

Risk and Audit Service: Performance

Audit and Governance Committee
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1. Executive Summary

- 1.1 This report summarises the performance and activity of the Risk and Audit Service for the period 7 December 2020 to 6 March 2021.
- 1.2 The report covers each of the areas of the service:
- Internal Audit
 - Health and Safety
 - Insurance
 - Risk and Resilience.
 - Counter Fraud
- 1.3 The report highlights the following key points:
- This has continued to be a busy period for the Service, with the completion of a number of key pieces of work. The performance indicators and key data in this report reflect this positive progress.
 - The service continues to seek to support the effective management of risk, which is especially pertinent as the Council transforms.
 - The development of the service continues, with a number of improvements having been completed in the period.

2. Introduction

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

2.4 This report summarises the main aspects of the performance of the Service for the period 6 September 2020 to 6 December 2020, covering the following areas:

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

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

3. Internal Audit: Performance Update

3.1 Work Completed 1 December 2020 to 28 February 2021

During the period 15 audit projects were completed. In addition, there are a number of pieces of work that are substantially complete and will be issued shortly including an ICT-Security Audit review, five school audit reports and two Liverpool City Region Grant Certifications.

The table below outline the audits that have been completed, the audit opinion and the recommendations identified:

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
1 December 2020 to 28 February 2021 (2020/2021)				
A59 2020/21 Grant Certification Q3	Assurance provided to facilitate certification			
STEP 2020/21 Grant Certification Q3	Assurance provided to facilitate certification			
Bootle Town Centre Grant Certification 20/21 Q3	Assurance provided to facilitate certification			
Key Route Network – Urban Traffic Control 20/21 Q2	Assurance provided to facilitate certification			
Crosby Lakeside Grant Certification 2020/21 Q3	Assurance provided to facilitate certification			
Troubled Families – Claim period 20 (October – December 2020) Grant Certification	Assurance provided to facilitate certification			
Troubled Families – Claim period 21 (January – March 2021) Grant Certification	Assurance provided to facilitate certification			
Assurance Mapping Exercise		n/a		
Audit and Governance Terms of Reference Review		n/a		
Corporate Governance Review 2019/20 – Follow-up. To ensure progress with the implementation of the recommendations	Moderate 5 significant governance issues	9	3	0
Annual Governance Statement 2020-21	Preparation of timetable and improvements to questionnaire			
Locality Services Procurement and Employee Conduct Review 1 – Appeal Support		n/a		

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Covid-19 Business Grants Assurance Reports Co-ordination – Report 6	Cross service co-ordination of Government returns			
COVID-19 Business Support Grants	Moderate	2	5	1
<i>Framework for Change 2023 – Estates and Asset Disposals (Draft)</i>	Moderate	1	8	3

Where the audit is at draft stage the audit is annotated in *italics* in the above table

Draft Audit Reports previously reported to Audit and Governance Committee where the management response remains outstanding.

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Procurement – draft report issued 2019/20 Q3	Moderate	0	5	6

Audit have raised the delay in the response of the audit with the Executive Director of Corporate Resources and Customer Services and this will be resolved when the Head of Service returns from long term sickness.

The high priority recommendations outlined in the audit reports issued in the period 1 December 2020 to 28 February 2021 are summarised as:

COVID-19 Business Support Grants

- Management should prepare a Post Assurance Payment Report by 31 March 2021. This is required as part of the Post Assurance Plan submitted to the Department for Business, Energy and Industrial Strategy (BEIS).
- Management should use the Government’s Spotlight system when undertaking post assurance payment checking. BEIS strongly encourage Local Authorities to use Spotlight in their guidance.

Framework for Change 2023 – Estates and Assets Disposals

- The “1-Truth Report” Master Schedule needs to be updated to include relevant Accountancy cost codes. The costs recorded in the Master Schedule need to be regularly checked to expenditure recorded in the Accounts. This is required to ensure Senior Managers and Members are receiving accurate financial information.

3.2 Key Performance Indicators 2020/21

The following table outlines the Audit Team’s performance against the Key Performance Indicators outlined in the Audit Plan agreed by the Committee in March 2019. In addition, at figure 1 there is performance information on the completion of the 2020/21 Audit Plan across all of the financial year.

Description and Purpose	Target	Actual	Variance and Explanation
<p>Percentage of the Internal Audit Plan completed 2020/21 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>92% See graph below</p>	<p>59% See graph below and narrative</p>	<p>33% • See section 3.4</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>100%</p>	<p>No variance</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>

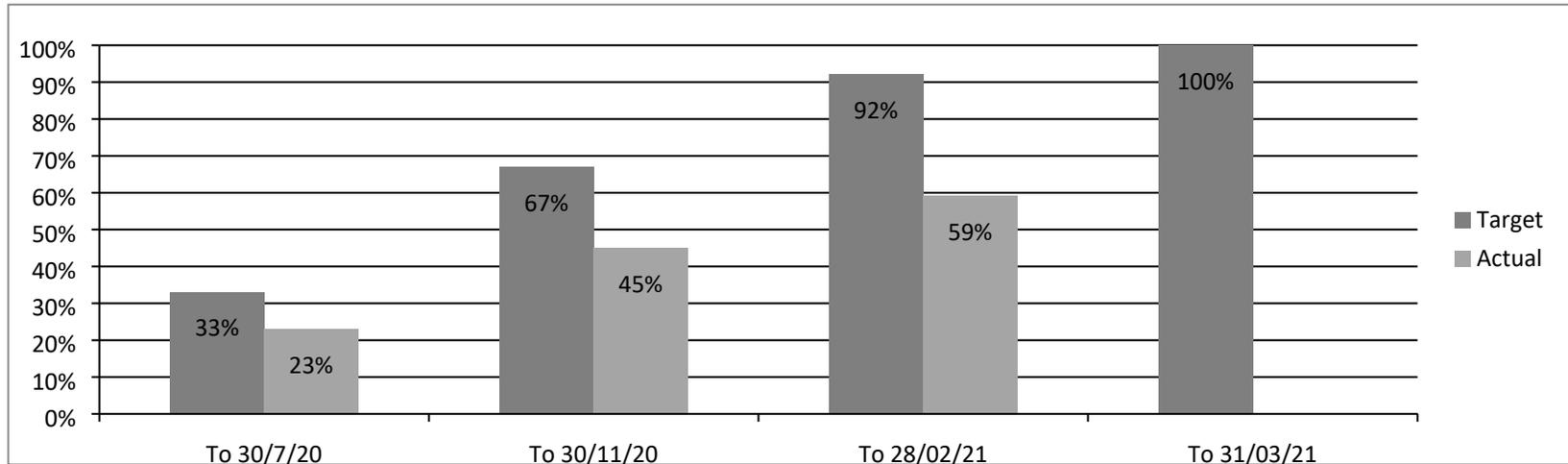


Figure 1: Percentage of the Internal Audit Plan 2020/21 Completed (profiled to coincide with the Audit and Governance Committee reporting dates)

3.4 2020/21 Performance

The significant issue facing the audit team during the period has been the continuing impact from the Covid-19 pandemic on the Council and the challenges that have faced management in delivering core services whilst the majority of staff delivering services have been moved to home working and ensuring that social distancing is maintained. As previously highlighted the proposed audit plan due to be presented in March 2020 was essentially made redundant by the impact of Covid-19 impact on the Council and the plan did not reflect the risks that faced the Council. A revised Audit Plan for 2020/21 financial year was presented to this Committee on 16 September 2020.

The delivery of the audit plan has been affected by resourcing issues which have arisen partly as a result of Covid-19. For the 2020/21 financial year there were plans for the recruitment for the post of ICT Auditor and CIPFA Finance Trainee on secondment which were included in the audit plan. Although we have been able to recruit for the Trainee ICT Auditor (April 2020) we have not been able to carry out some of the training and joint working we would like to do both as it would normally involve face to face discussions but also the work areas themselves are not operating in the way planned at the outset of the review. The recruitment exercise for the CIPFA Finance Trainee was suspended during Covid-19 and hasn't taken place.

In addition, two internal full time audit staff spent significant time completing Locality Services Procurement and Employee Conduct Reviews during the financial year.

Also a member of the Audit Team has been absent from the organisation on long term sickness leave since October 2020 which has further impacted on the team's capacity to complete planned audit work. A recruitment exercise was undertaken to alleviate the impact of the staff absence during the last quarter but no suitable candidates applied for the vacancy. Further attempts to fill the vacancy will be made. Additionally, in terms of staffing, the Trainee ICT Auditor has recently started her maternity leave in February 2021.

Covid-19 has also impacted on the delivery of audit work in reducing Officers' capacity to respond quickly during the pandemic due to the scale of the issue and additional work has been required for example in assisting the Heads' of Service and Executive Directors prepare written Governance Assurance Statements for the Annual Governance Statement which was outside of the planned work for this audit. Covid-19 has placed significant pressures on many Council services restricting the range of services able to accommodate an audit due to the pressing needs of the Service responding to the pandemic e.g. social care, revenues and benefits, schools etc.

We have taken the view that in this unprecedented set of circumstances that we would work pragmatically through the proposed plan being mindful of the new risks that face the organisation and the pressures that face the Service Teams across the Council in responding to the pandemic.

To facilitate in the Chief Internal Auditor's Annual Audit Opinion, the Audit team have now completed a wide-ranging assurance mapping exercise. The assurance mapping is useful intelligence to the Audit Team on other types of assurance provided across the Authority.

3.5 Public Sector Internal Audit Standards

As previously reported to the Committee, following the external assessment in March 2018 which confirmed that the service "generally complies" with the Standards the team, the Audit Team has been continuing to implement the Development Plan to ensure the continued development and improvement of the service going forward, with a particular emphasis on the service being able to meet the expectations of a modern service.

One of the recommendations from the review of service in 2018 was an assurance mapping exercise. We have substantially completed the exercise which we should be entirely finalised by end of March 2021. The completed exercise will be used to shape the 2021/22 Audit Plan as well as assist in the development of the Chief Internal Auditor's Annual Audit Opinion discussed below.

Further progress has been made investigating the potential use of specialist audit software to improve the speed and depth of testing through the development of a business plan.

An internal review of the team's compliance with the PSIAS has been undertaken in the quarter with the work due to complete at the end of March. The results will be shared with the Committee at a future meeting.

3.6 Annual Audit Opinion

The Chief Internal Auditor is obliged, under the Public Sector Internal Audit Standards (PSIAS), to provide an annual report summarising the work undertaken by internal audit during the financial year, and to provide an overall opinion of the overall adequacy and effectiveness of the organisation's framework of governance, derived from this work. The work provide an overall opinion as well as prospects for improvement. The opinions have not been historically qualified which may occur where there is either a reduction in audit delivery breadth or as a result of audit findings.

For the financial year 2020/21 there has been a number of impacts which has impacted on the delivery of the audit plan from a resource perspective which has impacted on audit breadth, highlighted above, as well as the substantial impact on the organisation from Covid-19 which has re-orientated necessary activity towards emerging risks for example the grant funding from Central Government to local residents.

The Audit Team has recognised the potential impact this could have on the prospective Annual Audit Opinion and in light of guidance from CIPFA are proposing the following action to ensure there is a non-qualified opinion:

- The completion of the Assurance Mapping Exercise, which has been based on identifying alternative source of external validation of the Council Services across all Service area, will enable the Team to identify additional sources of assurance that can be used to supplement the audit programme.
- Formalising the holistic approach of considering assurance over a multi year period which reflect the reality that not every specific area is looked at each year, unless there is knowledge to the contrary.
- The role of the Chief Internal Auditor is a senior manager within the organisation and as a result has visibility of the actions that the management team have responded to in particular on Covid-19 which provides positive assurance on the framework of governance.
- There will be a move towards a more narrative report that supports the approach.

Whilst the work for delivering the report has not started one area of concern is likely to be considered in the report which could potentially impact on the prospects for improvement. Whilst the organisation has responded highly effectively to Covid-19 as resources and staff have been where necessarily re-deployed to the response, due to the limited bandwidth an organisation has to meet his objectives, in part its resources are not infinite and elastic to cope with all demand, there has been some reduced capacity to deliver business as usual objectives which deliver change in the way originally envisaged. This reflects the reality of the stretch there has been due to Covid-19. The Audit Team will carefully consider how this impacts on the prospects for improvement.

3.7 Resources

- In April 2020, a Trainee was recruited to a newly created Trainee ICT Auditor post. The Trainee ICT Auditor has recently gone on maternity leave which means there is a shortfall in capacity in the current financial year and next year.
- The Trainee ICT Auditor post was created following the deletion of the Value for Money (VFM) Auditor post, during the quarter 1 2019/20 re-structure, and will strengthen the team's capability regarding ICT reviews. Internal Auditors will ensure that the issues surrounding value for money are considered as part of every review that is undertaken.
- An agency worker was used to backfill the vacant Principal Auditor post between June 2019 and July 2020. Following a recruitment exercise the same worker was appointed on a fixed term contract until the end May 2021. One option being explored now is extending the contract into 2022. This will provide team stability whilst options are considered for the future staff structure of the Audit function.
- A separate recruitment exercise is underway for an experienced Principal Auditor to provide additional capability whilst an existing Audit staff member is on unplanned absence from the organisation.
- Until staff were advised to work from home at the end of March 2020, staff development continued through a mix of office-based webinar and discussion training, engagement with regional audit groups (such as for school audits, ICT audits and contract audits) and through external conferences and training events. The Trainee ICT Auditor has been able access a range of online resources as she develops.
- To enhance audit coverage and to address one area of weakness identified in the external assessment in 2018, the viability of specialist audit software, IDEA, is being considered. A draft business plan has been developed. This is an exciting development and may have wide ranging impact on the way in which audits are undertaken in future.

3.8 Developments

Since the last Audit and Governance Report Internal Audit has:

- Reviewed and improved the Audit Report template to improve the readability and reduce the time taken to write.
- Performance Development Reviews were completed before Christmas for all the team.
- Continue to monitor staff wellbeing during prolonged period of home working and maintained frequent and regular contact with all team members.

- Completed a more comprehensive approach to obtaining alternative forms of assurance to inform the Chief Internal Auditor's annual opinion given the reduced Internal Audit coverage in 2020/21.
- In addition to weekly catch-ups with the team, re-introduced monthly one-to-one supervisions of the team.
- Undertook a gap analysis of the revised PSIAS and completed 2020/21 self-assessment.

In the next quarter, the planned developments for the service include:

- Recruit a Principal Auditor for a fixed term period to provide cover for staff absences and assist in the delivery of the approved Audit Plan.
- Further enhance and simplify internal audit reports to improve clarity and reduce time spent producing the reports.
- Finalise proposals on the use of specialist audit software.
- Reintroduce team webinar and discussion training.

4. Health and Safety: Performance Update

4.1 Progress

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

The Health and Safety Team consists of two health and safety professionals supporting 7379 staff (including 4045 school staff), plus agency staff, contractors and volunteers. A temporary admin support has joined the team to provide support until June 2021. The team deliver a range of services across all Council departments including schools. These services can be divided into three main areas: Policy and communication, operational reactive response, and active monitoring.

Health and safety objectives and key performance indicators are continually reviewed. It is acknowledged that outputs have been and are affected by the COVID-19 pandemic and the team have adjusted service delivery to assist the Council in meeting its obligations and to provide managers and staff with the relevant support.

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

Activities arising from the risk of the transmission of coronavirus 2 (SARS-CoV-2) has been significant, as operations, work and home environments have continually been adjusted throughout the various periods of restriction.

Council building and operational risk assessments have been reviewed regularly providing assurance of COVID-Secure environments and activities for staff, agency workers, contractors, partner organisations and volunteers. Assistance, guidance and monitoring continues to be provided across all areas in the ever-changing climate.

Considerable health and safety support was provided during the setup of SMART (Sustained Meaningful Asymptomatic Repeat Targeted) and Surge Testing sites across Sefton. Advice and guidance on the identification, implementation and monitoring of appropriate COVID-Secure arrangements was provided. The health and Safety developed a series of general health and safety, COVID-Secure and CoSHH risk assessment templates and a combined Public Health and Occupational Health and Safety Incident reporting form and process.

Advice and support were provided to Schools at the introduction of testing for staff and pupils. Several site inspections and onsite support visits have been undertaken by the Health and Safety Team.

Managers and staff have had access to Display Screen Equipment and home working forms and guidance during the pandemic. Due to the increased working from home arrangements, the Health and Safety Team have developed a responsibilities matrix, process flows, new forms and guidance under the Display Screen Equipment Regulations 1992 and the Stress Management Standards (HSE) as part of the Home and Agile working projects. The team have been supporting managers and staff with DSE and stress risk assessments and arrangements. They have worked collaboratively with other service areas to ensure the Councils obligations are being met, whilst ensuring the physical, psychological and emotional health, safety and wellbeing of staff is maintained.

Onsite delivery of school and council inspections has ceased, although the Health and Safety Team continue to respond and visit premises when necessary. The audit process has been redesigned and takes the form of a desktop exercise. Audit evidence against practice will be verified during future site inspections.

An online School Governor health and safety training course was provided to Sefton schools in late November. It was extremely well received.

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

CLEAPSS is an advisory service providing support in science, design, technology and art for educational settings. A large proportion of Sefton schools pay for the CLEAPSS RPA (Radiation Protection Adviser) Service. The Health and Safety Team continue to operate as a link between schools and the Radiation Protection Adviser, supporting school Heads of Science in the storage and use of radioactive sources.

EVOLVE provide online services for schools, including a tool for planning and managing educational visits, after school clubs and sports fixtures. The system allows schools to upload risk assessments and other critical event information and take school staff through an authorisation process, which involves a schools internal Educational Visits Co-ordinator (EVC), Head Teacher, the Local Authority Corporate Health and Safety Team. EVOLVE have continued to provide online training.

The on-line incident reporting system continues to be well utilised with managers reporting accidents and incidents, as required. COVID-19 was added to the system as a new workplace condition during 2020. Workplace and non-workplace transmission cases are recorded and monitored.

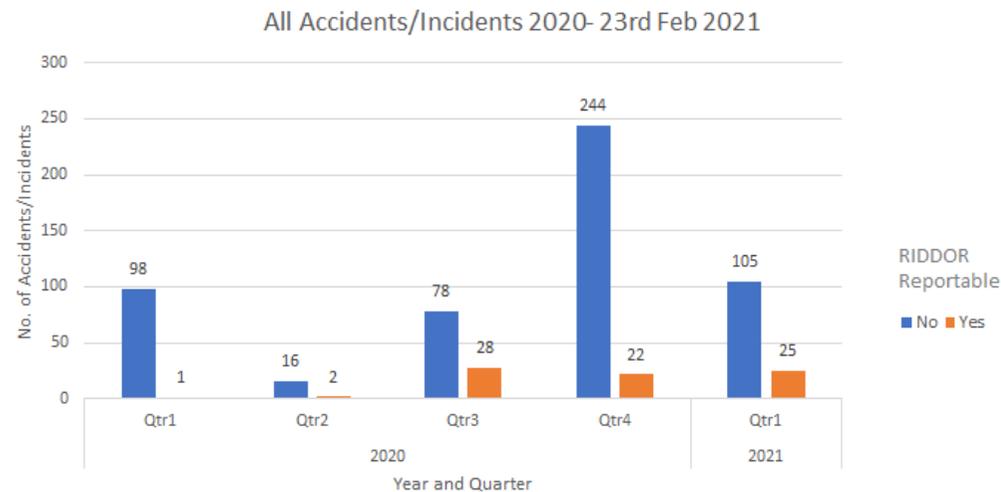
The Health and Safety Executive's (HSE) Working Safely (COVID-Secure) campaign has impacted on Sefton Council sites and schools with a several telephone calls and site visits being carried out. The visits have gone well, and no concerns have

been raised. Visit outcomes are being monitored and lessons learnt will be communicated in Health and Safety updates, meetings and briefings.

4.2 Key Incident Data

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

Graph 1 below compares accident and incident data over the past year, highlighting the impact of the pandemic throughout 2020 and into early 2021.

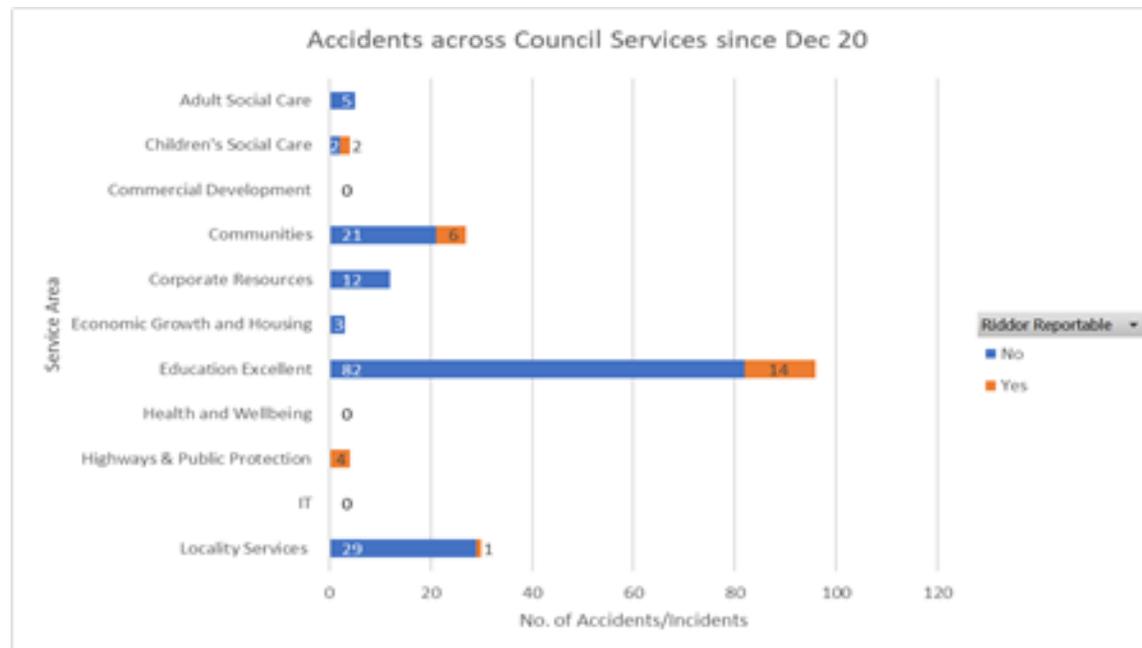


Graph 1: Accident and incident data from January 2020 to February 2021.

The initial significant decline in reporting from Quarter 1 to Quarter 2 and the subsequent increase to Quarter 3 is consistent with the volume of staff remaining away from the workplace during March to May 2020 and the gradual re-populating of offices to a lower capacity level following the release of the National Lockdown. The increase in reporting within Quarter 3 and Quarter 4 is due to the increased exposure and reporting of confirmed cases of COVID-19. Managers and staff continue to be encouraged to report all COVID-19 positive staff cases onto the Council health and safety accident and incident reporting system. This supports the effective review of risk assessments and monitoring of control measures.

In addition, the Health and Safety Team have been working with managers to improve the reporting culture. A positive reporting culture provides greater accuracy in accidents, incidents and near misses' data and enables the Council to identify trends and opportunities to prevent reoccurrence.

Accidents and incidents reported across the Council Services between December 2020 and February 2021 are in the graph below.



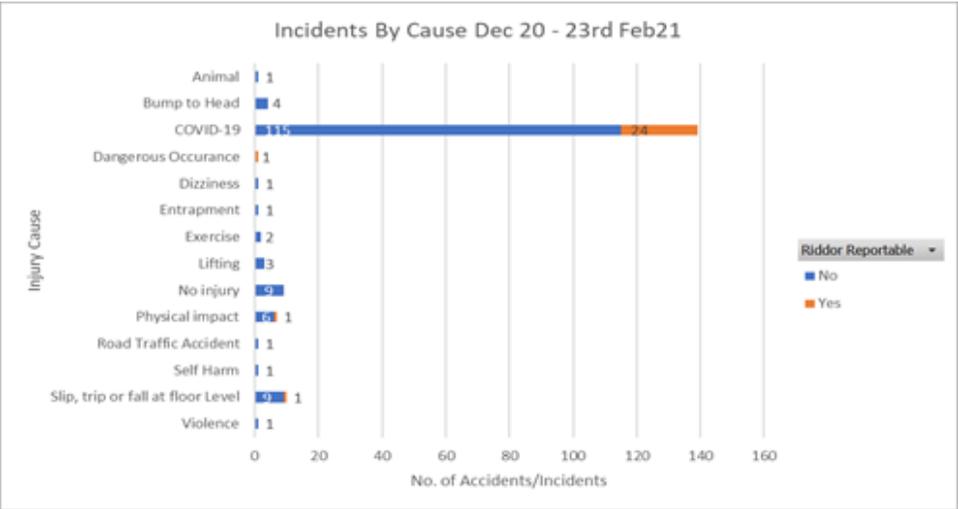
Graph 2: Accident and incident data across Council Service Areas during the past quarter (December 2020 – February 2021).

The highest level of reporting is within Education Excellent, Locality Services and Communities. This is consistent with previous years and is influenced by a positive reporting culture. Other factors include continued service delivery during the pandemic restrictions where essential services have continued. From late Summer, accidents in areas of high public footfall rose as they included school pupils and those attending sports and exercise facilities. Most of these accidents were slips and trips and contact sports / play injuries.

Services areas not listed have not raised any reports during this period. These include Public Health and Wellbeing and Commercial Services. This is due in part to staff working substantially from home both during and after the National Lockdowns. Data and trends continued to be monitored as restrictions as the lockdown are initiated and then lifted.

The Health and Safety Team continue to promote a good reporting culture to manage the risk of injury, ill health and other losses. The reports impact on the assessment of risk, and suitability and sufficiency of controls and monitoring required. The Health and Safety Team are working with Workplace Learning and Development Colleagues based at the Corporate Learning Centre to develop the training offer to staff, which will include accident / incident reporting and investigation training.

Graph 3 identifies the cause of accidents across Sefton Council during December 2020 and February 2021. As previously highlighted, the most common cause has been the transmission of Coronavirus (SARS-CoV-2). Not all cases have been as a result of 'workplace' transmission. Staff have been asked to report non-work-related cases i.e., community transmission as this is a new hazard potentially being brought into the workplace and records are assisting with the improvement of controls and monitoring. The cases reported under RIDDOR (Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013) are discussed below.



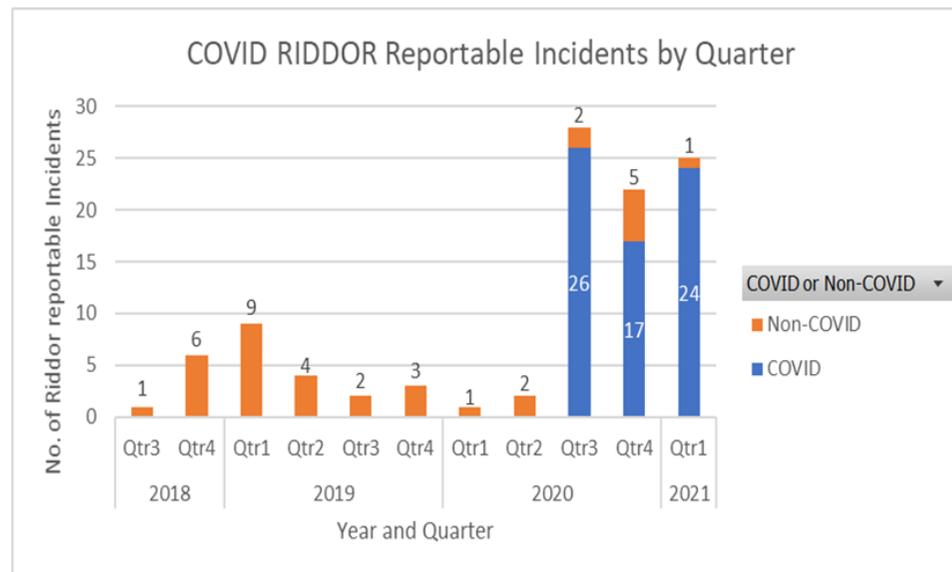
Graph 3: Accident and incident data by Cause during the past quarter (December 2020 – February 2021).

Through discussions with staff and at Health and Safety Committees, incidents of threatening and abusive behaviour have remained, despite restrictions, although not always reported through the incident reporting system. Staff who have faced

challenging behaviours are being encouraged by the Health and Safety Team and managers to report cases. Managers and staff have been carrying out thorough investigations. Further work is required to understand the number of actual events and reasons for underreporting. The Health and Safety Team are working with managers to ensure value and benefits are understood.

Through staff discussion and during Departmental Health and Safety Committees, concerns have been raised regarding a potential increase in muscular skeletal disorders from working at home and poor psychological well-being. Following the introduction of a new revised DSE / Workstation form and guidance and Stress Risk Assessment form and guidance in November, staff and managers have received support in adapting to alternative working practices and environments, whether at home or at a Sefton location.

RIDDOR (Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013) reporting is required where there is evidence of workplace transmission of Coronavirus (SARS-CoV-2) resulting in a member of staff receiving a positive test for COVID-19. The greatest affected areas are Education Excellent, Children's Services and Communities.



Graph 4: Accident and incidents reported under RIDDOR from January 2020 to February 2021.

Although workplace transmission remained high, this is reflective of the current climate and the national picture. Outbreaks in the workplace were predominately in schools, educational or support settings where social distancing was difficult at

times. There have been a small number of outbreaks (2 or more linked cases) outside of these settings which have been due to slips and lapses of attention. The number of RIDDOR reports and therefore outbreaks where there was evidence of workplace transmission being reported was of concern however the campaign to improve reporting across the Council services and schools may have influenced the number of reports raised. Outbreaks affecting staff are investigated by a member of the Health and Safety and Public Health to establish route causes and consider additional controls or reinforcement of the safety behaviour message.

The Health and Safety Team have been working closely with Public Health colleagues to address the perception of risk, implementation of effective controls measures, monitoring and reinforcement of social distancing and other controls by managers. Managers and staff have engaged positively, especially during investigations and have expressed appreciation in identifying weaknesses, reviewing and strengthening control and monitoring measures.

There have been three non-COVID-19 cases raised during the period from December 2020 to February 2021. The first case involved an agency working slipping in corridor causing bruising to nose and forehead. They were taken to hospital by as a precaution. A further case was an over 7-day absence from a back injury.

The third RIDDOR reportable incident was due to damage to Council residential property being hit by moving vehicle. Fortunately, the building was empty at time. Structural and services engineers were appointed to carry out tests, inspections and repairs to ensure the property was deemed safe for partial preoccupation. The Health and Safety Team carried out an inspection to confirm suitable arrangements were in place.

4.3 Developments

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

Continue to support to assist Managers with the recovery programmes from COVID-19.

Continue to review, update and monitor the Health and Safety Standards and Policies, with focus on working from home and agile working, display screen and workstation assessments and stress risk assessments.

Monitoring and support remain in place for schools and the Smart Testing sites.

Continue to develop the Council-wide training needs assessment which will build into the health and safety training plan and provision.

Continuing the delivery of risk assessment training for the managers who have responsibility to undertake risk assessments, in collaboration with the Corporate Learning Centre. Working with senior managers to identify staff who require risk assessment or refresher training.

Focus on improving the accuracy of incident reporting across the Council will continue to ensure incidents of threatening and abusive behaviours towards staff are reported.

Continue to deliver a health and safety management audit and inspection regime across the Council, to schools with a Service Level Agreement with the Council and those schools where the Council retains responsibility for the health and safety as the employer. This will provide assurance that health and safety management systems are suitable and effective.

The Council has a contract with its liability insurers which includes an allocation of free training or service days to assist with implementing effective risk management across the Council.

Work continues to monitor outdoor education which includes offering advice and reviewing risk assessments for off-site visits and adventurous activities involving young people in schools. This is managed by the EVOLVE system which schools can purchase as part of the Service Level Agreement offering. Although these activities have been restricted due to the pandemic, it is anticipated plans will be in place to recommence off-site visits and adventurous activities in the coming months.

The team continue to support schools in the safe storage and where necessary, destruction of their radioactive sources.

Promote the Educational Visits Co-ordinator courses being held virtually in April 2021. The course is aimed at new and existing EVCs in schools and will enable them to plan and manage their school's educational visits and off-site activities in line with National Guidance, this in turn will help them fulfil their health and safety responsibilities.

5. Insurance: Performance Update

5.1 Work Completed

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

- As advised in the last update, an exercise was placed on The Chest to enable a sample of the Councils buildings to be revalued for insurance purposes. Although only one bid, which met with requirements, was submitted, the contract has unfortunately not yet commenced as anticipated. However, discussions are currently underway between the bidder and the Council's Legal Services Team in order to agree the outstanding queries on the Councils Terms of Business and enable the work to be undertaken as soon as possible. We remain hopeful that the work can be completed before the renewal in September 2021.
- Previous updates have commented on the Government's approach to offer all Local Authority Schools from April 2020 a new insurance offering the Risk Protection Arrangement (RPA) which would enable schools to opt out of the Council's insurance arrangements. Following significant work during the past six months the Insurance Team have developed alongside colleagues within Finance a new approach for the Council's Maintained Schools insurance arrangements which provides within the existing Council's Long-Term Agreement (LTA) insurance, an attractive insurance offering for Schools to consider. The proposed scheme has been shared with the Schools Forum with the intention that the School's advise the Council which option, either the Council LTA or the RPA they would prefer by the next policy renewal in September 2021. The consultation is due to end on 28 February 2021 and an update will be provided to the meeting.
- Following the recent identification of the South African Variant of Covid-19 in the borough, and the subsequent Testing exercise required, the Insurance Team, in liaison with Health & Safety colleagues, have ensured that appropriate insurance cover is in place to protect the Council for this unprecedented event. Insurers have also been advised of the change of use of some of the Council buildings for testing purposes to ensure that insurance cover is not compromised.
- The Council continues to defend cases robustly to protect the public purse and, with the assistance of Weightmans, the Council's Solicitors, has recently succeeded at Court involving a tripping claim. The Court found that the third party could not identify the true character or dimensions of the alleged defect and that the Council had taken reasonable care to ensure the locus was not dangerous. The decision resulted in cost avoidance for the Council of £13.5k.

- The last update reported that the Team were working closely with Weightmans Solicitors in an attempt to prove a case of fundamental dishonesty in a claim involving damage to a vehicle and alleged injuries. Although the Council were prepared to continue to defend this matter, the claimant discontinued his claim and an order has been made which renders him responsible for paying the Council's costs. In addition, the reserve of £5,400 on his claim has been avoided.
- Further work is under way with Weightmans in relation to two claims where it is thought there may be some fraudulent activity as, although submitted separately by two different solicitors, claims have been received for alleged trips at a Council owned location using identical supporting evidence.
- The completion of a policy renewal for Sandway Home. The renewal was challenging due to the constant changing market view on risk and price resulting in the insurers providing reduced cover for the same price. A cyclical trend that started before Covid-19 but has since accelerated is a "hardening" up of pricing within the general insurance market leading to significant cost increases. Coupled with the increase of prices the market approach to risk particularly in some specialised insurance areas has changed to a reduced appetite for risk due to higher than expected numbers of claims appearing in their claim book. The focus has moved generally away from gaining market share with insurers pricing according to their appetite to gain a specific market share to a more technical focused pricing strategy based on claims and risk with a focus on profit. The Council has a robust risk management approach, for which insurers have commented on before, and we are prepared for the challenges the current insurance market will present with renewal in September 2021.
- Regular review meetings are also conducted with Weightmans to ensure compliance of the contract set up between the two parties via the North West Legal Consortium Framework.
- The Team also continues to work extensively with Service Teams to improve the management of insurable risk in areas where there are high numbers of claims or areas of concern including Highways and Tourism colleagues. The Council generally has high defensibility rates and such risk management activity will assist in maintaining and potentially improving the position further.

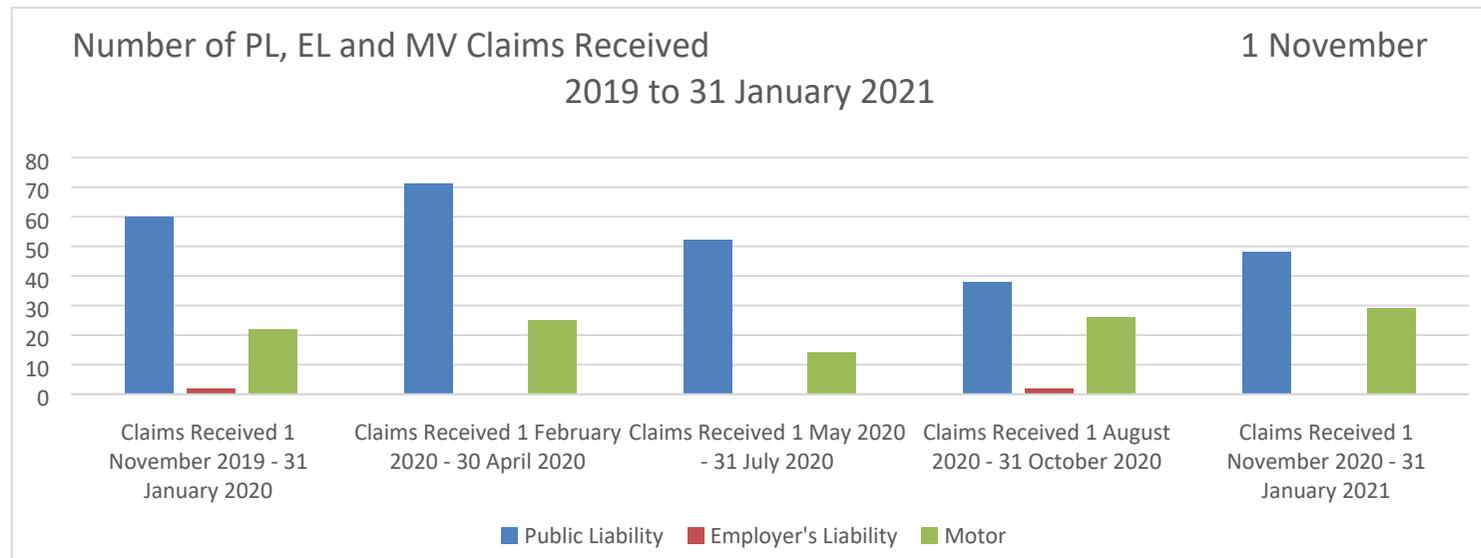
5.2 Key Claims Data

The following charts outline the insurance performance and include:

- Numbers of claims for Public Liability (PL), Employers Liability (EL) and Motor (MV) received by Sefton Council for the period 1 November 2019 to 31 January 2021.

- Value of the reserves for PL, EL and MV claims received by Sefton Council for the period 1 November 2019 to 31 January 2021.
- The average reserve value for PL, EL and MV claims received by Sefton Council for the period 1 November 2019 to 31 January 2021.

The chart below outlines the number of claims for PL, EL and MV received for the period 1 November 2019 to 31 January 2021.



Despite a steady decrease in the middle 3 quarters, public liability claims numbers have risen between the fourth and fifth quarter by 26%. This shift may, in part, be due to Government lockdown restrictions being eased leading to more general footfall by members of the public. However, they remain 20% lower than the first quarter and 32% lower than the highest number received in quarter 2 which again may be reflected by adherence to Government restrictions in place at the time. The largest area of claims remains with the Highways service area. These claims represent 71% of all claims received in the final quarter, of which 56% related to personal injury.

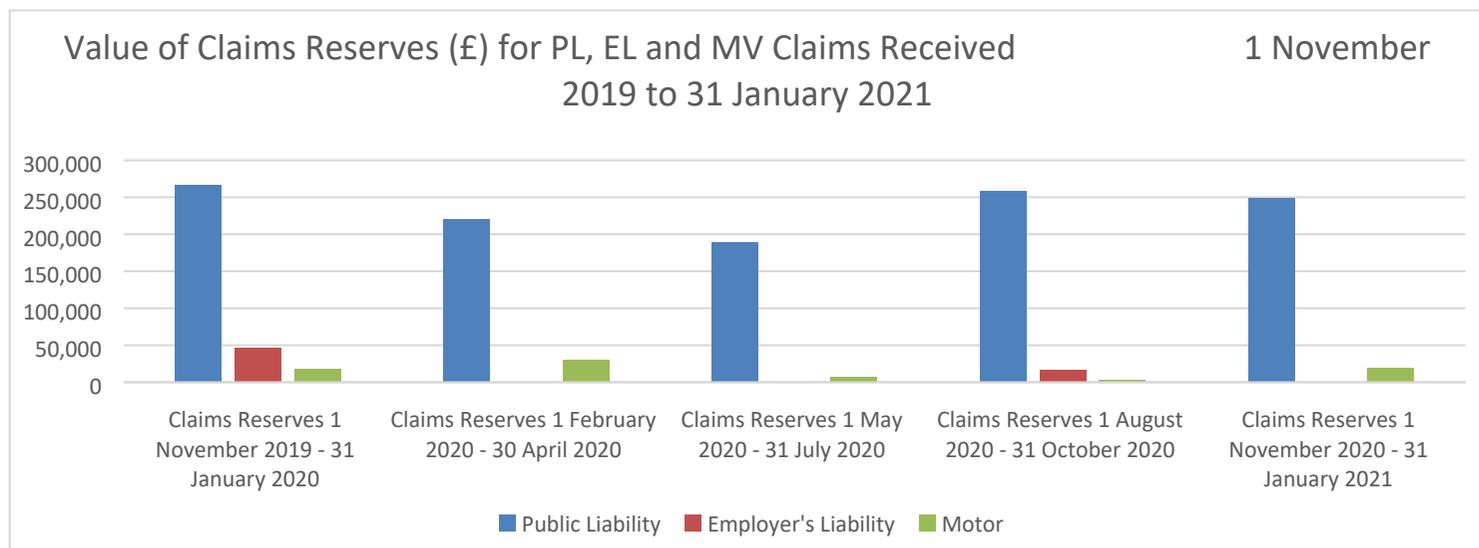
There have been no Employer's Liability claims received in the last quarter of the period and this may be a reflection of a large majority of staff continuing to work from home. Although the previous update advised that insurers had been "put on

notice” of a number of staff contracting Covid-19 where it was believed to be as a result of the workplace, no claims have been intimated. Throughout the whole period, numbers remain low for the Authority’s size, which is pleasing to note.

Motor claims numbers have steadily increased from quarter 3 to 5. Between quarters 4 and 5 this increase is 12% and numbers are now higher than any other quarter within the reporting period. As would be expected, due to the size of the service area fleet, Cleansing (Refuse Collection Service) accounts for 45% of claims received within the last quarter with 62% of these claims being for own damage only with no third-party involvement. Due to Covid-19 restrictions, more vehicles have been required to ensure safe continuity of operations and claims may have therefore risen due to unfamiliarity with the hired vehicles. Further investigations will be undertaken, and risk management advise will be provided if, and where, appropriate.

Despite variance over the period, the current profile in all three areas presents no cause for concern. However, numbers, in particular those for motor, will continue to be monitored for any changes in trend.

The chart below outlines the value of the reserves for PL, EL and MV claims received for the period 1 November 2019 to 31 January 2021.



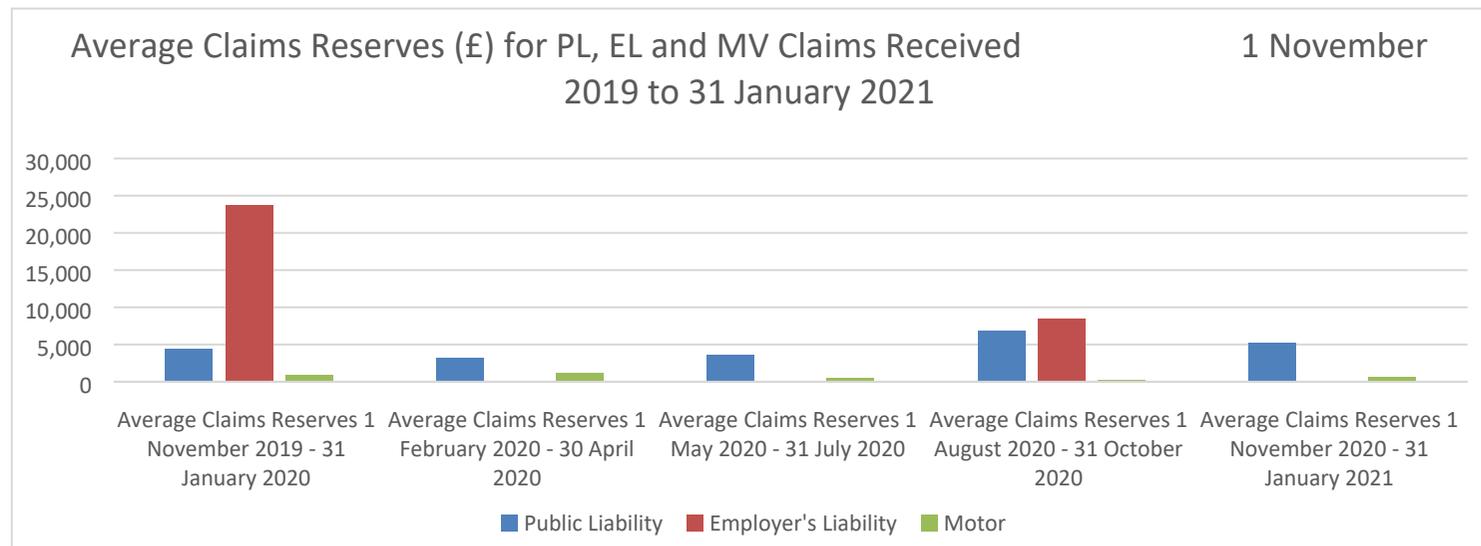
Claim reserves are allocated by the insurers and/or claims handlers independent of the Council and are determined by the type of injury sustained by the third parties and/or damage occasioned to their property.

Despite an increase in Public Liability claims numbers between the fifth and fourth quarter, reserves have decreased by 3.8%. In line with claims numbers, reserves also decreased by 6.6% between the start and close of the reporting period. The trend between quarters 2 and 5, despite a decrease in claims numbers, is that reserves increased by 13%. This reflects that reserve values do not always follow claims numbers and that both the nature of the claims and the injury and/or damage sustained by third parties determine the reserves allocated.

As there have been no Employer’s Liability claims received, the value of the reserves for quarter 5 is £nil.

Although the increase in Motor claims numbers between the fourth and fifth quarter was relatively small, due to the injuries/damage sustained by third parties, and the value of repairs to our own fleet, the value of reserves rose significantly by 413%. However, the main reason for this increase was a Sefton hired vehicle being stolen and subsequently making impact with street furniture. This resulted in the front of the vehicle suffering extensive damage, although not deemed to be beyond economical repair. Unfortunately, to date, the Police have been unable to apprehend the driver.

The chart below outlines the average value of the reserves for PL, EL and MV claims received for the period 1 November 2019 to 31 January 2021.



Public Liability average claims reserves have fluctuated over the overall period which is due to the nature of the claims and severity of injury and/or damage suffered by third parties. Based on the narrative for the previous chart for the Value of Claims Reserves, there has been decreases of 24% between the fourth and fifth quarter, an increase of 14% between the start and close of the reporting period and an increase of 40% between quarters 2 and 5.

The low number of Employer's Liability claims has yielded an average value of £16k for each claim received for the overall reporting period. There is no cause for concern in this area.

Average reserves for Motor claims rose by 360% between the fourth and fifth quarter however this significant increase is explained in the narrative above for Values of Claims Reserves and is not typical of usual claim performance.

Trends in claims performance will continue to be monitored.

5.3 Developments

- The Team are yet to review the internal All Risks Policy to align with other Council policies as reported in the last update. The plan is for this to be addressed in the 2d quarter of 2021/22 before being re-launched to service areas and schools.
- Work has recently commenced in assisting the Transport Section at Hawthorne Road Depot in attaining information required to ensure that all relevant detail of the Council's Fleet is recorded in a timely manner on the Motor Insurers Database (MID). Compliance with this will ensure that all Fleet used by the Council, whether owned or hired, will be afforded appropriate insurance cover for the relevant period. In addition, internal processes for dealing with the reporting of data, incidents and subsequent claims will be reviewed to become more streamlined and efficient.
- The Council's Property Insurers, Zurich, have recently commenced a further round of Risk Improvement Surveys as part of the current Long-Term Agreement. The surveys seek to identify major loss potentials and offer risk improvement advice to the Council for action to be taken to mitigate the risks identified. The reports are shared with the appropriate building managers and all action points are followed up in due course to ensure compliance and provide Zurich with assurance.
- The Team continue to work with service areas to improve the management of insurable risk in general and as a possible result of Covid-19 implications (especially where there are high numbers of claims) which in turn should assist in maintaining defensibility of any claims received. Discussions are currently taking place with the Highways Team regarding changes required within their safety inspection systems and with Green Sefton for the development of their Tree Management Strategy and Winter Weather Policy.

- As the Council continues to change and commercialism develops, discussions will continue with the Insurance Broker to ensure that all new risks/liabilities to the Council are identified, and, where appropriate, relevant insurance cover is sourced and procured. Risks and liabilities for Sefton New Directions such as the recent request for provision of a Covid-19 Emergency Response Service and some care homes being considered for Designated Settings have also been discussed with Insurers and assurance provided.

6. Risk and Resilience: Performance Update

6.1 Work Completed

The Risk and Resilience team facilitated the production of Business Continuity plans for the introduction and ongoing operation of the SMART testing sites in Southport, Bootle and Aintree.

Monitoring and review of Business Continuity plans from each Service area continues to be delivered by the team. As part of the regular review, each plan is being revised to incorporate details of key IT systems used within the service, further identifying the timescales within which these systems need to be restored and the minimum number of staff requiring access. This is in recognition of the significant reliance we have on IT and the considerable changes we have experienced since the plans were initially produced. We are at towards the end of this programme of activity with the aim of 2021/22 being further testing and exercising of the revised plans to build up experience and competence of management team to respond in a variety of incidents.

The Business Continuity and Emergency Planning Cell as part of the Council's Covid-19 response continues to meet each fortnight, chaired by a member of the Risk and Resilience team. The cell was established to provide effective oversight of Business Continuity activity ensuring that priority activities and outputs continued to be delivered. Weekly reports from each service area are completed and returned to the Cell Chair for presentation to the SCG. These reports identify significant changes within the Service Areas as well as issues which require escalation to the SCG for consideration.

In January the Risk and Resilience team co-ordinated and participated in the response to a potential major flood incident in Maghull as a result of Storm Christoph. To support the Emergency Duty Coordinator, a team of volunteers was mobilised to warn and inform residents in the affected area and a reception centre was opened to provide a place of safety to those who chose to leave their homes. With the support of multi-agency partners, a swift and appropriate response to the warning was activated. Once the flood alert level had decreased, affected residents were safely able to return to their homes in the early hours of the morning. A debrief for the above incident was arranged by the team and consideration was given to "what went well" in the out of hours response as well as areas for improvement. The team have set up a working group, consisting of members of those service areas involved in responding to severe weather incidents so that learning and good practice can be shared, and the Council are proactively ready to respond to similar incidents in the future.

The team joined the group established at pace to introduce Surge Testing in the borough lowering the detection of the South African variant of Covid in the area. Using key information from each service area Business Continuity plan capacity issues were recognised, therefore identifying available resource to support testing in Southport.

The Corporate Risk Register has been reviewed and is due to be presented to the Audit and Governance Committee for approval. Meetings with risk owners continue to be held virtually to ensure ongoing improvement to risk management arrangements across the Council.

Additional temporary resources are being recruited to provide capacity on Emergency Planning during the Covid-19 pandemic.

Developments

- Major incident plans and processes will continue to be reviewed and associated risk assessment of operational activities documented to ensure safe working for members of the team and colleagues, partners and stakeholders.
- The team are working to develop a proposal for the development of the Council's Risk Appetite which will help to inform decisions from a number of perspectives.
- The team continue to facilitate review of Business Continuity plans for each service area which will, in turn, support an update of Sefton's Corporate Business Continuity plan.
- The team is currently reviewing the roles of the Crisis Response Team volunteers and loggists to ensure that there is on-going awareness and training opportunities are made available.

7. Assurance and Counter Fraud: Performance Update

7.1 Work Completed

- In response to the Coronavirus, COVID-19, the Government has been providing support for many businesses in the form of business grants during 2020-21. Guidance provided by the Government in 2020 set out the role of Local Authorities in providing assurance to both themselves and to the Department for Business, Energy and Industrial Strategy (BEIS) to minimise the risk of error and fraud. To deliver this requirement, and as part of an assurance plan, Internal Audit and the Assurance Manager have been supporting the service areas in the development of post-payment assurance checking regimes, which were informed by fraud risk assessments undertaken for each of the business grant schemes, detailing the likelihood of fraud and error.
- The Government's Grant Management Function and Counter Fraud Function made their digital assurance tool, Spotlight, available to Local Authorities to support the administration of COVID-19 emergency grants. Spotlight has a number of key features namely processing initial due diligence checks, using data from Companies House and the Charity Commission, government grant awards and contracts, to help build a picture of the grant recipient and used as part of the post payment assurance programme. Spotlight is now being utilised by the Council during the period January – March 2021 to investigate all payments made over the last twelve months under the Small Business Grant Fund, the Retail, Hospitality and Leisure Grants Fund and Local Authority Discretionary Fund Grants Fund.
- In November 2020, Sefton's Council Tax and Electoral Register data was submitted to the National Fraud Initiative (NFI) as part of an official annual data matching exercise to check sole occupier discount entitlement where there is information to suggest there may be more than one person in the household. NFI matches are made available immediately after the upload of both datasets and any discrepancies investigated.
- Business Support Grants and Business Rates datasets were mandated as part of The Cabinet Office's 2020/21 National Fraud Initiative (NFI) Work Programme data matching exercise in order to identify potential fraud. Sefton Council's Grant recipient datasets for the Small Business Grant Fund, the Retail, Hospitality and Leisure Grants Fund and Local Authority Discretionary Fund Grants Fund data were submitted in January 2021. The results of the data matching will be released to the Council by NFI before 31 March 2021, and the Council will then follow up the data matches between 31 March 2021 and 31 December 2021.

Data matching is undertaken based on established NFI methodologies to identify potential fraud in relation to:

- multiple grants paid to businesses within or between LA's;
 - duplication between grant schemes where relevant; and
 - payments made to business or individuals flagged in proven fraud 'watchlist' data, where available.
- All other mandatory dataset requirements for the 2020/21 NFI work programme have been successfully submitted by the Council to NFI as follows: -
 - Council Tax Reduction Scheme
 - Housing Waiting List
 - Payroll
 - Pensions
 - Resident Parking Permits
 - Taxi Driver Licences
 - Trade Creditors

7.2 Developments

- Regular COVID-19 intelligence bulletins are received from CIFAS, a not-for-profit fraud prevention membership organisation, which give an insight into the latest phishing techniques, cyber-enabled threats, internal risks and other fraud threats identified by the CIFAS Intelligence team. Their bulletins are designed to help protect, prevent, mitigate and anticipate the key fraud threats that could target the Council, our citizens, businesses and employees. These updates are available on the Sefton intranet: -
<http://intranet.smbc.loc/our-council/data-protection-information-handling/covid-intelligence-bulletins.aspx>
- The Assurance Team continues to provide support the Economic & Regeneration service (Invest Sefton) in the delivery of the latest round of Discretionary Business Grants, including rounds 1, 2 and 3 of the Liverpool City Region Grants.
- As part of the Counter Fraud strategy, Heads of Service nominated Fraud Risk Owners for their individual service areas. The Fraud Risk Owners have been completing fraud risk assessments for current and any new activities and submitting to the Assurance Manager for review. The risk assessment process documents roles and responsibilities for managing the fraud risks within the organisation.

- A Counter Fraud Profession pilot is being undertaken in the North West, which will deliver Apprenticeship Levy Funded Counter Fraud Training. The training is due to commence in the Spring of 2021 and Sefton has nominated a member of the Internal Audit team to take part. Sefton's Learning and Development team have been assisting in the process.
- The Council's Counter Fraud Strategy is in development and consultation with the Strategic Leadership Board will take place once the Fraud Risk Assessments have been reviewed.
- In December 2020 instructions were issued to the Council's solicitors to handle two insurance claims involving suspected fraudulent collusion over tripping incidents in the Borough.
- On another matter relating to insurance fraud, also in December 2020, the Council's solicitors brought to a successful conclusion a motor insurance claim where fundamental dishonesty was found. Over £4k of legal costs incurred in pursuing the matter are now being reclaimed from the claimant.
- Irregularities referred to Internal Audit in January 2021 on a social care matter have resulted in further investigations being undertaken into potentially fraudulent activity by the same client in another Council area.
- The Council continues to cooperate with other local authorities in sharing relevant intelligence about frauds and scams. One such joint investigation is currently underway relating to misrepresentation in relation to Business Grant applications in both Sefton and the other billing authority.
- For Business Grant Fraud the Government provided debt recovery guidance to Local Authorities in September 2020. There are three types of ineligible payments; error, non-compliance and fraud. If reclaiming funds is not possible the debts are to be referred to the BEIS to establish the next steps and ultimately determine whether the Local Authority will be held accountable for the debt. All identified fraud regardless whether it is local, cross boundary or organised will be referred to Action Fraud via the website www.actionfraud.police.uk
- Assurance on all the various national and local business grant schemes being administered by the Council, including Fraud Risk Assessments, Post Payment Assurance Plans, NFI Data Matching exercises, and the Grants Debt Recovery programme will continue to be provided by the Assurance Manager, linking in to the formal audit work programme.

8. Looking Ahead

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

- The embedding of regular risk management review across the Council to ensure that Operational and Service Risk Registers are updated on a regular basis.
- Define a draft risk management statement on appetite to be shared with Strategic Leadership Board.
- Continued delivery of the Internal Audit Plans for 2020/21, focusing attention on reviewing the key risks to the organisation, which will evolve as the Council changes particularly in light of Covid-19.
- Building up Business Continuity Plans at Service level and the starting of limited testing of existing business continuity plans.
- Delivery of the final Health and Safety Risk Assessment Training sessions for Managers and designing a health and safety training needs assessment.
- Developing the Council's Counter Fraud approach firstly through rolling out the actions from the CIPFA Fraud Risk Assessment.
- Delivering on the service improvement plans for the Risk and Audit Team.

9. Conclusions

- 9.1 Internal Audit has made promising progress in the completion of the Internal Audit Plan 2020/21. 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.
- 9.2 The Council's accident record continues to be positive and there are plans to improve the risk management further by working with colleagues across the organisation.
- 9.3 The Health and Safety team has been responding to the significant impact of Covid-19 helping to ensure that management put appropriate risk assessments are in place and provide guidance and support to colleagues as well as supporting the SMART and Surge Testing. There is ongoing work on the School Inspection regime as well as assisting the development of post Covid Agile working.
- 9.4 The Council's insurance claims performance remains good.
- 9.5 Further work is planned to improve risk management within the Council by ensuring that a risk appetite is developed and ensuring that there is an effective review of risk registers in place. The revised scoring methodology approved by the Committee in December is being rolled out across the Risk Management Framework.
- 9.6 Progress has been made in embedding business continuity with a clear road map for the completion of the outstanding business continuity plans over the remainder of the financial year before looking at testing and exercising further.
- 9.7 There are clear implementation plans in place across each of the service areas to deliver improvements which will result in improved services as well as an integrated risk and audit approach.