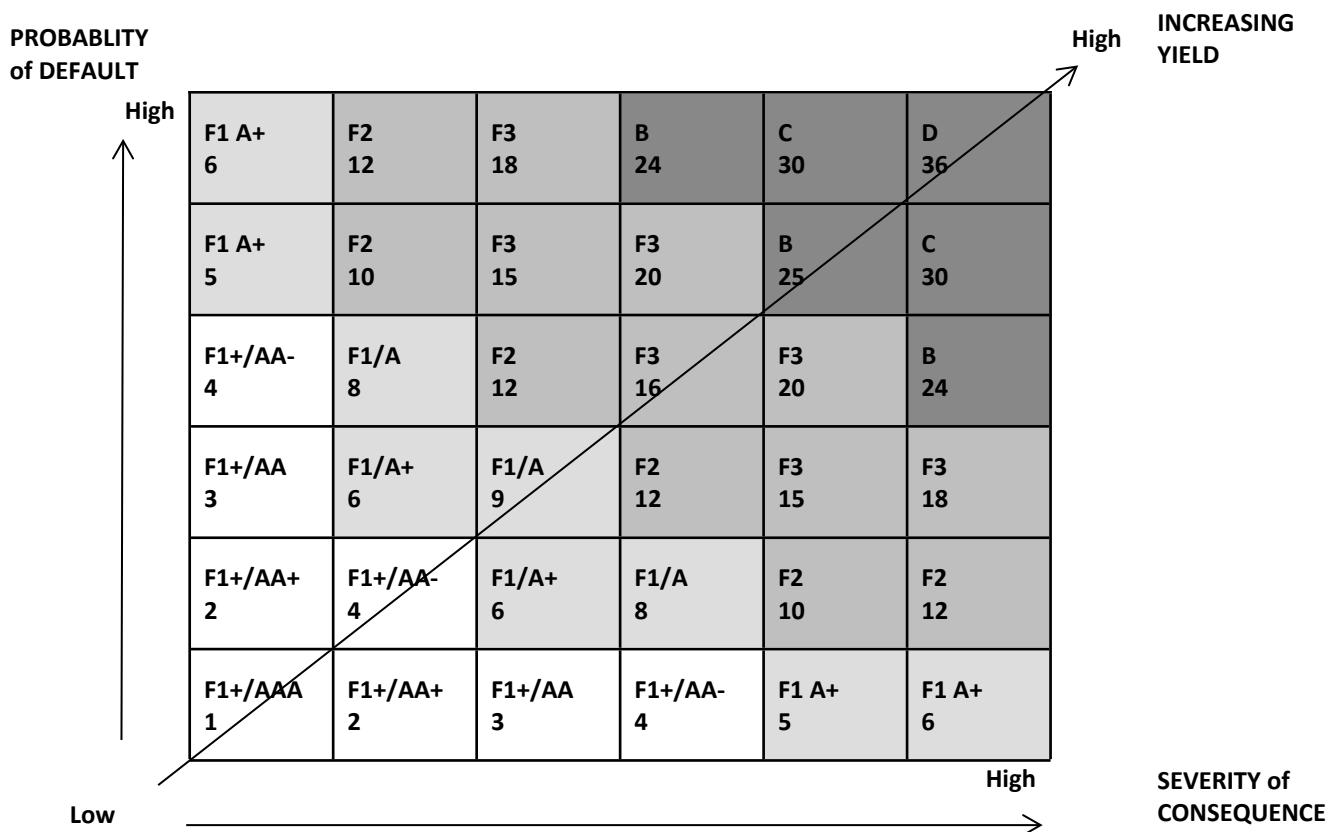
10.1.2 All of the investments made since April 2016 have been with organisations on the current counterparty list. The maximum level of investment permitted in the Treasury Management Strategy in any one institution, or banking group, is currently £25m. Whilst the maximum should be retained, in case economic conditions change, a day to day operational maximum of 10% of total investments is currently being imposed. This will spread the risk of investments for the Council, but will have a small detrimental impact on the returns the Council will receive. The Council has remained within that

Agenda Item 13

boundary during the year to date. At present, it is not expected that there will be any need to review this limit.

10.1.3 The Council will only invest in institutions that hold a minimum long term Fitch rating of A- for banking institutions, or AAA for MMF's. 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.

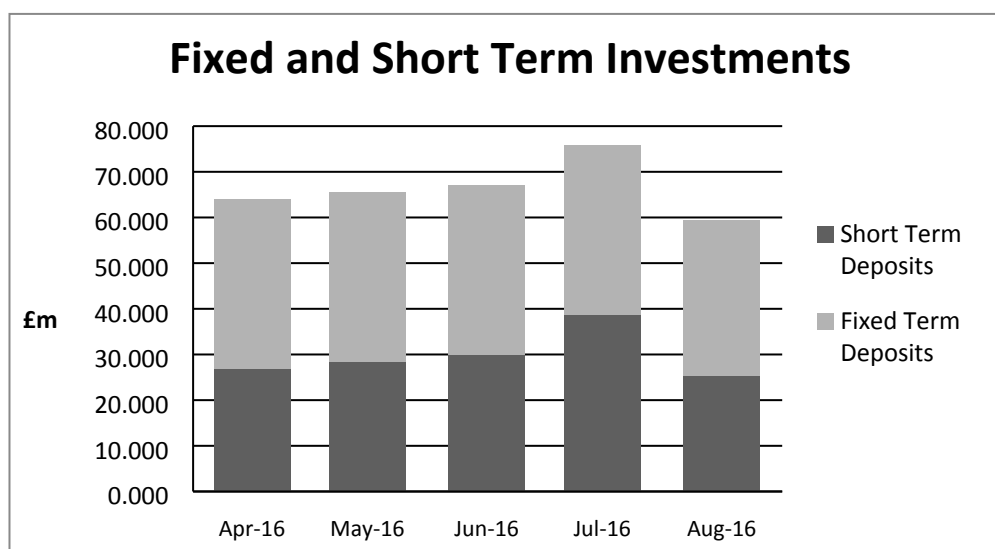
10.1.4 The matrix shows how the Council has set its risk appetite by being risk averse and putting security and liquidity before yield:



	Invested £m
Low	1 - 4 35.300
Low - Medium	5 - 9 19.000
Medium	10 - 20 0.000
High	21 - 36 0.000
n/a	5.010

Agenda Item 13

10.1.5 The ratio of overnight deposits (i.e. short term) to fixed term investments is illustrated below:



10.1.6 The Bank of England Base Rate has dropped to 0.25% from August 2016 and this has had an adverse effect on overall investment yields, particularly in the shorter term. It is anticipated that a further decrease in base rate will occur later in the fourth quarter of 2016. Our Treasury Advisors (SECTOR) have advised looking to longer term investments for better returns.

10.2 INTEREST EARNED

10.2.1 The actual performance of investments against the profiled budget for the period to 31st August 2016 is shown below:

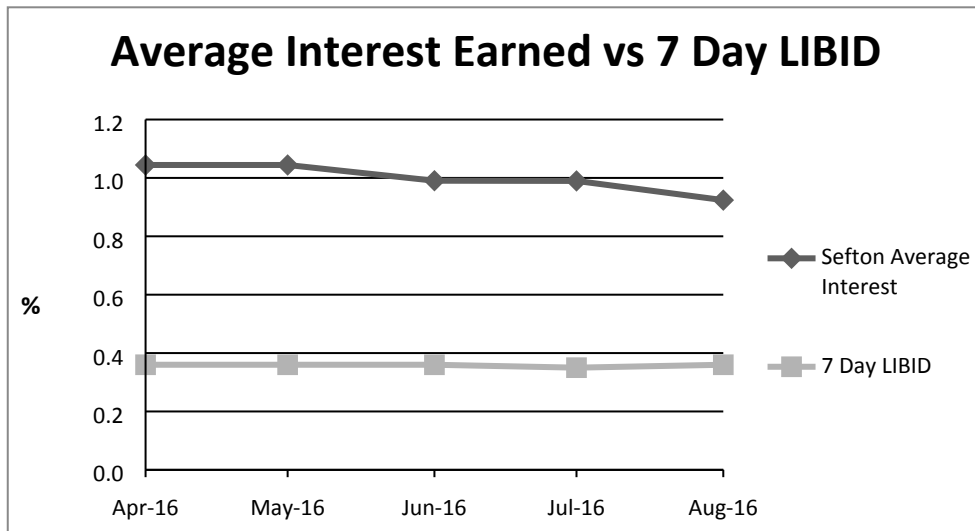
	Budget £'000	Actual £'000	Variance £'000
To Aug 2016	281	280	-1

10.2.2 The budgeted investment average interest rate for 2016/17 is 1.21%, which equates to £0.595m income for the year.

10.2.3 The investment income achieved to 31st August is £0.280m, which equates to an average interest rate of 1%. This is lower than the budgeted average interest rate of 1.2% as the budgeted investment income assumes lower cash balances than actually held. The return of 1% can be disaggregated into a return of 0.63% on bank and MMF investments, whilst 5.2% was returned on the CCLA investment.

As noted in paragraph 10.1.6 it is anticipated that the bank rate will fall again towards the end of 2016 which may decrease returns by the end of the financial year.

We have outperformed the 7 day LIBID average as follows:



10.3 PRUDENTIAL INDICATOR MONITORING 2016/17

10.3.1 As mentioned above, a number of measures/limits/parameters including capital financing, external debt, impact on council tax, and treasury management are set prior to the start of the year and are monitored on a quarterly basis.

10.3.2 Members should be aware that one of the indicators has been breached as at the end of August 2016.

Capital Expenditure is higher than originally estimated due to slippage from 2015/16 schemes.

	£'000
Estimate	20,815
Aug-16	24,857

10.3.3 The breach of this indicator is not considered an issue that needs to be addressed. This position will continue for the remainder of the financial year.

ANNEX A

Committee

**Original
Estimate**

Actual

£'000

£'000

Schools & Families	3,753	5,993
Locality Services - Commissioned	5,599	13,663
Locality Services - Provision	2,716	257
Older People	951	121
Housing & Regeneration	4,266	10,366
Regulation & Compliance	720	577
Communities	2,399	689
Tourism	50	62
Health & Wellbeing	25	1,131
Corporate Support	799	498
Total Service Based Capital Expenditure	21,278	33,357

Agenda Item 14

Report to: Audit & Governance Committee **Date of Meeting:** 21 September 2016

Subject: Risk and Audit Service Performance Report

Report of: Head of Corporate Resources **Wards Affected:** All

Is this a Key Decision? No **Is it included in the Forward Plan?** No

Exempt/Confidential No

Purpose/Summary

This report details the performance and activities of the Risk and Audit Service in the period 30 June – 31 August 2016.

Recommendation(s)

Members are requested to:

- (i) Note the report and the positive contribution made by the Service in the period.
- (ii) Approve the Revised Internal Audit Plan 2016/17
- (iii) Note the plans for the future direction and development of the Service and the positive impact this is expected to have on the level of assurance provided.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community	✓		
2	Jobs and Prosperity	✓		
3	Environmental Sustainability	✓		
4	Health and Well-Being	✓		
5	Children and Young People	✓		
6	Creating Safe Communities	✓		
7	Creating Inclusive Communities	✓		
8	Improving the Quality of Council Services and Strengthening Local Democracy	✓		

Agenda Item 14

Reasons for the Recommendation:

Approval of the recommendations will enable the Service to provide a more robust assurance to the Council.

What will it cost and how will it be financed?

There are no financial costs associated with this report.

(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 cost implications arising from this report.

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal None	
Human Resources None	
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

What consultations have taken place on the proposals and when?

The Head of Corporate Resources was consulted and has agreed the report (FD 4274/16).

The Head of Regulation and Compliance was consulted and has no comments to add to the report (LD 3557/16).

Are there any other options available for consideration?

No

Implementation Date for the Decision

Immediately following the Committee

Contact Officer: Laura A. Williams, Chief Internal Auditor
Tel: 0151 934 4051
Email: Laura.Williams@sefton.gov.uk

Background Papers:

The following papers are available for inspection by contacting the above officer:

Internal Audit Plan 2016/17 (as approved by this Committee on 23 March 2016)
Insurance Plan 2016/17
Health and Safety Plan 2016/17
Risk and Resilience Plan 2016/17

Agenda Item 14

1. Introduction/Background

1.1 The Risk and Audit Service is managed by the Chief Internal Auditor, who reports to the Head of Corporate Resources.

1.2 The objective of the Service is to improve the control environment and reduce the likelihood and impact of risks to the Council.

1.3 In delivering this objective, the Service encapsulates the following teams:

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

1.4 This report summarises the main aspects of the performance of the Service during the period 30 June – 31 August 2016, and gives members a detailed overview of the following areas:

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

The report concludes by highlighting the plans for the future direction and development of the Service.

Risk and Audit Service: Performance Report

Page 103

Audit and Governance Committee
21 September 2016

Laura A. Williams MA CPFA
Chief Internal Auditor
Risk and Audit Service
Corporate Resources
Magdalen House
30 Trinity Road
Bootle
L20 3NJ

Agenda Item 14

Contents

1.	Executive Summary	Page 3
2.	Introduction	Pages 4-5
3.	Internal Audit Performance Update	Pages 6-9
4.	Health and Safety Performance Update	Pages 10-11
5.	Insurance Performance Update	Pages 12-13
6.	Risk and Resilience Performance Update	Pages 14-15
7.	Looking Ahead	Page 16
8.	Conclusions	Page 17
9.	Appendix A – Internal Audit Plan 2016/17	Pages 18-24

Page 104

1. Executive Summary

1.1 This report summarises the performance and activity of the Risk and Audit Service for the period 30 June - 31 August 2016.

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

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

1.3 The report highlights the following key points:

- It has been a busy period for the Service, with the arrival of the new Chief Internal Auditor and the completion of a number of key pieces of work. The performance indicators and key data in this report reflect this positive progress.
- There is a focus on the development and improvement of the Service, with a Development Plan being constructed so as to raise the profile of the Service and increase corporate influence. These developments will continue over the medium term, and this Committee will be kept updated of the progress made, and will benefit from a higher level of assurance on the effectiveness of the Council's system of internal control.

2. Introduction

- 2.1 The Risk and Audit Service is managed by the Chief Internal Auditor, who reports to the Head of Corporate Resources.
- 2.2 The objective of the Service is *“to improve the control environment and reduce the likelihood and impact of risks to the Council.”*
- 2.3 In delivering this objective, 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. It helps an organisation accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control and governance processes.” (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.
- 2.4 This report summarises the main aspects of the performance of the Service for the period 30 June - 31 August 2016, covering the following areas:
- Internal Audit:
 - work undertaken in the period, including a summary of work and an outline of the three high priority recommendations made.
 - performance against Key Performance Indicators
 - anti-fraud update

- developments relating to this part of the Service.
- Health and Safety, Insurance and Risk and Resilience:
 - 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 highlighting the plans for the future direction and development of the Service.

3. Internal Audit: Performance Update

3.1 Work Completed

During the period 30 June 2016 – 31 August 2016, 7 audits were completed, in accordance with the Internal Audit Plan 2016/17. These can be summarised as:

Audit Title	Audit Opinion	Recommendations		
		Critical	High	Medium
Tourism	Very Good	0	0	4
Free Early Education Entitlement Funding	Good	0	2	1
Litherland Sports Park	Good	0	1	11
Payroll Reconciliations	Good	0	0	0
Liverpool City Region STEP Grant Certification	Certification provided	N/A	N/A	N/A
Investigations x 2	Reports issued to management for action			

The high priority recommendations made related to:

- Litherland Sports Park - income reports and invoices from Harland's (who manage Direct Debit Services on behalf of the Council) were not shared with the Litherland Sports Park management and therefore checks could not be undertaken in respect of the accuracy of the information provided.
- Free Early Education Entitlement Funding – it was identified that there is a need to strengthen the verification processes, and also to ensure that staff access to information is appropriate.

3.2 Key Performance Indicators

Description and Purpose	Target	Actual	Variance and Explanation
<p>Percentage of the Internal Audit Plan 2016/17 completed This measures the extent to which the Internal Audit Plan agreed by this Committee is being delivered. The delivery of the Plan is vital in ensuring that an appropriate level of assurance is being provided across the Council's systems.</p>	<p>37% (profiled to 31/8/16) See graph below</p>	<p>36% (to 31/8/16) See graph below</p>	<p>Variance: -1% The completion of one audit has been delayed until shortly after the end of the reporting period.</p>
<p>Percentage of Client Survey responses indicating a "very good" or "good" opinion This measures the feedback received on the service provided, and seeks to provide assurance that Internal Auditors conduct their duties in a professional manner.</p>	<p>100%</p>	<p>91%</p>	<p>Variance: -9% There were 7 responses of "adequate".</p>
<p>Percentage of recommendations made in the period which have been agreed to by management This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.</p>	<p>100%</p>	<p>100%</p>	<p>No variance</p>

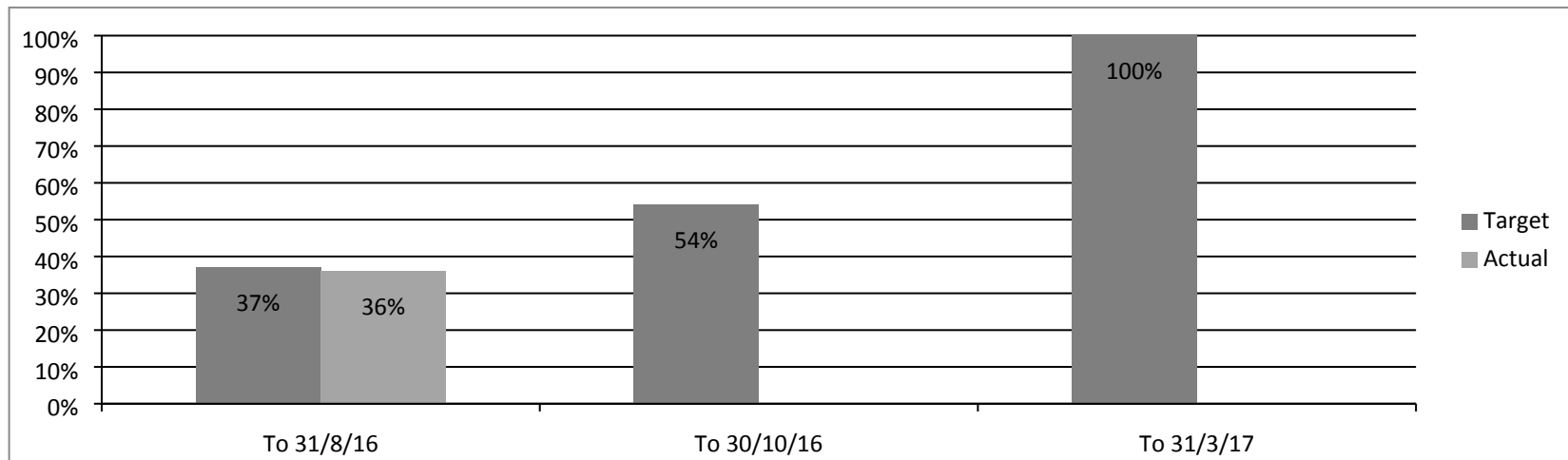


Figure 1: Percentage of the Internal Audit Plan 2016/17 Completed (profiled to coincide with the Audit and Governance Committee reporting dates)

3.3 Anti-Fraud

The following anti-fraud work has been undertaken during the period:

- Preparations have commenced for the upload of data in respect of the 2016/17 National Fraud Initiative (NFI) operated by the government's Cabinet Office. The process matches a number of data sources, highlighting inconsistencies. These are investigated and this may highlight fraud or error, which should result in monies being identified for return to the Council. Internal Audit is responsible for the co-ordination of NFI activities in liaison with relevant services and Arvato. Two new NFI areas are included this year - Housing Waiting List and Council Tax Reduction Scheme.
- A review of the Council Tax Single Person Discount matches has been undertaken by Arvato as part of the 2015/16 National Fraud Initiative, which has resulted in 327 cases of fraud being identified. A total of £104,461 in additional liability is in the process of being recovered.
- Allegations of misconduct made against a group of employees have been investigated. It has been concluded that there is sufficient evidence to support the allegations partially. Details of audit findings and recommendations for further action have been provided to management.

3.4 Developments

The Internal Audit Plan has undergone a review to align it with best practice, reflect the changing risk profile of the Council and ensure that there is sufficient coverage to enable the Chief Internal Auditor to provide a robust opinion in the Internal Audit Annual Report. Through reducing the allocation of time to some of the audits listed in the original plan, and reprioritising some areas, the following areas have been included for coverage during 2016/17:

- Adult Social Care debt
- Value for Money audit (VFM)
- Cyber Security
- ICT Applications
- Risk Management
- Accounts Payable
- Accounts Receivable
- Corporate Governance.

Appendix A shows the revised Internal Audit Plan and highlights key changes.

There is a range of other projects underway to streamline audit working practices, raise Internal Audit's corporate profile and ensure it is adding value to the Council. This Committee will continue to be informed regarding the progress made in taking these important steps towards excellence, which will increase the level of assurance provided to members on the effectiveness of the system of internal control.

4. Health and Safety: Performance Update

4.1 Work Completed

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

- A fundamental review and update of the corporate Health and Safety Policy has been undertaken, so as to reflect the Council's structure. As part of this, the role and membership of the Corporate Health and Safety Committee has been reviewed to reflect the Council's structure and to ensure Departments are properly consulted and involved in the management of Health and Safety issues.
- Stress has been identified as one of the main reasons for staff absence. The team has reviewed the Council's Stress Policy so as to strengthen the Council's commitment to addressing work-related stress as an organisational issue, and emphasising the role of managers. This will be presented to the October Corporate Health and Safety Committee for discussion and to formulate an implementation plan. Alongside this, work has commenced on a pilot project to support the Health and Safety Executive (HSE) Stress Policy Team to assess the impact of work-related stress in schools, and identify ways to help schools to manage this.
- The team is working with the Workforce Learning and Development Team to develop a range of e-learning packages for staff and managers. These will cover topics that lend themselves to this method of delivery (including Display Screen Equipment, General Risk Assessment, Stress Awareness for Individuals, Moving and Handling and Fire Safety Awareness) and are likely to be followed by other e-learning packages on suitable Health and Safety topics in the future. It is expected that the first e-learning packages will be launched by the end of this financial year.

4.2 Key Incident Data

The data below relates to the period 1 April 2016 to 31 August 2016:

Number of incidents reported to the Health and Safety Executive under RIDDOR (Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013)	3
Number of substantial complaints (those which have warranted investigation)	3

4.3 Developments

- The Health and Safety Team is developing its role and profile, so the team has a greater corporate influence by being consulted as a matter of course in key decisions and strategies that have health and safety implications.
- A review is underway of the package of Health and Safety services provided to schools, with a view to improving the offer and seeking to maximise effectiveness.
- The Team will continue its focus on collaborative work with Personnel and Occupational Health in developing management strategies to address high levels of sickness absence. This particularly relates to absence resulting from the most common cause: stress, anxiety and mental health issues, and incorporates work with Public Health to assist in implementing their “Five Steps to Wellbeing” approach.

5. Insurance: Performance Update

5.1 Work Completed

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

- The Authority’s insurance contract is due for renewal on 29 September 2016. A large exercise has been conducted to assess the Council’s requirements, and the proposals have been approved. Discussions will take place with the brokers, AoN, to agree terms. As this is part of the agreed extension period to the current insurance contract, it is expected that costs will be broadly similar to those already in place.
- Litigated insurance claims are defended vigorously and since September 2015, the Council has secured over £300,000 in cost avoidance. This is delivered in partnership with the external legal providers (arranged via our own Legal Services Team through the North West Legal Consortium), Weightmans. Pre-trial case conferences have proved a very effective method of securing favourable outcomes.
- The service has liaised with Tourism events officers to procure cancellation insurance cover for two key local events: the Southport Air Show and British Musical Fireworks Championships. This would protect the Council against claims relating to the cost of staging the events, if either was not to take place.

5.2 Key Claims Data

This data relates to the period since the last insurance renewal in September 2015:

Category	Number of claims received	Total reserve on claims received (£)	Number of insurance claims paid out	Amount paid out in insurance claims up to 31/7/16 (£) (not necessarily related to claims received in this period)
Public Liability	163	495,808	107	641,530
Employer’s Liability	13	92,315	16	202,906
Motor Vehicle	77	144,497	68	147,599

5.3 Developments

- The Insurance Team will participate in the National Fraud Initiative (NFI) exercise co-ordinated by Internal Audit, which seeks to identify fraud and error through comparison of a range of data sources (see 3.3). This Committee will be kept informed of the progress made in this exercise and any monies identified for recovery.
- Work is underway to formalise the contract management arrangements with the insurance provider and claims handlers, so as to strengthen the relationship and to ensure the maximisation of benefits to the Council.
- A reporting mechanism is being developed to provide management information to Departments on insurance issues. This will provide greater visibility for managers and assist them in managing insurable risk.

6. Risk and Resilience: Performance Update

6.1 Work Completed

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

- A review is underway of a number of key pieces of guidance, including the Sefton Major Emergency Plan, the Emergency Duty Co-ordinators Handbook and the Rest Centres Plan. Research is taking place to ensure that these documents meet the needs of the borough, that those involved in the response to a major incident are confident in their roles, and that the required provisions are in place. An awareness session is being held by Merseyside Resilience Forum on 9 September 2016 to provide an overview of multi-agency working practices across Merseyside, and to showcase the Joint Control Centre as a facility for multi-agency use. Emergency Duty Co-ordinators and other relevant staff from Sefton will attend this event, and feedback from the event will inform future training plans in this area.
- A key focus for the team is its role in the emergency planning for the Open Golf 2017. The team is active in the Contingency Planning Group and work closely with Royal and Ancient and emergency services to ensure that there is a comprehensive structure in place to maximise the success of the event.
- The Council has been awarded grant funding from the Department for Communities and Local Government (DCLG) to assist Sefton residents affected by storms Desmond and Eva in 2015. The team is submitting regular returns to DCLG on the progress being made and work undertaken in respect of the 16 eligible properties. DCLG has given local authorities some autonomy to decide how the grant is administered so as to increase flood resilience of the eligible properties, and the team is working closely with the Flood and Coastal Risk Management team in developing a robust mechanism for this.

6.2 Developments

- Considerable work will be commenced during the next quarter to develop the Council's risk management arrangements. The aim is to provide an updated Corporate Risk Register to this Committee in December 2016, along with an appropriate and up to date Risk Management Policy. The team will then continue to support the Council in its risk management activities, and develop the robustness of this approach further over the medium term.

- ISO22301, the International Standard on Business Continuity, has been updated, representing a revised approach to business continuity, which stresses senior management engagement. A review of the Council's business continuity arrangements will be undertaken to assess the robustness of the approach and the Council's compliance with the Standard. Key actions to ensure compliance will be identified and an implementation plan defined.
- Sefton will participate in a pan-Merseyside exercise, to be held in November 2016, to support the military in assessing its capability in providing support to Local Authorities in the event of coastal flooding.

7. Looking Ahead

7.1 Since the arrival of the new Chief Internal Auditor in June 2016, the Service has begun a process of development and transformation. A Development Plan has been compiled which encapsulates a number of projects to develop the Service. These are intended to build upon the good performance already being demonstrated, so as to build excellence. The main strands within the Plan are:

- Development of audit planning so as to ensure this is linked to the Council's risk profile, so that Internal Audit uses its resources in the most appropriate way, to provide valued input in helping the Council maintain a sound system of internal control.
- Improving the section's profile and status in the organisation, establishing the section as a "go to" and a valued corporate resource.
- Developing closer working across the team so as to facilitate sharing of knowledge and using this for mutual benefit in the management of risk.

This Committee will be provided with regular updates on the progress being made, as it is expected that, as a result of this work, members of the Committee will derive a significantly increased level of assurance on the management of corporate risk and the adequacy of the Council's system of internal control.

8. Conclusions and Recommendations

- 8.1 Internal Audit has made positive progress in the completion of the Internal Audit Plan 2016/17 in the period, being very close to meeting the performance indicator. 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. By reviewing the Internal Audit Plan so that this reflects the changing risk profile of the Council, more robust assurance on the effectiveness of the system of internal control will be provided.
Recommendation: That this Committee notes the positive performance of Internal Audit in the period, and approves the revised Internal Audit Plan 2016/17.
- 8.2 Health and Safety has been involved in key corporate projects in the period, particularly involving the effects of stress on staff and attendance. Key incident data shows a positive picture in terms of the Council's Health and Safety record, with very few incidents having been reported to the Health and Safety Executive.
Recommendation: That this Committee notes the positive contribution made by the Health and Safety team in the period.
- 8.3 The Insurance Team has secured a significant amount of cost avoidance in terms of litigated claims in the year to date. The Team is also heavily engaged in the annual renewal of the insurance contract. Work is underway to strengthen management information and formalise contract management arrangements.
Recommendation: That this Committee notes the positive contribution made by the Insurance team in the period.
- 8.4 The Risk and Resilience Team has been reviewing a range of policies relating to the Council's emergency response, so as to ensure these are fit for purpose. There has also been effective development of a process for the administration of the grant provided by DCLG for flood resilience.
Recommendation: That this Committee notes the positive contribution made by the Risk and Resilience team in the period.
- 8.5 A Development Plan has been compiled to implement a range of improvements of the Service, so as to increase its corporate profile and increase the level and robustness of the assurance provided.
Recommendation: That this Committee notes the plans for the future direction and development of the Service and the positive impact this is expected to have on the level of assurance provided.

Appendix A – Internal Audit Plan 2016/17

<u>Audit Plan 2016/17</u>							
<u>Auditable Area</u>	<u>Audit Outline</u>	<u>Area</u>	<u>Priority</u>	<u>Audit Type</u>	<u>Agreed Audit Plan Days</u>	<u>Revised Audit Plan Days</u>	<u>Amendments to Original Internal Audit Plan (26th March 2016)</u>
Audits Brought Forward from 2015/16					45	34	Audit Plan Days Reduced
Adult Social Care							
Better Care Fund - Delivery	Review of the arrangements in place for the delivery of the BCF outcomes detailed in the submission to the Department of Health, including a review of VAT treatment.	Cross Cutting	High	Assurance	25	10	Audit Plan Days Reduced
Budget Monitoring and Forecasting	Review of the system in place for the recording/capture of financial information in the ASC system by ASC staff for Care packages, including budget monitoring and forecasting processes.	Cross Cutting	High	Assurance	30	10	Audit Plan Days Reduced
Pre-payment Cards - Direct Payments	Review of arrangements in place for the pilot scheme.	Direct Payments	High	Assurance	10	10	No Change
Payments to Care Homes - Follow Up	Follow up review of the 2015-16 audit	Residential	High	Assurance	5	5	No Change
Adult Social Care Debt	End to end process review to identify weaknesses in the controls which may be contributing to the non-collection of Adult Social Care income.	Cross Cutting	High	Assurance	0	20	New Auditable Area
Personalisation - Personal Budgets	Review of the processes in place for personal budgets in accordance with the Personalisation agenda, including anti-fraud elements regarding checks on how the money is spent by service users, and controls to prevent fraudulent activity.	Direct Payments	High	Assurance	15	15	No Change

<u>Auditable Area</u>	<u>Audit Outline</u>	<u>Area</u>	<u>Priority</u>	<u>Audit Type</u>	<u>Agreed Audit Plan Days</u>	<u>Revised Audit Plan Days</u>	<u>Amendments to Original Internal Audit Plan (26th March 2016)</u>
Children's Social Care							
Adoption Foster Care & Other Carers Payments	Review systems for making payments and associated risks and controls. Include s17 payments, in particular decision-making and approval.	Adoption & Fostering	High	Assurance	20	10	Audit Plan Days Reduced
Budget Monitoring and Forecasting	Review of the system in place for the recording/capture of financial information in the CSC system by CSC staff for Care packages, including budget monitoring and forecasting processes.	Cross Cutting	High	Assurance	35	10	Audit Plan Days Reduced
Troubled Families - Effectiveness	Review of systems and procedures in place to support the claim of reward funding.	Troubled Families	High	Assurance	15	15	No Change
Safeguarding	Review of the safeguarding arrangements in either Children's or Adults, including timeliness of safeguarding investigations, effectiveness of inter-agency working and the implementation of any recommendations from Ofsted etc.	Social Care	High	Assurance	0	15	New Auditable Area
Commissioning Support & Business Intelligence							
Data Protection & Freedom of Information	Review of the plan and subsequent implementation of recommendations detailed in the Information Commissioners Office Report	Business Intelligence	High	ICT	10	10	No Change
Commissioning Cycle	Review of the arrangements in place for the commissioning of services	Business Intelligence	High	Assurance	30	0	Auditable Area deleted
Communities							
Accounts for the Atkinson Trust	Review of the accounts as independent auditor.	The Atkinson	High	Assurance	0	10	New Auditable Area
Youth Offending Service	Full review of the systems and procedures in operation, including payments and any health and safety issues.	YOT	High	Assurance	20	20	No Change

<u>Auditable Area</u>	<u>Audit Outline</u>	<u>Area</u>	<u>Priority</u>	<u>Audit Type</u>	<u>Agreed Audit Plan Days</u>	<u>Revised Audit Plan Days</u>	<u>Amendments to Original Internal Audit Plan (26th March 2016)</u>
Corporate Support							
Asset Management - Disposals/Social Value	Review of the arrangements in place for the disposal of council assets	Asset Management	High	Assurance	10	0	Auditable Area Deleted
Asset Management - Strategy	Review of the arrangements in place for ensuring that the Council's major assets are managed, and how acquisitions and disposals are controlled.	Asset Management	High	Assurance	0	14	New Auditable Area
Duplicate Payments	Review of the Arrangements to identify cases of duplicate payment	Finance	High	Assurance	5	0	Auditable Area Deleted
Disaster Recovery & Business Continuity	Review of the systems and procedures in place	Finance	High	Assurance	20	20	No Change
Payroll Reconciliations	Review the system and procedures in place for the reconciliation of payroll transactions	Finance	High	Assurance	5	5	No Change
Pensions Team Training and Awareness	Review of the arrangements in place to ensure staff have received adequate training	Finance	High	Assurance	5	5	No Change
Debtors (Reminders, Final Notices and Holds)	Review of the process in place for the recovery of debts across the Authority	Finance	High	Assurance	10	0	Auditable Area Deleted
Arvato's Annual Billing Checks	Check to provide assurance regarding the uplift of revenues and benefits parameters in the core system	Finance	High	Assurance	5	0	Auditable Area Deleted
Project and Programme Management	Review of the process in place and the methodology used for management of projects undertaken	ICT	High	Assurance	15	0	Auditable Area Deleted
PCI - DSS	Review of the progress in line with the current version requirements	Finance	High	Compliance	10	10	No Change
Sickness Absence Management	Review of the processes in place for the management of sickness absence across the Authority	Cross Cutting	High	Assurance	15	6	Audit Plan Days Reduced
Cyber Security	Review of the Council's adherence to the Cyber Essentials scheme.	ICT	High	ICT	0	10	New Auditable Area

<u>Auditable Area</u>	<u>Audit Outline</u>	<u>Area</u>	<u>Priority</u>	<u>Audit Type</u>	<u>Agreed Audit Plan Days</u>	<u>Revised Audit Plan Days</u>	<u>Amendments to Original Internal Audit Plan (26th March 2016)</u>
Corporate Support							
Applications	Review of generic controls in relation to a sample of the Council's ICT applications.	ICT	High	ICT	0	10	New Auditable Area
Value For Money (VFM)		Cross Cutting	High	VFM	0	10	New Auditable Area
Risk Management	Establishment and refresh of the Council's risk management arrangements.	Finance	High	Assurance	0	20	New Auditable Area
PWC Procurement Report Follow Up	Review of implementation of recommendations.	Finance	High	Assurance	0	20	New Auditable Area
Accounts Payable	Fundamental Financial System Review	Finance	High	Assurance	0	20	New Auditable Area
Accounts Receivable	Fundamental Financial System Review	Finance	High	Assurance	0	20	New Auditable Area
Health & Wellbeing							
Litherland Sports Park - Full System Review	Review of the systems and processes in place at the sports park	Leisure	High	Assurance	20	20	No Change
Netherton Activity Centre - Full System Review	Review of the systems and processes in place at the centre	Leisure	High	Assurance	20	20	No Change
Replacement of Leisuremost (ESP) - Full System Review	Review of ICT controls in relation to the new system	Leisure	High	ICT	20	20	No Change
Performance Management Framework Public Health	Provision of assurance that the Public Health Performance Management Framework has been successfully implemented	Public Health	High	Assurance	15	0	Auditable Area Deleted
Inward Investment & Employment							
Sefton @ Work	Review of a sample of controls detailed in the Sefton@work information security plan	Sefton @ Work	High	Compliance	10	10	No Change
Tourism	Review the systems and procedures in place to ensure Value for money is being achieved	Tourism	High	VFM	20	20	No Change
Locality Services - Commissioned							
Specialist Transport (Council Wide Review) Follow Up	Follow up review of the 2015/16 audit	Specialist Transport	High	Assurance	5	5	No Change

<u>Auditable Area</u>	<u>Audit Outline</u>	<u>Area</u>	<u>Priority</u>	<u>Audit Type</u>	<u>Agreed Audit Plan Days</u>	<u>Revised Audit Plan Days</u>	<u>Amendments to Original Internal Audit Plan (26th March 2016)</u>
Locality Services - Provision							
Skips & Bulky Items	Review of service provision, risks and controls	Cleansing	High	Assurance	10	10	No Change
Driving Safely	Review of the controls in operation in relating to driving Council vehicles or own vehicles on Council business safely.	Cross Cutting	High	Assurance	0	5	New Auditable Area
Trade Waste Follow Up	Follow up review of the Trade Waste audit 2015/16	Cleansing	High	Assurance	5	5	No Change
Regeneration & Housing							
Carbon Reduction Commitment	Audit of compliance requirements	Environment	High	Assurance	5	5	No Change
Disabled Facilities Grant - Audit Review	Review of the systems and procedures in place	Infrastructure	High	Assurance	5	5	No Change
Day to Day Building Maintenance/Asset Management Plans	Full review of systems and procedures in place	Infrastructure	High	Assurance	20	0	Auditable Area Deleted
New Homes Bonus	Full review of systems and procedures in place	Housing	High	Assurance	20	20	No Change
Regulation & Compliance							
Mayors Charity Fund	To undertake an independent examination of the accounts in accordance with Charity Commission Guidelines and produce an Independent Examiners Report.	Governance & Elections	High	Assurance	10	5	Audit Plan Days Reduced
Schools & Families							
Schools Thematic Audits							No Change
Changes to Staff Pay (Pay Awards)	Review the arrangements in place for changes to staff pay	Schools	High	Assurance	20	20	No Change
Sickness Absence	Review of the processes in place for the management of sickness absence in schools	Schools	High	Assurance	20	0	Auditable Area Deleted
SIMS & Agresso Interface	Review of the process in place for the exchange of financial information from SIMS to Agresso	Schools	High	Assurance	20	0	Auditable Area Deleted
Eligibility for Free School Meals Process/VFM	Review the process in place for determining the eligibility of Free school meals	Schools	High	VFM	20	0	Auditable Area Deleted
Schools - Planning & Preparation	Implementation of new approach.	Schools	High	Assurance	0	7	New Auditable Area
15 School Audits	Audit of schools using new approach.	Schools	High	Assurance	0	54	New Auditable Area
School Advice & Support		Schools	High	Assurance	0	7	New Auditable Area

<u>Auditable Area</u>	<u>Audit Outline</u>	<u>Area</u>	<u>Priority</u>	<u>Audit Type</u>	<u>Agreed Audit Plan Days</u>	<u>Revised Audit Plan Days</u>	<u>Amendments to Original Internal Audit Plan (26th March 2016)</u>
Social Care Projects							
LAS (Adult Social Care)		Cross Cutting	High	Project Support	28	20	Audit Plan Days Reduced
LCS (Children's Social Care)		Cross Cutting	High	Project Support	28		
ECAF		Cross Cutting	High	Project Support	10.5		
Singleview		Cross Cutting	High	Project Support	3.5		
ICT Programme Board		Cross Cutting	High	Project Support	5		
Grant Certification							
Troubled Families Return 1	Independent examination and certification of 2016/17 grant claim	Troubled Families		Grant Cert	4	4	No Change
Troubled Families - Return 2	Independent examination and certification of 2016/17 grant claim	Troubled Families		Grant Cert	4	4	No Change
Liverpool City Region Step - Return 1	Independent examination and certification of 2016/17 grant claim			Grant Cert	2.5	2.5	No Change
Liverpool City Region Step - Return 2	Independent examination and certification of 2016/17 grant claim			Grant Cert	2.5	2.5	No Change
Liverpool City Region Step - Return 3	Independent examination and certification of 2016/17 grant claim			Grant Cert	2.5	2.5	Audit Plan Days Reduced
Liverpool City Region Step - Return 4	Independent examination and certification of 2016/17 grant claim			Grant Cert	2.5		
Local Transport Capital Block Funding	Independent examination and certification of 2016/17 grant claim			Grant Cert	4	4	No Change
Central Heating Grant	Independent examination and certification of 2015/16 grant claim			Grant Cert	0	4	New Auditable Area
Disabled Facilities Grant	Independent examination and certification of 2015/16 grant claim			Grant Cert	4	5	Audit Plan Days Increased
Social Care (Capital) Grant Determination 31/2534	Independent examination and certification of 2015/16 grant claim			Grant Cert	5	1	Audit Plan Days Reduced
Follow Up Audits					36	36	No Change
Anti-Fraud Work (Including NFI)	Examination of the results from the electronic data matches used to prevent and detect fraud. Further Anti-Fraud work to be determined.	Cross Cutting		Anti Fraud	50	50	No Change

<u>Auditable Area</u>	<u>Audit Outline</u>	<u>Area</u>	<u>Priority</u>	<u>Audit Type</u>	<u>Agreed Audit Plan Days</u>	<u>Revised Audit Plan Days</u>	<u>Amendments to Original Internal Audit Plan (26th March 2016)</u>
Governance							
Assurance Mapping	Identification of assurance mechanisms within each department			Governance	30	0	Auditable Area Deleted
Internal Audit Review of Effectiveness	Mandatory review required as part of the Public Sector Internal Audit Standards			Governance	10	10	No Change
Annual Governance Statement 15/16	Collation of information to support and produce the Annual Governance Statement			Governance	25	6	Audit Plan Days Reduced
Annual Governance Statement 16/17	Collation of information to support and produce the Annual Governance Statement			Governance	0	60	New Auditable Area
arvato Assurance	Review the arvato Sefton Management Assurance Report, monthly self assessments and escalation process.			Assurance	20	10	Audit Plan Days Reduced
Contract Audit Support	Vetting of Contractors by request			Other	30	30	No Change
Corporate Project Assurance	Provision of audit assurance role to corporate change.	Cross Cutting			0	14	New Auditable Area
Contingency					195	195	No Change
Safeguarding - Adults					10	0	Auditable Area Deleted
Safeguarding - Children's					10	0	Auditable Area Deleted

Report to: Audit and Governance Committee **Date of Meeting:** 21 September 2016

Subject: Revenue & Benefit Service –
Write off of irrecoverable debts with balances over £10,000

Report of: Chief Finance Officer

Wards Affected: All Wards

Is this a Key Decision? No

Is it included in the Forward Plan? No

Exempt/Confidential: No - but the Appendices to the report are NOT FOR PUBLICATION by virtue of Paragraph 3 of Part 1 of Schedule 12A of the Local Government Act 1972. The Public Interest Test has been applied and favours the information being treated as exempt

Exempt Appendices:

- Appendix 1 – NNDR accounts over £10,000
- Appendix 2 – Council Tax account over £10,000
- Appendix 3 – Sundry Debt accounts over £10,000
- Appendix 4 – Housing Benefit account over £10,000

Purpose/Summary

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

This report requests the authorisation of the Committee to write off the debts listed in Appendices 1, 2, 3 and 4 to this report.

Recommendation

To approve the write off of all debts detailed in the appendices to this report. The total amount for write off is £378,982.05.

How does the decision contribute to the Council's Corporate Objectives?

	<u>Corporate Objective</u>	<u>Positive Impact</u>	<u>Neutral Impact</u>	<u>Negative Impact</u>
1	Creating a Learning Community		✓	
2	Jobs and Prosperity		✓	
3	Environmental Sustainability		✓	
4	Health and Well-Being		✓	
5	Children and Young People		✓	
6	Creating Safe Communities		✓	
7	Creating Inclusive Communities		✓	
8	Improving the Quality of Council Services and Strengthening Local Democracy		✓	

Agenda Item 16

Reasons for the Recommendation:

The debts detailed in Appendices 1 to 4 are considered to be irrecoverable and are recommended for write off.

What will it cost and how will it be financed?

(A) Revenue Costs

The amounts proposed for write off are within the provisions set aside for doubtful debts and the Council will write off these debts against these provisions.

(B) Capital Costs

N/A

Implications:

The following implications of this proposal have been considered and where there are specific implications, these are set out below:

Legal	None
Human Resources	None
Equality	
1. No Equality Implication	<input checked="" type="checkbox"/>
2. Equality Implications identified and mitigated	<input type="checkbox"/>
3. Equality Implication identified and risk remains	<input type="checkbox"/>

Impact on Service Delivery:

None

What consultations have taken place on the proposals and when?

The Head of Corporate Resources is the author of the report (FD 4259/16).

Head of Regulation and Compliance has been consulted and has no comments on the report. (LD 3542/16).

Are there any other options available for consideration?

Not to write off the debt.

Implementation Date for the Decision

Immediately following the close of the meeting.

Contact Officer: Stephan Van Arendsen, Head of Corporate Resources

Tel: 0151 934 4096

Email: Stephan.Van.Arendsen@sefton.gov.uk

Contact Officer: Christine Finnigan, Partnership & Local Taxation Manager

Tel: 0151 934 4161

Email: christine.finnigan@sefton.gov.uk

Background Papers:

There are no background papers available for inspection.

Agenda Item 16

1. Introduction/Background

- 1.1 This report is about Non Domestic Rate debts, Sundry Debts, Housing Benefit Overpayment debts and Council Tax debt with balances greater than £10,000 that have proved irrecoverable.
- 1.2 Sums below this range are delegated to the Head of Corporate Services and Head of Regulation and Compliance.

2. Debts of over £10,000 Identified for Write-Off

- 2.1 19 individual accounts with balances over £10,000 and totalling £378,982.05 have been identified for write off.
- 2.2 These can be summarised as follows:

All Debts		
Write Offs Over £10k		
Write Off Reason	No of Cases	Amount for Write Off
Bankrupt	1	£11,533.49
Ceased Trading No Assets	8	£187,872.30
Gone No Trace	2	£28,179.65
Legal Department Recommendation	1	£16,132.54
Liquidation	1	£13,129.38
Negotiated Settlement	2	£67,601.24
Unable To Collect	4	£54,533.45
Totals	19	£378,982.05
Breakdown into annual debt:		
2000		£532.33
2001		£659.94
2002		£762.16
2003		£792.05
2004		£720.47
2005		£879.11
2006		£916.65
2007		£955.44
2008		£993.22
2009		£1,020.79
2010		£23,190.47
2011		£22,324.90
2012		£20,789.01
2013		£46,198.22
2014		£57,717.09
2015		£180,056.62
2016		£20,473.58
Total		£378,982.05

2.3 These debts can be broken down into separate revenue types as follows:

NDR		
Write Offs Over £10k		
Write Off Reason	No of Cases	Amount for Write Off
Ceased Trading No Assets	8	£187,872.30
Gone No Trace	1	£14,279.04
Liquidation	1	£13,129.38
Unable To Collect	4	£54,533.45
Totals	14	£269,814.17
Breakdown into annual debt:		
2011		£411.89
2012		£11,530.05
2013		£19,439.77
2014		£56,642.20
2015		£179,604.82
2016		£2,185.44
Total		£269,814.17

Sundry Debts		
Write Offs Over £10k		
Write Off Reason	No of Cases	Amount for Write Off
Legal Department Recommendation	1	£16,132.54
Negotiated Settlement	2	£67,601.24
Totals	3	£83,733.78
Breakdown into annual debt:		
2010		£22,142.85
2011		£20,865.39
2012		£8,206.69
2013		£25,764.20
2016		£6,754.65
Total		£83,733.78

Agenda Item 16

Housing Benefit		
Write Offs Over £10k		
Write Off Reason	No of Cases	Amount for Write Off
Bankrupt	1	£11,533.49
Totals	1	£11,533.49
Breakdown into annual debt:		
2016		£11,533.49
Total		£11,533.49

Council Tax		
Write Offs Over £10k		
Write Off Reason	No of Cases	Amount for Write Off
Gone No Trace	1	£13,900.61
Totals	1	£13,900.61
Breakdown into annual debt:		
2000		£532.33
2001		£659.94
2002		£762.16
2003		£792.05
2004		£720.47
2005		£879.11
2006		£916.65
2007		£955.44
2008		£993.22
2009		£1,020.79
2010		£1,047.62
2011		£1,047.62
2012		£1,052.27
2013		£994.25
2014		£1,074.89
2015		£451.80
Total		£13,900.61

- 2.4 Any uncollectable amounts can be written off against the Council's bad debt provision.
- 2.5 Prior to write off every effort has been made to seek recovery. Accounts have been provided to the Partnership Team Assurance Officers who have undertaken sample checks.
- 2.6 Whenever an amount is written off it is possible that further sums may be recovered in due course as new information is obtained. This would happen in the following instances:

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

2.7 Following approval and the write off for individual debts, the Revenues Manager will provide a reconciliation statement identifying any discrepancies that have arisen and reasons for discrepancies. Schedules of balances actually written off will accompany the statement and submitted to Financial Management for evidence and monitoring debt provision.

This page is intentionally left blank

By virtue of paragraph(s) 3 of Part 1 of Schedule 12A of the Local Government Act 1972.

Document is Restricted

This page is intentionally left blank