

Risk and Audit Service: Performance

Audit and Governance Committee
15 September 2021

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

Contents

1.	Executive Summary	Page 3
2.	Introduction	Pages 4 - 5
3.	Internal Audit Performance Update	Pages 6 - 12
4.	Health and Safety Performance Update	Pages 13 - 21
5.	Insurance Performance Update	Pages 22 - 28
6.	Risk and Resilience Performance Update	Pages 29 - 31
7.	Assurance and Counter Fraud	Pages 32 - 35
8.	Looking Ahead	Page 36
9.	Conclusions	Page 37

1. Executive Summary

- 1.1 This report summarises the performance and activity of the Risk and Audit Service for the period 14 June 2021 to 7 September 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 14 June 2021 to 7 September 2021, 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 June to 31 August 2021

During the period 19 audit assignments were completed and a further one substantially completed at 31 August 2021. 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
Corporate Governance Review 2020/21 (Draft)	Moderate (5 Significant)	8	0	0
Holy Spirit School Audit (Draft)	Major	3	4	2
Presfield School Audit	Moderate	0	2	5
COVID-19 Business Discretionary Grants – draft report reworded and re-issued.	Moderate	2	4	0
In House Fleet (draft Memorandum)	Work to support Financial Management and the Travel Support Team in cost analysis.			
A Key Issues Note to management following employment conduct reviews	Work to support management in identifying control weaknesses prevalent within the service area.			
Bootle Town Centre Grant Certification 2020/21 Q2	Assurance provided to facilitate certification of £52,817.35			
Bootle Town Centre Grant Certification 2020/21 Q4	Assurance provided to facilitate certification of £308,554.82			
Cambridge Road Skills Hub – Skills Strand 1 Grant Certification 2020/21 Q4	Assurance provided to facilitate certification of £416,292.63			
Crosby Lakeside Grant Certification 2020/21 Q4	Assurance provided to facilitate certification of £203,306.36			
Southport Pleasureland – Pre development Grant Certification 2020/21 Q3	Assurance provided to facilitate certification of £92,615.14			
Southport Pleasureland – Pre development Grant Certification 2020/21 Q4	Assurance provided to facilitate certification of £5,384.86			

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Bootle Town Centre Grant Certification 2021/22 Q1	Assurance provided to facilitate certification of	£64,324.63		
Southport Pleasureland – Pre development Grant Certification 2021/22 Q1	Assurance provided to facilitate nil certification			
Sefton Town Centres (Bootle and Southport) Grant Certification 2021/22 Q1	Assurance provided to facilitate certification of	£403,482.49		
Crosby Lakeside Grant Certification 2021/22 Q1	Assurance provided to facilitate certification of	£384,476.86		
Buckley Hill Grant Certification 2021/22 Q1	Assurance provided to facilitate nil certification			
Integrated Transport, Highways Maintenance Block and Key Route Network	Assurance provided to facilitate certification of	£3,770,122.75		
Troubled Families 2021/22 Period 1 Claim	Assurance provided to facilitate certification of	£92,000.00		
Work substantially complete as at 31 August 2021				
ICT-Security Review	Report drafted and findings shared with ICT Client Unit. Discussions ongoing to agree wording of recommendations.			

Draft Audit Reports previously reported to Audit and Governance Committee.

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Great Crosby School Audit – draft report issued 2021/22 Q1	Minimal	0	1	3
Farnborough Road Infants School Audit – draft report issued 2021/22 Q1	Moderate	0	4	1
Norwood School Audit – draft report issued 2021/22 Q1	Moderate	0	3	4

The high priority recommendations outlined in the audit reports issued in the period 1 June 2021 to 31 August 2021 are summarised as:

Holy Spirit School (draft)

- The school must develop and approve a School's Finance Manual.
- An inventory of assets should be created and reviewed annually.
- The school fund record keeping and administration should be improved and the fund should be independently audited at the earliest opportunity.

Corporate Governance Review 2020/21 (draft)

- Heads of Service should maintain Service Area Registers containing all employee declarations and submit the Registers to the Monitoring Officer annually.
- To comply with the conclusions of the Council's Ethical Working Group, a self-assessment should be undertaken against the LGA National Framework.
- Locate partnering arrangements for the LCR Adult Health Integration, LCR Children's Social Care and Adult Social Care Tripartite. They should be reviewed against the requirements of the Financial Procedure Rules.
- Heads of Service should inform the Monitoring Officer of arrangements in place with partnerships to provide the Council with Third Party Assurances or alternatively ensure that Internal Audit have access to premises and records as required.
- A Workforce Plan should be developed and finalised.
- Heads of Service should review their arrangements for the ensuring data quality and accuracy standards.
- Ascertain the governance, risk management and performance assurances required from the Council's wholly owned subsidiary companies.
- Further develop and embed risk management processes including training and the defining the Council's Risk Appetite.

COVID-19 Business Discretionary Grants (draft)

- The Revenues Manager and Business Development Manager should review the recovery status of a potentially overpaid grant. For future grants, management should ensure that payments are made to the appropriate bank accounts rather than individual of directors' bank accounts.
- The Business Development Manager should review and follow up National Fraud Initiative matches if required.

3.2 Key Performance Indicators 2021/22

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 2021. Figure 1 shows progress made against the Audit Plan.

Description and Purpose	Target	Actual	Variance and Explanation
<p>Percentage of the Internal Audit Plan completed at 31 August 2021</p> <p>This measures the extent to which the Internal Audit Plan agreed by this Committee is being delivered. The delivery of the Plan is vital in ensuring that an appropriate level of assurance is being provided across the Council’s systems.</p>	<p>42% See graph below</p>	<p>22% See graph below and narrative</p>	<p>20%</p> <ul style="list-style-type: none"> • See section 3.3
<p>Percentage of Client Survey responses indicating a “very good” or “good” opinion</p> <p>This measures the feedback received on the service provided and seeks to provide assurance that Internal Auditors conduct their duties in a professional manner.</p>	<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</p> <p>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>

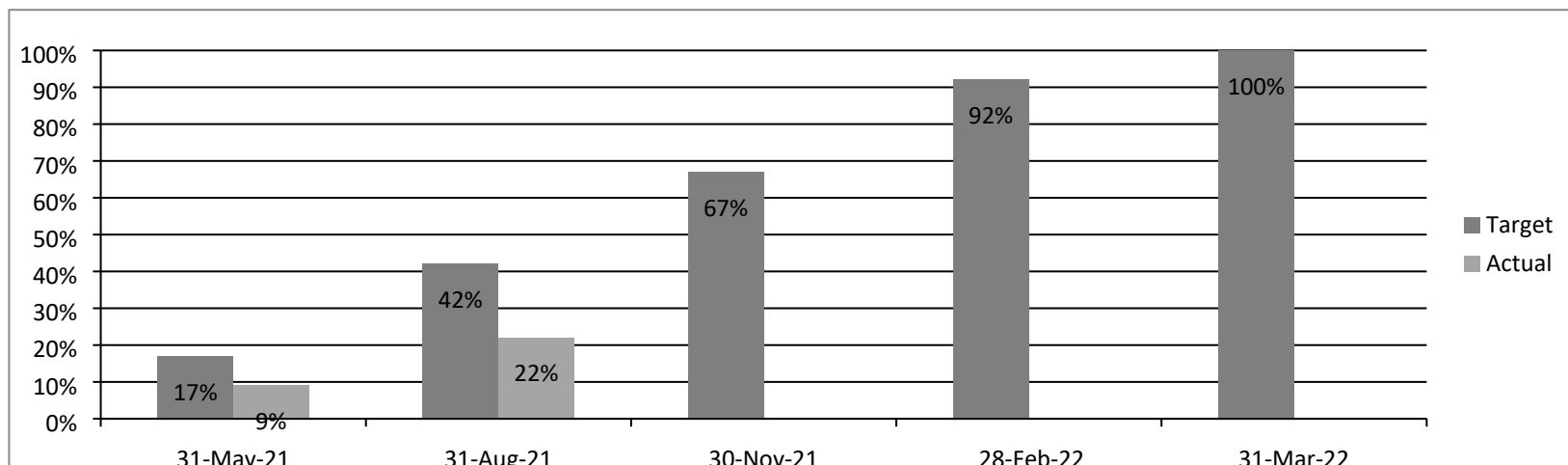


Figure 1: Percentage of the Internal Audit Plan 2021/22 Completed (profiled to coincide with the Audit and Governance Committee reporting dates)

3.3 2021/22 Resources and Performance

The small team continues to work well remotely as it has done for the last 18-months. Audits, by necessity are conducted differently to how they were previously by utilising technology. Communication with clients is mainly by MS-Teams and by email and in most cases this is effective. Systems documentation and information required for sample tests are obtained and reviewed electronically. Auditors use a variety of flexible approaches to ensure that their work can be completed to the appropriate professional standards whilst working remotely.

The trainee ICT auditor is currently on maternity leave and will be for several more months. One Principal Auditor returned to work earlier in the year on a phased return after a period away with unplanned leave. A second Principal Auditor has reduced his hours from full time to part time (0.6 FTE) from June 2021.

The Audit Plan was approved in March 2021, and the intention was for two Principal Auditors to be appointed on fixed term contracts to deliver elements of the Audit Plan. Several recruitment exercises have been completed, advertising for traditional fixed term vacancies, using the Council's preferred recruitment conduit Matrix and with specialist recruitment agencies. A number of interviews have been conducted with potential candidates but during first five months of the year, but without success. It is anticipated that in September 2021, an appointment will be completed and Audit management will endeavour to explore options to further strengthen the audit team.

After discussions with a number of recruitment agencies we have been informed that there are far greater numbers of job opportunities than candidates available which is leading to a shortfall of suitable candidates to undertake the role. We have been advertising nationally and have interviewed candidates from across England as we are able to work remotely. The tight recruitment market is not forecast to change in the short term.

The difficulty in recruiting two Principal Auditors has seriously diminished the ability to deliver the target number of audits within the first five months of the year. The team has delivered approximately half of projected audits in the plan (22% delivered against a target of 42%). The shortfall is unlikely to be recovered in the rest of the year although we are able to recruit and the absent staff return earlier we should be able to hit performance for the rest of the year. As a result, we will revise the annual audit plan and bring the amended plan to the December meeting for Members to consider and approve,

3.4 Public Sector Internal Audit Standards

In March 2018 the Internal Audit Service was externally assessed as “generally complies” with the Public Sector Internal Audit Standards. This was reported to the Committee at the time. Each year the Internal Audit develops and implements an Improvement Plan to enhance systems and processes to improve the service.

3.5 Developments

Since the last Audit and Governance Report Internal Audit has:

- continued to monitor staff wellbeing during the prolonged period of home working maintaining frequent regular contact with all team members;
- embedded “Huddle” team meetings three-times per week where staff update and share progress on audit assignments and share any issues or blockages that they are facing;
- engaged with three specialist recruitment agencies to identify suitable candidates to fill the shortfall in capacity;
- developed a database of outstanding audit recommendations that require following up; and
- worked with the wider Risk and Audit Service to establish a process for ensuring all staff are undertaking mandatory training.
- Audit are currently assisting the investigation of a whistleblowing incident providing guidance and support to the Service area.
- Audit are undertaking a review of a Council’s Children Home at the request of Children’s Senior Management Team.

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

- the recruit two Principal Auditors for fixed term periods to provide cover for staff absences and assist in the delivery of the approved Audit Plan;
- the continued implementation of processes to reduce the backlog of audit recommendations that require following up and identify an effective way to report recommendations implemented and outstanding to this Committee;

- the further enhancement and simplify internal audit reports to improve clarity and reduce time spent producing the reports;
- undertaking the new Performance Development Reviews with the team;
- Work on the implementation of data analysis software;
- working with the Risk Management Team in the development of risk registers; and
- 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 permanent and one fixed term (August 2021 – March 2022) health and safety professionals supporting nearly 8000 staff (including maintained school staff), plus agency staff, contractors and volunteers. A temporary administration support joined the team in January 2021 and will move to his permanent role in finance at the end of August 2021. Resources continue to be stretched in meeting the demands of the Council and Schools and to satisfy the requirements of the Management of Health and Safety at Work Regulations, particularly on the back of the impact of the pandemic. Long term recruitment opportunities are currently being explored to minimise the Council's health and safety risks. The team continue to deliver a range of services across all Council departments and 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 have been aligned to the Councils 'Vision 2030' and 'One Council' initiatives and core values. These are continually reviewed and drive the programme of work, not only for the team but for services areas through the health and safety sub-committees. 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 MS 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. The re-opening and recovery of service delivery has proved challenging for the Health and Safety Team, working with managers to balance COVID-safe arrangements, compliance and operational demand.

Significant support has been provided for reconvening of face-to-face Council meetings, support services to vulnerable children and adults, reintroduction of school trips and events. Council building and operational risk assessments have been reviewed regularly providing assurance and volunteers. A measured level of onsite support visits, inspections and audits have recommenced.

Assistance, guidance and monitoring continues to be provided across all areas, in collaboration with Public Health colleagues as the focus moves from Central Government to Sefton Council, as the employer.

The health and safety audit process has been redesigned, with educational settings and service areas submitting evidence to the team and discussion via MS Teams. Evidence against practice is being verified during site inspections and observations.

The Council's Health and Safety Policy should be reviewed every two years and is currently being updated before being presented to Corporate Health and Safety Committee, SLB and Cabinet for approval over the next few months. This exercise is due for completion during the Autumn of 2021.

Corporate minimum standards have been developed and published on the intranet. Documents and forms are issued to the Workplace Learning and Development Team for inclusion in training packages. Recent revisions and additions include Fire Prevention and Protection, Personal Emergency Evacuation Plan (PEEP), Stress, Well-being and COVID-19. The team are developing Permit to Work systems, Statutory Maintenance, Construction Design and Management (CDM), Fire Risk Assessment, Health surveillance and Investigation. Methods of reaching staff who may not be digitally connected are being explored with the Communications Team.

The team continue to monitor the impacts of working from home, agile working, return to the office, workstation arrangements (Display Screen Equipment Regulations 1992) and the Stress Management Standards. The team have been supporting managers and staff with Display Screen Equipment and stress risk assessments. They have worked collaboratively with other service areas to ensure the Council's obligations are being met, whilst ensuring the physical, psychological and emotional health, safety and wellbeing of staff is maintained.

An audit of service areas to test the implementation of DSE arrangements and their effectiveness received a limited response. A further audit is underway. It is hoped managers will support the monitoring exercises, to ascertain if controls are effective in preventing or limiting harm to staff.

The Health and Safety Team have been instrumental in establishing a One Council working group to consider the wider occupational health, safety and wellbeing of staff. It consists of representatives from The Health Unit, Public Health, Workforce Learning and Development, Active Workforce, and Health and Safety, in addition to Union's representation. A well-being page is available on the health and safety intranet site and will be used to signpost managers and staff to various services.

The on-line incident reporting system continues to be well utilised with managers reporting accidents and incidents, as required. The facility to record COVID-19 related incidents was added to the system. Managers are encouraged to report cases of workplace and non-workplace transmission. An exercise is in progress to extend reporting for incidents and near misses, support managers with proportionate investigation to prevent reoccurrence and limit insurance or enforcement intervention.

CLEAPSS was established as a Consortium of Local Educational Authorities for the Provision of Science Services. It now acts as an advisory service providing support in science, design, technology, and art for educational settings, and assists Local Authorities and schools in discharging their duties as an employer. The Health and Safety team and schools receive considerable support from CLEAPSS on health and safety, including radiation matters. A sizeable 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.

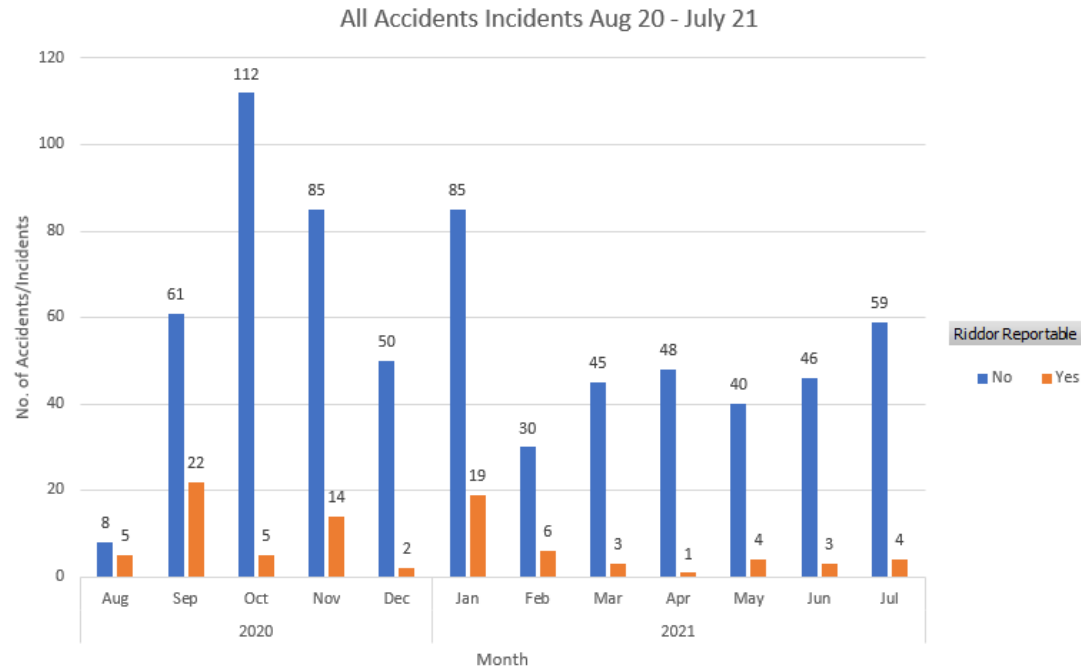
EVOLVE provide online services for schools, including a tool for planning and managing educational visits, after school clubs and sports fixtures. Local day trips commenced from 12th April 2021, with offsite residential visits being available from 17th May 2021. It is anticipated that overseas residential visits may be permitted from September 2021. The Health and Safety Team continue to provide support and guidance to schools and their Educational Visit Co-ordinators (EVC). The EVOLVE 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 in conjunction with the Health and Safety Team. EVC training was provided 15th and 17th June 2021. The format of online training proved very successful and further online training is being planned for the Autumn term due to demand.

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.

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. Most of the incidents reported over the past 12 months are Covid-19 related. The proportion of incidents involving workplace transmission of COVID-19 since February 2021 have steadily decreased.



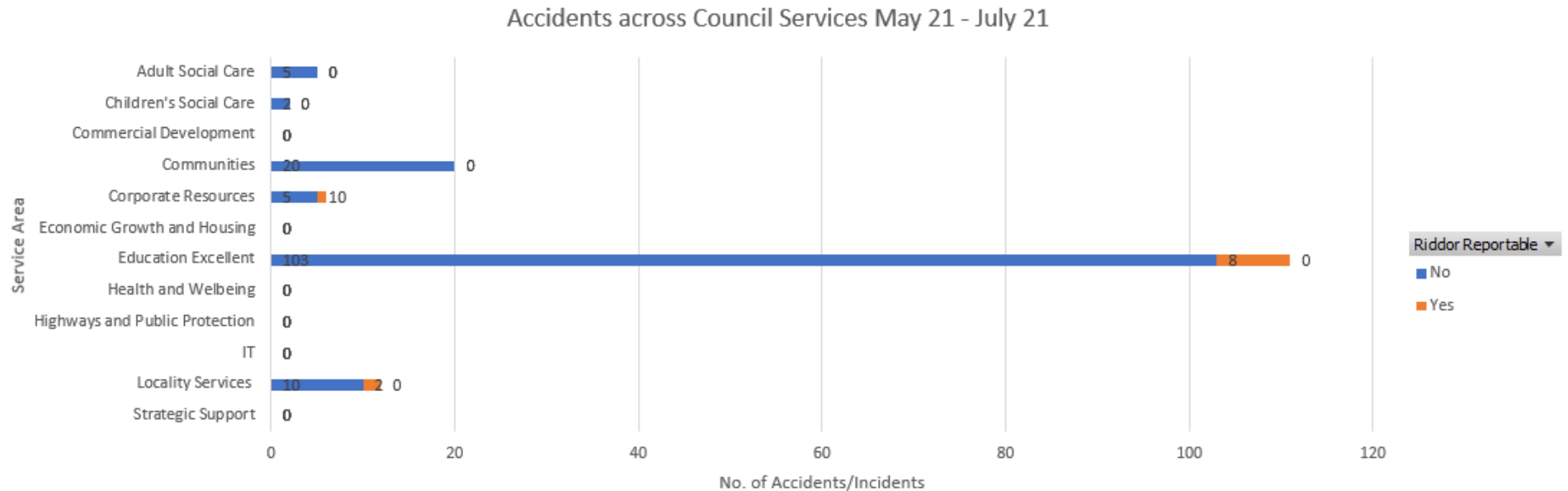
Graph 1: Accident and incident data from 1st August 2020 to 31st July 2021.

The significant increase in reporting during October 2020 and November 2020 is consistent with the re-opening of schools and service areas. The increase of reports raised in January 2021 highlights the continuing vulnerabilities of staff from exposure to COVID-19 during the Christmas period, pre-vaccination, and suggests the need for a cautious approach during the forthcoming Autumn term. It is acknowledged that an increase in accidents and incident reporting during September to December was consistent with increased footfall within schools and leisure services, following the first 'lockdown' of 2020.

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. It is anticipated that non-workplace transmission reports will cease in the coming months and return to work related transmission or near miss reporting only. It can be confirmed that reporting of non-work-related cases for this new

workplace hazard has informed the risk assessments and provided data to guide the implementation of control measures and monitoring. The Health and Safety Team continue to work closely with Public Health colleagues on COVID—related issues and have greatly appreciated their ongoing support.

Accidents and incidents reported across the Council Services between May 2021 and July 2021 are in the graph below.



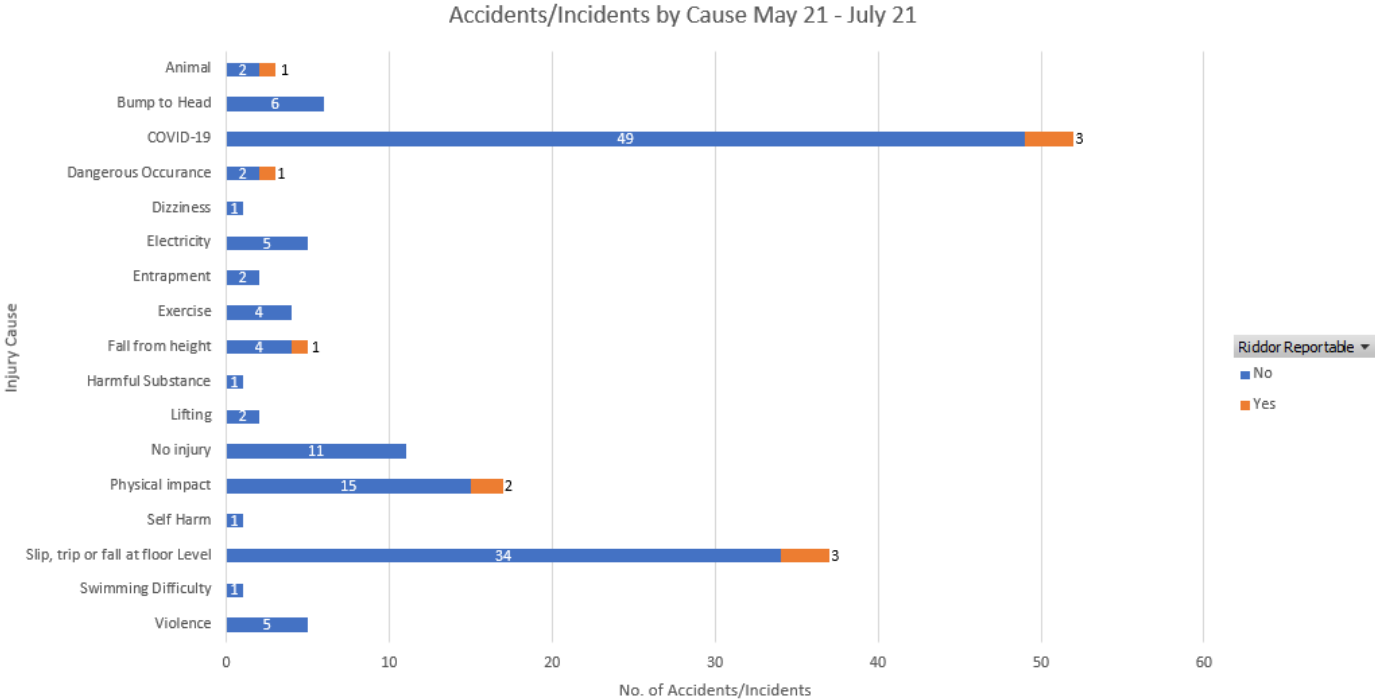
Graph 2: Accident and incident data across Council Service Areas during the 3 months – 1st May 2021 to 31st July 2021.

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 essential service delivery during the various pandemic restrictions. From late Summer, accidents in areas of high public footfall rose as they included school pupils and those attending sports and exercise facilities. Other than COVID-19 related reports, 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. Data and trends continued to be monitored as restrictions 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 potential and actual losses to the Council, including property damage from collisions or fire, presence of legionella in water systems and near misses. The reports impact on the assessment of risk, and suitability and sufficiency of controls and monitoring required. 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.

Graph 3 identifies the cause of accidents across Sefton Council from May 2021 to July 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. Other common causes were due to slips and trips and contact sports / play injuries. The cases reported under RIDDOR (Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013) are discussed below.

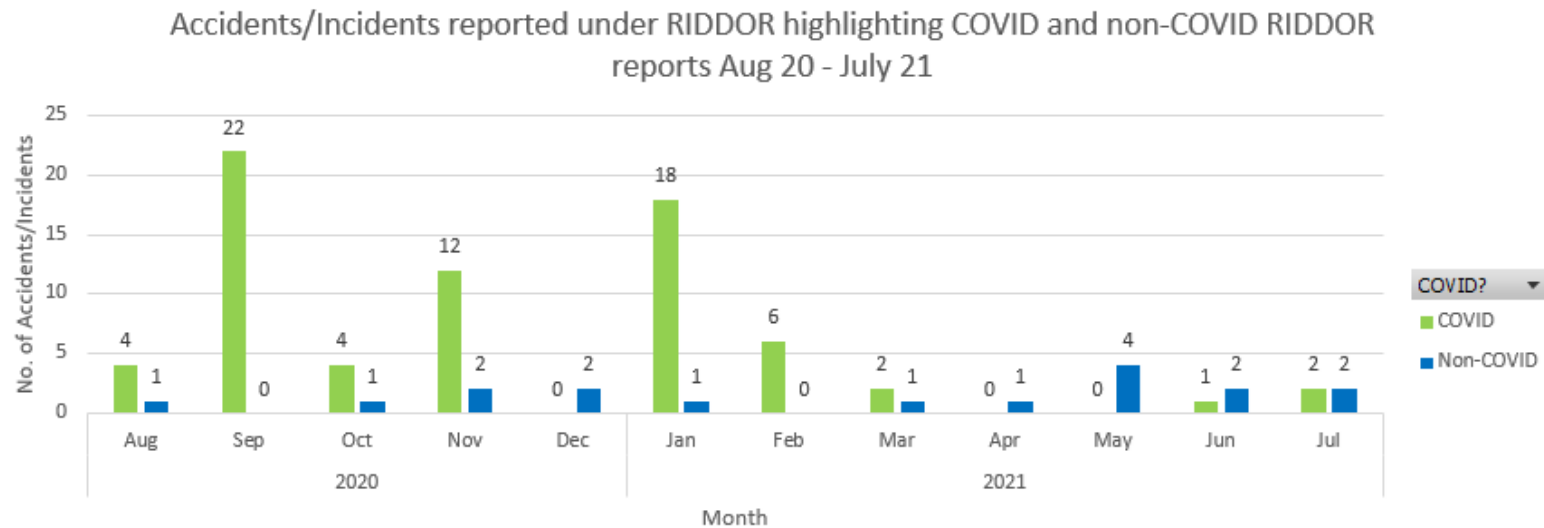


Graph 3: Accident and incident data by Cause during the 3 months – 1st May 2021 to 31st July 2021.

Through discussions with staff and at Health and Safety Committees, it is regrettable that 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 such 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 updated Display Screen Equipment / Workstation assessment forms and guidance and a 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.

Graph 4 shows the number of reports raised to enforcement authorities and insurers under the Reporting RIDDOR (Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013), during the past year.



Graph 4: Accident and incidents reported under RIDDOR, highlighting COVID and non-COVID RIDDOR reports.

The graph highlights reports raised due to the requirement to report positive COVID-19 cases where there is evidence of workplace transmission. The greatest affected areas are Education Excellent, Children’s Services and Communities, where

front line workers have continued to provide essential services. It has been encouraging to see a significant decrease in workplace transmission. Testing, vaccination programmes and a greater understanding of suitable control measures and monitoring may have influenced this reduction, in addition to the further national restrictions imposed from January 2021. Managers must continue to report cases of non-workplace transmission so impacts can be continually monitored and understood.

There have been many non-COVID RIDDOR reports raised between 1st May and 31st July 2021.

Four accident reports raised under RIDDOR were for fractures sustained from slips, trips and falls (on ground level). One other may have been from a slip, trip or fall (on ground level) on the ground or contact with a moving vehicle and is under investigation. One person suffered a fracture when they fell from height, away from council property. A member of the public was taken to hospital by ambulance and received treatment for a dislocation of the knee when falling on the level.

A RIDDOR report was raised when a metal door came away from its hinges narrowly missing people.

The Health and Safety Team have seen a significant rise in slips, trips and falls. This is typical when re-opening services or schools and would be anticipated during this period. The team have been aware that not all instances may be reportable under RIDDOR, however must still be reported to the team via the accident and incident reporting system. The team are planning a campaign to assist managers in reporting and investigating accidents and incidents during the autumn, to coincide with reopening and recovery of services and schools.

4.3 **Developments**

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

The team will be working with the health and safety sub-committees to review their improvement plans, lessons learnt and areas of good practice. The Health and Safety Team will:-

Continue to support Managers and Head Teachers with COVID-19 recovery programmes. As national restrictions are relaxed, and central government guidance ceases, there remains a requirement to manage the COVID-Secure arrangements under Health and Safety law.

Continue to review, update and monitor the Health and Safety Standards and Policies, with focus on Fire Risk Assessments and building safety, Permit to Work systems, hiring of third-party premises, Dangerous Substances and Explosive Atmosphere Regulations, first aid provision and local emergency response.

Continue to develop the Council-wide training needs assessment which will build into the health and safety training plan and provision, in collaboration with the Workforce Development Team.

Work with senior managers to identify staff who require risk assessment or refresher training. Continue to support the delivery of risk assessment training for managers.

Focus on improving the accuracy of incident reporting, investigation and implementation of controls and monitoring to prevent reoccurrence. Work with managers to ensure incidents of threatening and abusive behaviours towards staff are reported and investigated.

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

Engage with insurance brokers on their offer of free online training for Executive Directors, Heads of Service and managers.

Monitor outdoor education activities, offering advice and reviewing risk assessments for off-site visits and adventurous activities involving young people in schools. This is managed by the EVOLVE system which schools can purchase as part of the Service Level Agreement offering.

Promote the Educational Visits Co-ordinator course being held virtually in the Autumn, 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.

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

The team have started collaborating with Public Health, Workforce Development, Trade Unions and the Health Unit with a Workforce Wellbeing Initiative.

5. Insurance: Performance Update

5.1 Work Completed

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

- The Team have spent a considerable time on preparation for the upcoming renewal of insurances for the Council and associated subsidiary companies (Sefton New Directions, Sandway Homes). After collaborating with all service areas and senior management, proposal forms have been completed and sent to Brokers in order that they can present insurers views on cover, rates and premiums prior to the renewal date of 29 September 2021. The current insurance market remains challenging with Insurers focused on technical prices to ensure profitability over market share with varying appetites or risks. This is apparent in terms already received and agreed for the specialist policies required for Directors & Officers cover, with indemnity limits and excesses decreasing and premiums increasing. The Team will ensure that any further proposed adverse increases in the main policy renewal premiums are challenged appropriately with, and via, the Council's Brokers and will report further in the next update.
- The good practice revaluation exercise on a sample of Council buildings has now completed and has proved both value for money as well as assurance for the Council's Insurers of compliance with their recommended action points following their undertaking of several Risk Improvement Surveys. The sample consisted of the Top 20 buildings by current value and although the revaluations proved a mixture of under and over valuations previously held by the Council, the overall outcome was that 40% of the sample were under insured. We have advised the relevant insurers and due to some additional work in identifying buildings where there is clear agreement and action to demolish shortly we are insuring these buildings for demolition costs only which will mitigate the potential increase in costs from this exercise. We are planning with support from our insurers who through regular Risk Improvement Reviews of the Council's properties have required an up to date valuation to seek to replicate the sampling exercise. This exercise, will be subject to Chief Officer approval and via agreed Contract Procedure Rules, with the aim of taking place before the end of the calendar year and results being available by the end of the calendar year..
- Whilst the majority of the workforce continue to work from home, liaison with colleagues in Public Health and Health & Safety continues to ensure that appropriate insurance cover is in place to protect the Council in duties being carried out relating to the Covid-19 pandemic, and in particular any front line employees required to attend usual places of work.
- The Council continues to defend cases robustly to protect the public purse and, where necessary, will enlist the assistance of Weightmans, the Council's Solicitors.

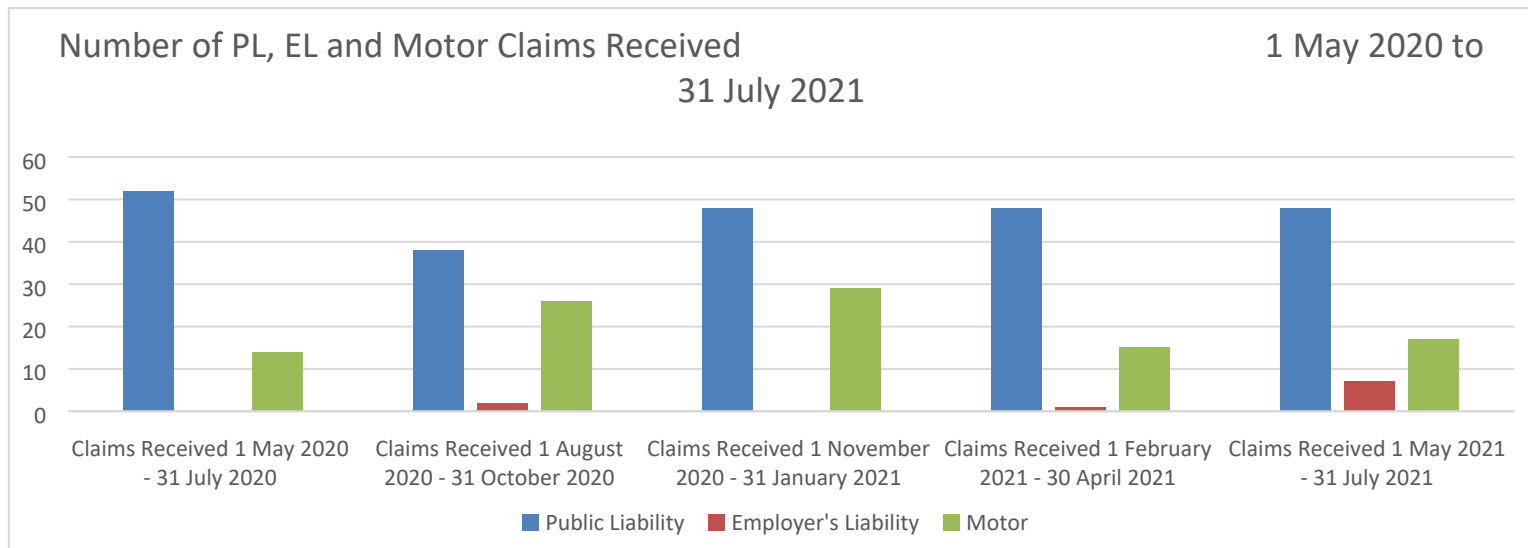
- In previous updates it was explained that Weightmans were acting on two claims where it was thought that there may be some fraudulent activity, as, although submitted separately by two different solicitors, claims have been received for alleged incidents at a Council owned location using identical supporting evidence. As is expected in claims of this nature, investigations are still ongoing. The eventual outcome will be provided in a future update.
- It is pleasing to note that, with the assistance of Weightmans, the Council was successful at Trial in July 2021. It referred to an Employer's Liability claim, and despite the Judge finding the claimant to be an honest witness, there were several inconsistencies within the supporting evidence and ultimately the Court was not satisfied as to the cause, nature or manner of the alleged incident. The claim will be closed and as a result there will be a saving of £19k from the outstanding reserve.
- The Team continues to work extensively with service areas to improve the management of insurable risk especially in areas where there are high numbers of claims or areas of concern. The Council generally has high defensibility rates and such risk management activity will assist in maintaining and potentially improving the position further. An example is working with a Service Teams to effect change where multiple claims at a Council owned location had been received due to a defect on site. By liaising with the Team and requesting remedial action to be taken, the Team ensured that further risk was removed from the area which could have resulted in more serious injuries being sustained and additional claims.
- As advised in the last update, Ministry of Justice Whiplash Reforms have now been communicated to service areas. The Reforms came into effect on 31 May 2021 in order to crack down on whiplash claims costs and lower motor insurance premiums. This type of claim forms the minority of claims within the Council's experience and, although the protocol is in its infancy, to date no claims of this nature have been received. If an influx of such is received it will be reported in a future update.
- As a result of the main Highways maintenance contractor recently going into administration, the Team have provided advice and assistance from an insurance aspect to Highways and Legal Services colleagues in an attempt to reduce the backlog of reports and repairs in a manner that will hopefully minimise the number of insurance claims received.

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 May 2020 to 31 July 2021.
- Value of the reserves for PL, EL and MV claims received by Sefton Council for the period 1 May 2020 to 31 July 2021.
- The average reserve value for PL, EL and MV claims received by Sefton Council for the period 1 May 2020 to 31 July 2021.

The chart below outlines the number of claims for PL, EL and MV claims received for the period 1 May 2020 to 31 July 2021.



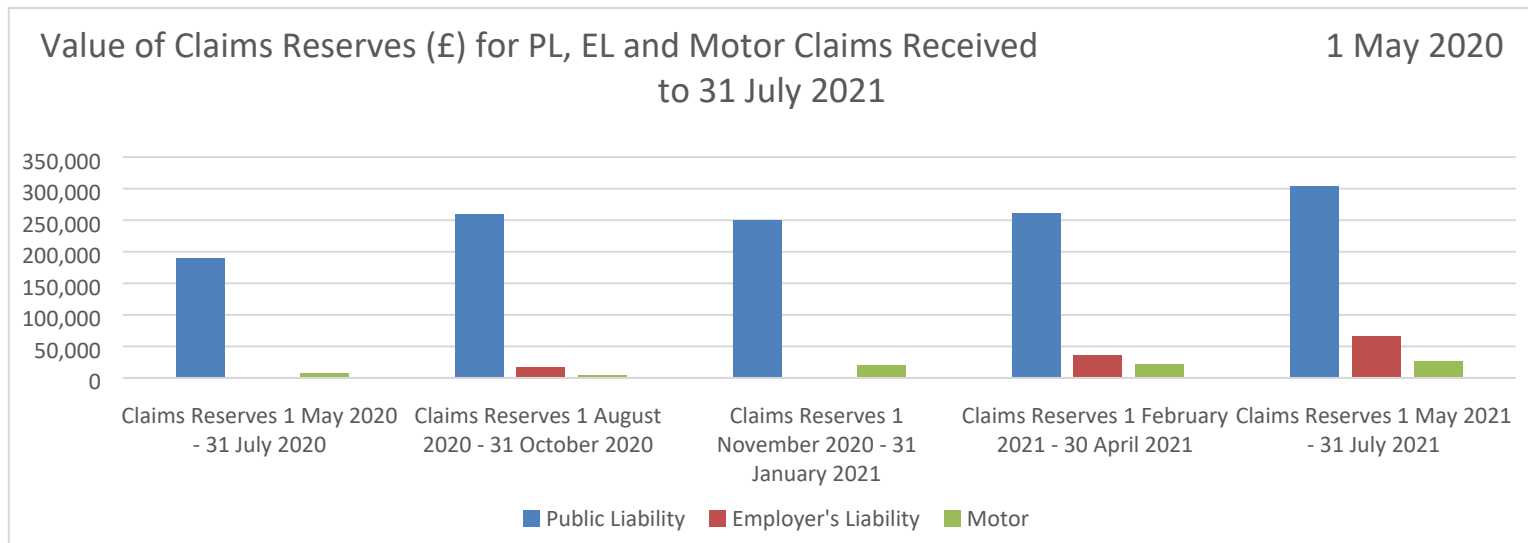
Public Liability claims numbers have remained constant over the last three quarters, however represent a 7% decrease on those received at the beginning of the reporting period. The Highways Service Area has the highest percentage (87%) of the claims received in the last period with 62% of these relating to personal injury.

Unusually, a high number of Employer's Liability claims have been received in the last quarter – more than double for the previous four quarters together. There appears to be no pattern behind the claims, however the Cleansing service area accounts for just under half of the claims received.

Numbers of Motor claims have slightly increased in the last quarter, however this is the third lowest quarter in the overall reporting period. Of the 17 claims received, 35% relate to damage to third party vehicles with the remaining 65% being own damage claims. The majority (41%) of claims relate to the Cleansing service area which reflects the size of the fleet and operational duties undertaken.

The current profile in all three areas presents no cause for concern. However, claims numbers, in particular Employer's Liability, 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 May 2020 to 31 July 2021.



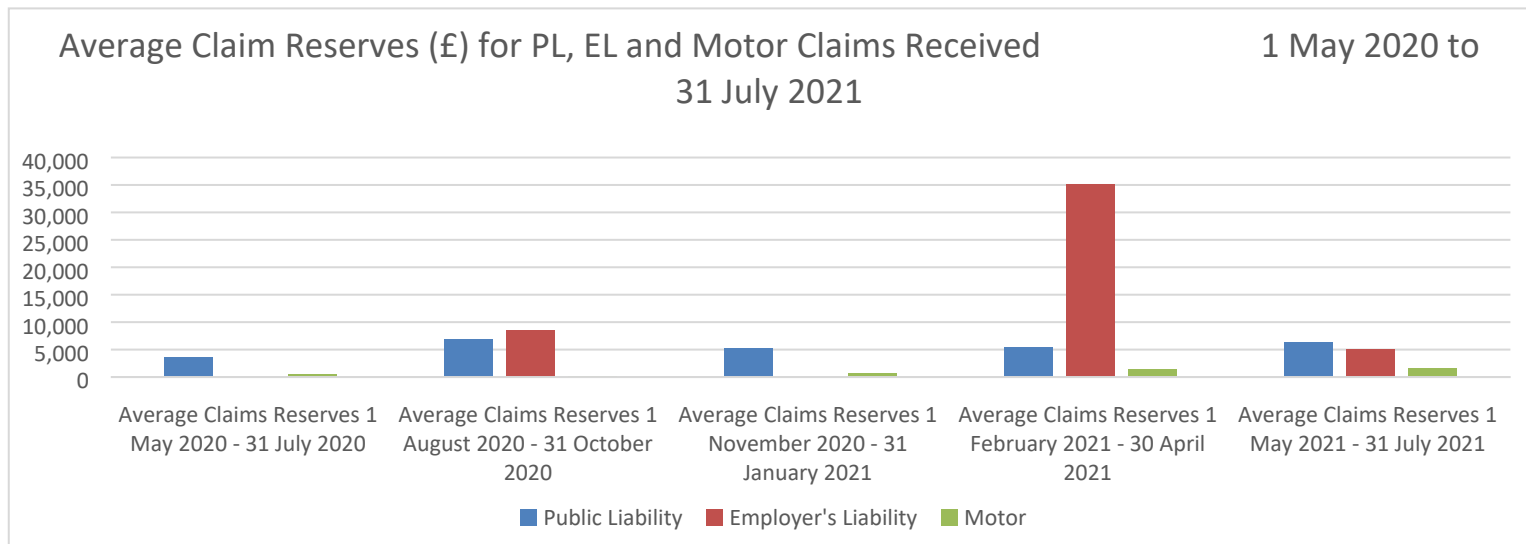
Claim reserves are allocated by the insurers and/or claims handlers independent of the Council and are determined by the type of injury sustained by the third parties and/or damage occasioned to their property.

Despite a dip in the third quarter, and numbers of Public Liability claims remaining constant, there has been a steady increase in reserves over the period overall. An increase of 60% is seen from the beginning to the end of the period. This is reflected in the type of injury and/or damage sustained by third parties. A significant reserve of £40k is attached to one claim received in the last quarter where the third party suffered a fracture on Council owned land. The matter is currently being investigated with the assistance of Highways colleagues.

As would be expected, due to the rise in Employer’s Liability claims, the total reserve figure has also increased and stands 289% higher than the second quarter and 87% higher than the fourth quarter when claims were last received. The highest individual reserve for the final quarter stands at £14k with the lowest being £5k.

Despite claim numbers decreasing from the third quarter, reserves for Motor claims have increased by 36% and by 20% from the fourth quarter. This reflects the damage occasioned and resulting repairs to third party vehicles and the Council’s own fleet. One claim of significance relates to a Council fleet vehicle where a reserve of £17k has been attached. An engineer’s inspection is currently awaited, however, due to estimated repairs, the vehicle may be deemed a write off. There was no third-party involvement in this incident.

The chart below outlines the average value of the reserves for PL, EL and MV claims received for the period 1 May 2020 to 31 July 2021.



Although Public liability claims numbers have remained constant for the majority of the period, average claim reserves have increased which is due to the nature of claims and severity of injury and/or damage suffered by third parties. The last quarter of the reporting period stands at the highest value over the overall period and represents an increase of 74% from the start of the period and 16% from the fourth quarter.

Employer's Liability average claim reserves have significantly decreased for the fourth quarter, however this is due to both the higher number of claims received and injuries alleged.

Due to the increase in reserves and despite claim numbers being lower, average reserves for Motor claims have increased considerably from the third to fifth quarter by 132%, and, as explained previously, this is reflected in damage occasioned and resulting repairs to both third party vehicles and the Council's own fleet.

Trends in claims performance will continue to be monitored.

5.3 Developments

- With the assistance of the Council's Data Protection Officer and ICT and Legal Services colleagues, the Team have been liaising with, and considering a response from, the Council's external claims handlers in relation to a cyber security incident they suffered in the latter part of 2020. From details currently known, it appears that there have been no Notifiable Cases concerning Sefton claimants' details being released or any misuse/abuse of such. However, communication continues and any relevant development will be provided in the next update.
- The Team have been utilising an insurance claims management system since 2015 and, although satisfied with its capabilities and performance, will, with the assistance of Procurement colleagues, take steps to consider testing the market later in the year. Systems that have additional modules such as risk management and or health and safety which may assist other teams with additional functionality within the Risk & Audit Service will also be considered.
- As members of the North West Insurance Officers Group, the Team have recently joined a sub group to consider bringing handling of claims in-house. This would be a major change for the Team and also a long-term project as the handling of claims is tied to the current long-term agreement with insurers which is due to end 28 September 2021 but there is an option dependent on the renewal to extend to 28 September 2023.
- The Team continue to work with service areas to improve the management of insurable risk in general (especially where there are high numbers of claims) which in turn should assist in maintaining defensibility of any claims received. Discussions still continue with the Highways Team regarding changes required within their safety inspection systems to adopt a risk-based approach and comply with the requirements of the Highways Code of Practice 2018. It is hoped that Highways will formally adopt the Code of Practice before the end of this calendar year.

- 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. The Team have recently met with the new Managing Directors of Sandway Homes and Sefton Hospitality Operations Ltd and will further engage with them and Brokers as and when necessary.
- In consultation with Health and Safety colleagues, the Team continue to make use of the remaining allocation of free of charge Risk Management Days made available as part of the current liability insurance contract. These are utilised to provide service areas with training or advice for their specific roles. Consideration is currently being given to offering health and safety training (IOSH Directors training) to the Council's new Heads of Services and a consultation with Highways colleagues on their current Winter Service Policy. A proportion of the days has been agreed to be used to provide an e-learning course content on risk management which will be launched to colleagues in the next six months.

6. Risk and Resilience: Performance Update

6.1 Work Completed

The team have considered developments across the key areas of Business Continuity, Emergency Planning and Risk Management and an improvement plan has been produced for 2021/22.

The Risk and Resilience Team supported the planned IT outage day for essential maintenance works, by contacting affected schools to ensure they had appropriate Business Continuity plans in place to cope with the loss of service. Information gathered from the schools was relayed back to the IT/facilities management teams to further recognise the complexities of the situation and this learning supported the understanding interdependencies within Council service areas.

The team have met with representatives from Aintree Racecourse to initiate planning for the 2022 Grand National event. A consultation has taken place ahead of the introduction of new legislation following the Manchester Arena enquiry. This will place additional responsibilities on event organisers and local authorities to protect the safety of the general public under Martyn's Law and Zone X requirements. The meetings with neighbouring authorities and multi-agency partners will continue up until the event in April 2022.

A six-monthly review of Business Continuity plans from each Service area is being undertaken 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. A document has been produced to capture details of 'key suppliers' business continuity arrangements within each service and this will also be incorporated into BC plans.

The team planned and delivered a 'Loggist' training exercise to test the capability of the current loggist volunteers. The exercise was based on a flooding event and the loggists attended a virtual emergency team meeting to capture decisions made by the Emergency Duty Coordinator. Logs were produced and a debrief for lessons learned is also being held to encourage further progress in this area. The de-brief will consider how to improve the effectiveness of the deployment of loggists as well as practical considerations of capacity to support an event as well as succession planning

An engagement day was held to re-establish the focus of the Crisis Response Team and further training events are planned over the rest of the year. The first of these will be held in October at one of Sefton's designated reception centres.

Work is continuing to review the roles of the Crisis Response Team volunteers and loggists to ensure that there is on-going awareness and training opportunities are made available. As part of the review of the team are updating the volunteer policy and creating a risk assessment to support volunteer roles.

Large scale events are now permitted to take place following the lifting of Covid restrictions and this, along with it currently being peak event season, has led to numerous event plans being submitted for review by Sefton Event Safety Advisory Group (SAG). The team are members of this forum which meets with event organisers to seek assurance that all safety considerations have been met.

The Merseyside Resilience Forum (MRF) has resumed its business plan for the coming year and the team are once again engaged in various working groups to plan and deliver multi agency programmes of work.

During the quarter a request was made to service managers to provide their latest Operational Risk Registers. The response was largely positive, with a couple of areas identified for support in progressing these documents. The team will be working with these areas over the coming months to ensure consistency in recording operational risks.

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

6.2 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 considering a number of digital systems to manage and report for risk management requirements using existing software.

- 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.
- Plans are being drawn up for undertaking a Business Continuity Exercise with members of SLB.

7. Assurance and Counter Fraud: Performance Update

7.1 Work Completed

Joint audit/fraud work has been undertaken on samples of COVID-19 related payments and expenditure including the accuracy and integrity of spend and considering inherent fraud risks nationally associated with COVID-19 related payments, support and reliefs. Tangible benefits delivered by this approach have resulted in identifying some issues and highlighted the benefits of data sharing across service teams in order to deter fraudulent grant applications.

For Business Grant Fraud the Government has 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 of 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 into the formal audit work programme.

The Council's participation in the Cabinet Office National Fraud Initiative has seen data matching exercises being undertaken for the following data sets during the last quarter: -

- Mortality Screening – Council Tax Reduction Scheme, Blue Badges and Pensions.
- Housing Waiting List
- Covid Grant recipients

Assurance officers from the Risk and Audit Team have been providing support with the NFI Blue Badge mortality checks exercise, with the latest progress update being:

Number of matches received 905

Numbers investigated 201

Badges cancelled 172

Earliest date cancelled from 22 February 2019

There is potentially financial savings generated as well as enhancing the Council's reputation as a result of intervention to detect and stop the potential misuse of Blue Badges. The saving is the loss of parking revenue to the Council as a result of the abuse. Most importantly, the impact of any misuse has on genuinely disabled persons who cannot park and drive further distances to find suitable spaces.

From the NFI Pensions exercise, two dates of death were received from NFI and both records have now been cancelled from the Council's payroll system.

There were no issues found with the Council Tax Reduction Scheme mortality checks. This is likely down to the effectiveness of the collaborative approach to data sharing that is in place between Sefton Council and the Department of Work and Pensions and the Tell Us Once scheme.

The Council's Insurance team has seen some notable developments in the identification of fraud in 2020-21, with two claims rejected and significant legal costs being recovered. An investigation into a slip and trip claim is currently underway.

The Council's Transactional HR team is currently investigating a £50k pension overpayment due to a failure by the family to notify the death of a pensioner approximately twenty years ago. The overpayment is the smaller part of a larger external pension payment that has been erroneously paid to the pensioner. The investigation is being led by the HR Team who have involved Legal Services in providing support and guidance. A recovery process is currently being attempted by the Council and some activity is being co-ordinated with the external pension provider. The Council does actively investigate pension matches through the Government's annual National Fraud Initiative which provides details of deaths that have been reported. There are, however, some known issues with the completeness of the information that is supplied through the initiative and as it is a backward-looking control a good practice counter fraud control to prevent payments in similar situations is carrying out "proof of life" checks on pensioners at regular intervals.

Whilst it may be reasonable for the Council to expect repayment of the overpayment from the deceased's estate we are at early stages in the recovery process. Further updates will be provided to the Committee.

7.2 Developments

In May 2021, the Financial Reporting Council (FRC) issued a revised version its UK auditing standard of the responsibilities of auditors relating to fraud - ISA (UK) 240 (Revised May 2021) - The Auditor's responsibilities Relating to Fraud in an Audit of Financial Statements of IAS 240. The revised UK standard is effective for audits of periods beginning on or after 15 December 2021 with early adoption permitted. It is clear that there will be a greater focus on fraud risks by local authorities' external auditors. There will be increased "scepticism" about the reliability of the information used as evidence to support

an audit, with a potentially lower materiality threshold for fraud risks and closer questioning of management and those charged with governance about their understanding of the fraud risks applying to their organisation.

This presents an opportunity to raise the profile of fraud risks and counter fraud work in Councils: in particular, as an example, on controls to mitigate fraud in the business grants we have been administering over the last year.

[https://www.frc.org.uk/getattachment/e48499f2-b69b-4f45-8bef-762583eab1cd/ISA-\(UK\)-240-Final.pdf](https://www.frc.org.uk/getattachment/e48499f2-b69b-4f45-8bef-762583eab1cd/ISA-(UK)-240-Final.pdf)

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 were released to the Council on Friday 14 May 2021 and the Council will be following up the data matches between now 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.

The Council's Counter Fraud Strategy (draft) is almost finalised and will be consulted on with the Strategic Leadership Board in early Autumn. As part of the Counter Fraud Strategy the Council has reviewed its arrangements against the latest Fighting Fraud and Corruption Locally (FFCL) Strategy (2020) which is the Local Government blueprint for tackling fraud in Local Government.

The previous FFCL strategy focused upon pillars of activity that summarised the areas local authorities should concentrate efforts on. These were 'acknowledge', 'prevent' and 'pursue'. These pillars are still applicable. However, another two areas of activity have emerged that underpin tenets of those pillars. These are 'govern' and 'protect'. The pillar of 'govern' sits before 'acknowledge'. It is about ensuring the tone from the top and should be included in local counter fraud strategies. The second new area that has appeared during the FFCL research recognises the increased risk of harm that fraud has on its victims and protecting the community, placing an additional responsibility on the Council to protect its residents from fraud.

The Councils Fraud Strategy will focus primarily on preventing and detecting fraud, with operational managers having the responsibility for putting in place effective control measures to stop fraud happening in the first place. Internal Audit and the Assurance Manager will work with the service areas in reviewing the fraud risk assessments and work with the services to identify where there are increased risks of fraud and advise on the mitigation of fraud risk and the most cost-effective way to improve controls. Importantly though, in order to achieve a robust anti-fraud response, the Council must commit sufficient support and resources to the tackling of fraud, prioritising fraud recovery and the use of civil sanctions. The effectiveness of the Strategy will involve developing more capability and capacity within the Council to punish fraudsters as part of the Council's 2021-2022 fraud plan.

The Council continues to participate in the Merseyside Regional Fraud Group to jointly develop and share best practice in Counter Fraud through a number of approaches, including information and knowledge sharing, policy and procedure development and joint working where appropriate.

As part of its membership of the Government's National Anti-Fraud Network Data and Intelligence Service (NAFN) the Council continues to receive regular intelligence alerts which are shared with the Council's operational managers. These have included the following issues during recent months: -

- Parking Ticket fraud
- Covid Self Isolation Payment Fraud
- Procurement Fraud – Chief Executive Impersonation
- Re-start Grant Fraud
- Rating Agent impersonation and Credit Refund Fraud
- Bank Mandate Fraud
- Rogue Trader Alert – Patio and Paving
- Cheque Fraud Alert

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 2021/22, focusing attention on reviewing the key risks to the organisation, which will evolve as the Council changes particularly in light of Covid-19.
- Undertake limited testing of existing business continuity plans and refresh the existing BC plans.
- Completion of the review of the Health and Safety Policy, work on developing wider occupational health, safety and wellbeing of staff and the finalising of the Annual Health and Safety Report.
- 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 limited progress in the completion of the Internal Audit Plan 2021/22 due to difficulties in recruiting suitable internal audit staff. 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 with improved training offer.
- 9.3 The Health and Safety team has been continuing to respond to the significant impact of Covid-19 helping to ensure that management put appropriate risk assessments are in place and provide guidance and support to colleagues.
- 9.4 The Council's insurance claims performance remains good.
- 9.5 Further work is planned to improve risk management within the Council by ensuring that a risk appetite is developed and ensuring that there are risk registers are in place in line with the Corporate Risk Management Handbook.
- 9.6 Progress has been made in embedding business continuity with a focus this year of reviewing the existing BC plans clear road map for the completion of the outstanding business continuity plans shortly and a focus over the remainder of the financial year at testing and exercising the BC plans.
- 9.7 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.