

Risk and Audit Service: Performance

Audit and Governance Committee
15 December 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 - 23
5.	Insurance Performance Update	Pages 24 - 30
6.	Risk and Resilience Performance Update	Pages 31 - 32
7.	Assurance and Counter Fraud	Pages 33 - 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 8 September 2021 to 7 December 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 8 September 2021 to 7 December 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 September to 24 November 2021

During the period 17 audit assignments were completed and a further three assignments substantially completed at 24 November 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	Moderate (5 Significant)	7	0	0
Hudson Primary School (draft)	Moderate	3	4	0
Norwood Primary School	Moderate	0	3	4
St William of York (draft)	Moderate	3	1	2
COVID-19 Business Discretionary Grants	Moderate	2	4	0
Highways Maintenance – Contract Management (Draft)	Major	0	7	1
Cherry Road Children’s Home (Draft)	Major	2	3	1
ICT Security	Major	3	4	1
A59 Grant Certification 2021/22 Q1	Nil certification			
Cambridge Road Skills Hub – Skills Strand 1 Grant Certification 2021/22 Q1	Value of grant certified £20,448.82			
Cambridge Road Skills Hub – Skills Strand 1 Grant Certification 2021/22 Q2	Value of grant certified £338,926.75			
Southport Events Centre and Theatre	Value of grant certified £6,510.00			

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Buckley Hill 2021/22 Q2	Nil certification			
Crowland Street Housing Development 2021/22 Q2	Nil certification			
Bootle Area Action Plan 2021/22 Q2	Value of grant certified £5,065.35			
Bootle Town Centre Grant Certification 2021/22 Q2	Value of grant certified £5,648.28			
Troubled Families 2021/22 Period 2 Claim	Value of grant certified £60,800.00			
Work substantially complete as at 7 December 2021				
Sacred Heart Catholic College	Draft Report to be issued			
St John's Primary School, Waterloo	Draft Report to be issued			
Accounts Payable – Agresso Controls	Draft Memorandum has been prepared ready for review.			

Draft Audit Reports previously reported to Audit and Governance Committee.

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Farnborough Road Infants School Audit – draft report issued 2021/22 Q1	Moderate	0	4	1
Holy Spirit School Audit – draft report issued 2021/22 Q2	Major	3	4	2

The high priority recommendations outlined in the audit reports issued in the period 1 September to 24 November 2021 are summarised as:

Corporate Governance Review 2020/21

- 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.
- 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.
- Work continues on Succession Planning, Adult Social Care Workforce Review and other elements of Workforce Planning.
- Heads of Service should review their arrangements for the ensuring data quality and accuracy standards.
- Heads of Service are to develop and present reports to Cabinet annually in respect of 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

- 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.

ICT-Security

- Information Governance and ICT policies should be reviewed.
- Departmental inventories of ICT equipment need to be compiled and reviewed against central records.
- ICT Security testing KPIs should be reported monthly.

Cherry Road Children's Home

- Budget allocations should be reviewed to ensure that they are sufficient to meet the objectives of the home.
- Regular budget monitoring should be undertaken.

Hudson Primary School

- The School should formally adopt both the *Financial Regulations for Schools* and the *Scheme for Financing Schools*.

- The Delegation of Duties and Responsibilities should be reviewed and approved annually.

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 24 November 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>65% See graph below</p>	<p>40% See graph below and narrative</p>	<p>25%</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>

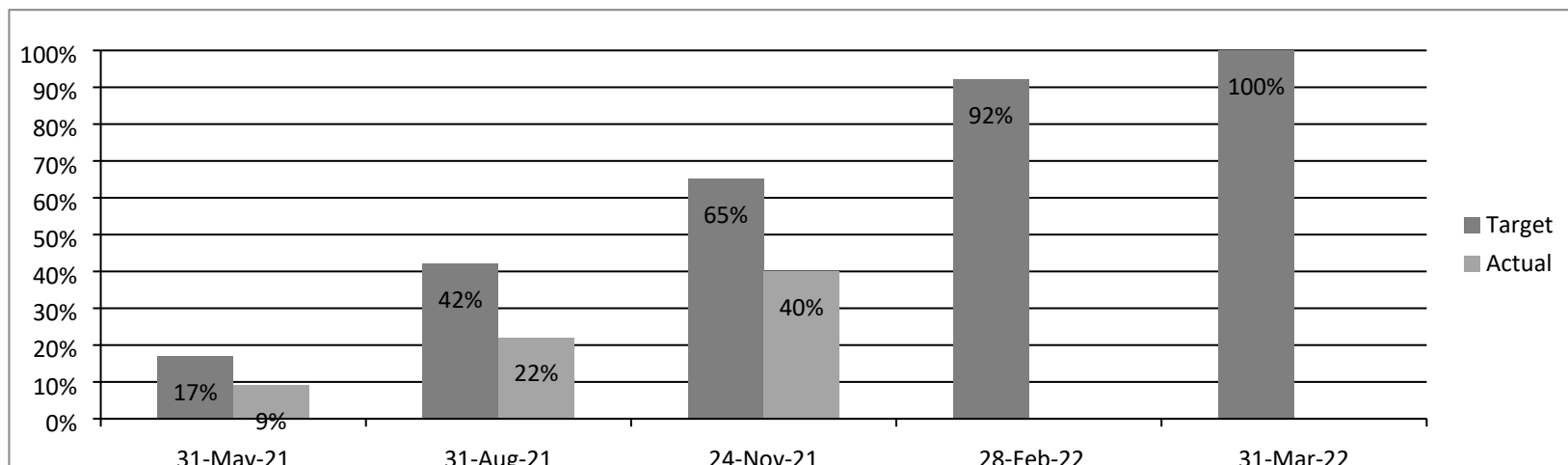


Figure 1: Percentage of the Internal Audit Plan 2021/22 Completed (profiled to coincide with the Audit and Governance Committee reporting dates)

3.3 2021/22 Resources and Performance

The small team continues to work well remotely as it has done since the start of the pandemic. 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 absent at least until end of February 2022 and potentially until 1st April 2022. One Principal Auditor returned to work earlier in the year on a phased return after a period away with unplanned leave. On 30 November 2021 he has retired on grounds of ill health after 31 years service with the Council. A second Principal Auditor had reduced his hours from full time to part time from June 2021 and has subsequently been able to extend his hours by one day per week to provide further support to the team.

The Audit Plan was approved in March 2021, and the intention was for two Principal Auditors to be appointed on fixed term contracts until 31st March 2022 to deliver elements of the Audit Plan. Repeated recruitment exercises have been completed, advertising for traditional fixed term vacancies, using the Council's preferred recruitment conduit Matrix and with specialist recruitment agencies since March 2021. As a result, numerous interviews have been conducted with potential candidates. I am pleased to confirm that a Principal Auditor was appointed during September 2021 on a fixed term contract until 31

March 2022 and it is hoped that a second Principal Auditor who has been appointed can begin work during December 2021 following the usual on-boarding process.

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 40% of the audit plan against a target of 65%. With the proposed recruitment to replace the early retirement and with the anticipated recruitment of the second fixed term Principal Auditor the shortfall is unlikely to be recovered in the rest of the financial year.

Our intention is to focus on the key risks within the Annual Audit Plan for the remainder of the financial year, provide an update to the March Committee with any remaining audits being risk assessed for consideration in the 2022/23 audit plan.

We recognise that the performance is disappointing and reflect that the assurance level provided to the Committee is likely less than we originally planned at the outset of the financial year. The drivers for the performance have been on the whole out of our control however we recognise that we do not have significant capacity within the team for unplanned events where they occur which impact on our capacity to deliver assurance. Our intention over the next six weeks is to discuss the resourcing with S151 Officer benchmarking our current provision against peer teams across Merseyside as well as considering the future levels of assurance that the Committee requires.

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.
- Completed the Corporate My Sefton My Space performance development reviews.
- Reviewed the frequency of the “Huddle” team meetings where staff update and share progress on audit assignments and share any issues or blockages that they are facing.

- Engaged with a specialist recruitment agency facilitating a Principal Auditor joining the team and an offer to a second candidate subject to references.
- Using the new database of outstanding audit recommendations, have begun the process of verifying implementation of previously agreed recommendations.
- Worked with the wider Risk and Audit Service to develop and monitor a process for ensuring all staff are undertaking mandatory training launched by the organisation in the Autumn.
- Provided advice and guidance to colleagues on an employment charity initiative.
- Extended the hours of one of the auditors to provide additional capacity
- Introduced a revised audit planning document designed to improve the collection of information has been introduced following staff suggestion.
- We have worked with Chief Monitoring Officer to shape the planned improvements for the governance of the Audit Committee including content for the on-line library.
- Provide guidance and challenge to the management of the pension overpayment

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

- Complete the recruitment of a Principal Auditor for fixed term period to provide cover for staff absences and assist in the delivery of the approved Audit Plan.
- Review options for further team strengthening following the ill health retirement of an experienced Principal auditor.
- 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.

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, and schools with a Service Level agreement in place), plus agency staff, contractors, and volunteers. A temporary administration support joined the team in January 2021 and moved to their 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. 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 Corporate Health and Safety Team, working with managers to balance COVID arrangements, compliance, and operational demand.

Significant support has been provided for reconvening of face-to-face and public facing activities, the reintroduction of school trips and increase in office occupation. The team have provided assistance, with Public Health colleagues in response to COVID positive cases or where anyone has been a 'contact' of a positive case across services and schools. Council building

and operational risk assessments have been reviewed providing assurance to Council managers and staff. A measured level of onsite support visits, inspections and audits have recommenced.

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.

Assistance, guidance, and monitoring continues to be provided across all areas, in collaboration with Public Health colleagues as the focus has moved from Central Government and formerly Public Health England to Sefton Council, as the employer, with requirements provided by The Health and Safety Executive.

The Health and Safety Executive continue to visit Schools and Council premises to assess COVID, stress management, statutory maintenance and other health and safety arrangements in place for staff. No significant issues have been identified during their visits.

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. The review was delayed due to further demands from COVID cases and recent security events. The Corporate Health and Safety Team have released security guidance for managers, staff and Councillors as a result.

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 updates on COVID-19, Stress, Well-being, Permit to Work systems, Statutory Maintenance, and the Security and Safety of People, Buildings and Assets. Work continues on Construction Design and Management (CDM), Fire Risk Assessment, Health surveillance and Accident 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 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.

There has been a very positive response to the Mental Health training provided by the Workforce Learning and Development Team. The Corporate Health and Safety Team and (Occupational) Health Unit are exploring training provision or workshops for managers to equip them with the skills and confidence to identify workplace stressors, implement suitable controls, make available interventions available to staff through the Council, complete and monitor the stress risk assessment.

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. 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. Desktop audits continue; however, this is now supported by onsite inspections.

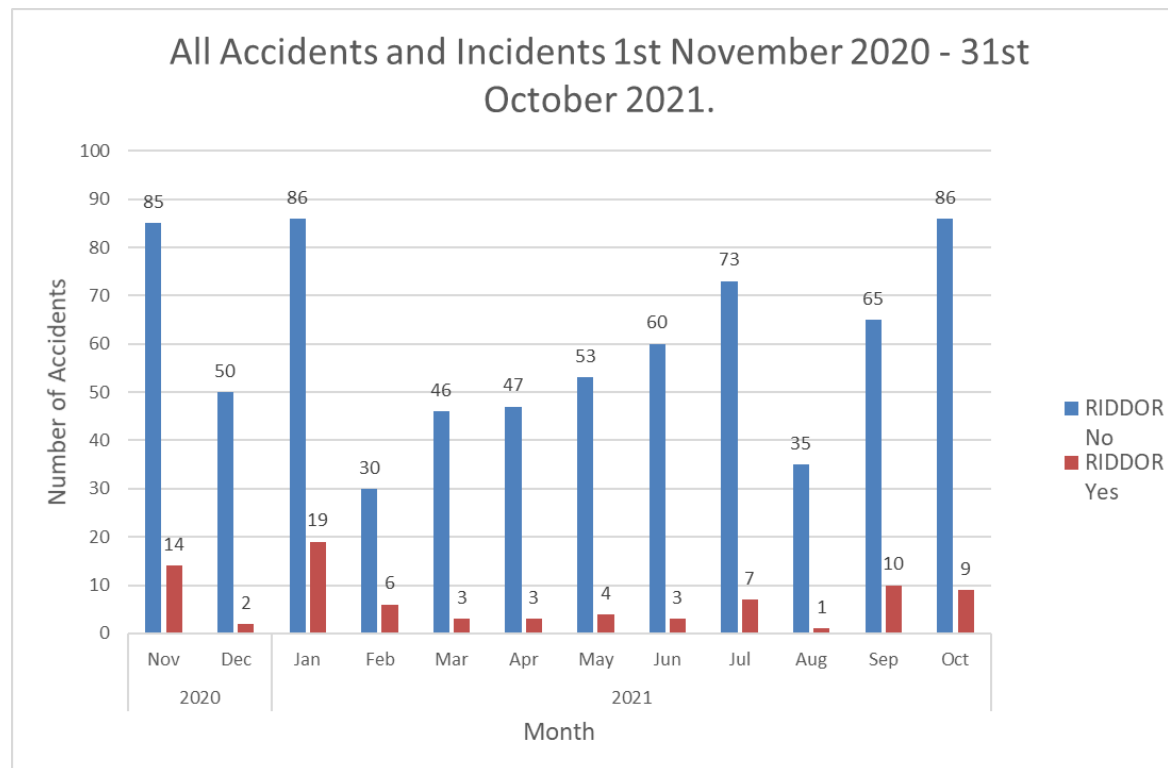
EVOLVE provide online services for schools, including a tool for planning and managing educational visits, after school clubs and sports fixtures. The Health and Safety Team continue to provide support and guidance to schools and their Educational Visit Co-ordinators (EVC). The EVOLVE system allows schools 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 live online training in conjunction with the Health and Safety Team. EVC training was provided in June 2021. A further course was delivered in November 2020. The format of the live online training proved very successful and further online training is being planned for the Spring 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. There are plans to introduce some face-to-face meetings in the late spring of 2022.

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 have again steadily increased.



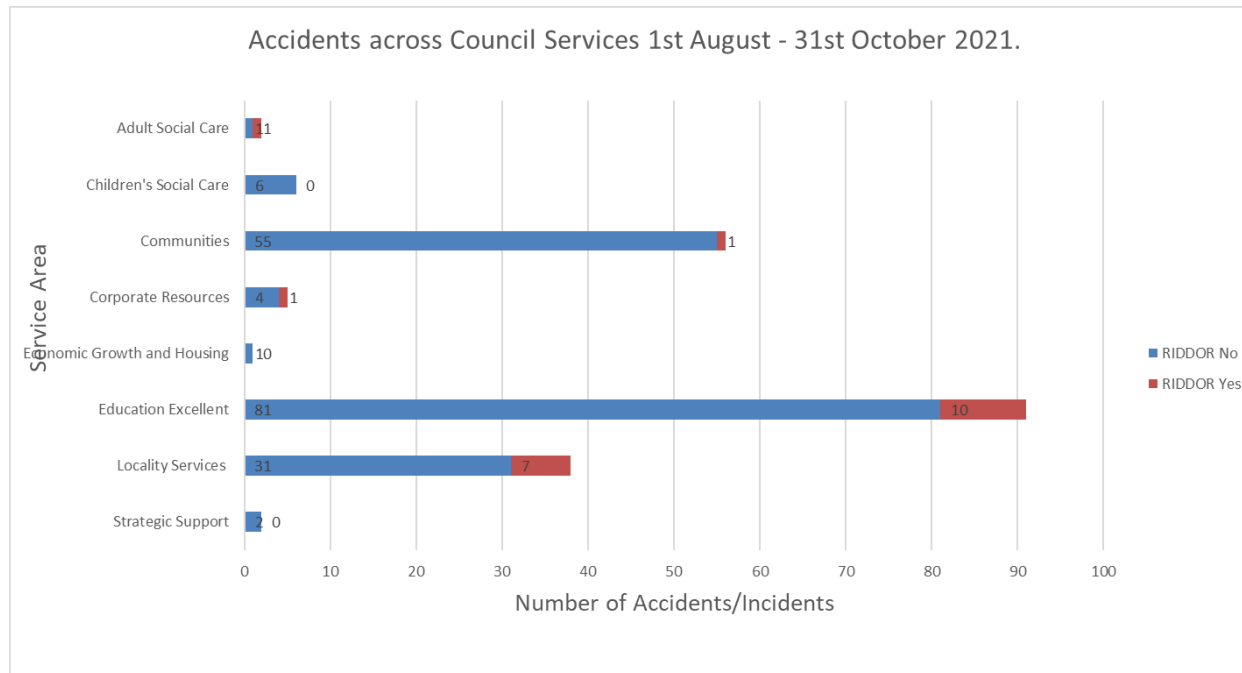
Graph 1: Accident and incident data - 1st November 2020 – 31st October 2021

The variations in reporting throughout the year is consistent with the re-opening of schools and service areas and then implementation of pandemic restrictions where services have closed or been limited. The increase of reports raised in September 2021 highlights the continuing vulnerabilities of staff from exposure to COVID-19 during and suggests the need for a cautious approach during the Winter months.

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, although this is not exercised in all areas and at all levels. This supports the effective review of risk assessments, monitoring of control measures and facilitates the assessment of workplace and community transmission and impacts on both staff and service delivery and provision. The Health and Safety Team continue to work closely with Public Health colleagues on COVID—related issues and have greatly appreciated their ongoing support.

Data and trends appear to be consistent with National Trends (Source: HSE, National Statistics Office, Government COVID data). Where COVID rates have been lower, the data from the Councils reporting system shows that accidents and incidents reports continue to be raised for slips, trips, sports incidents, and cases of violence and aggression towards staff.

Accidents and incidents reported across the Council Services between 1st August and 31st October 2021 are in the graph below.



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

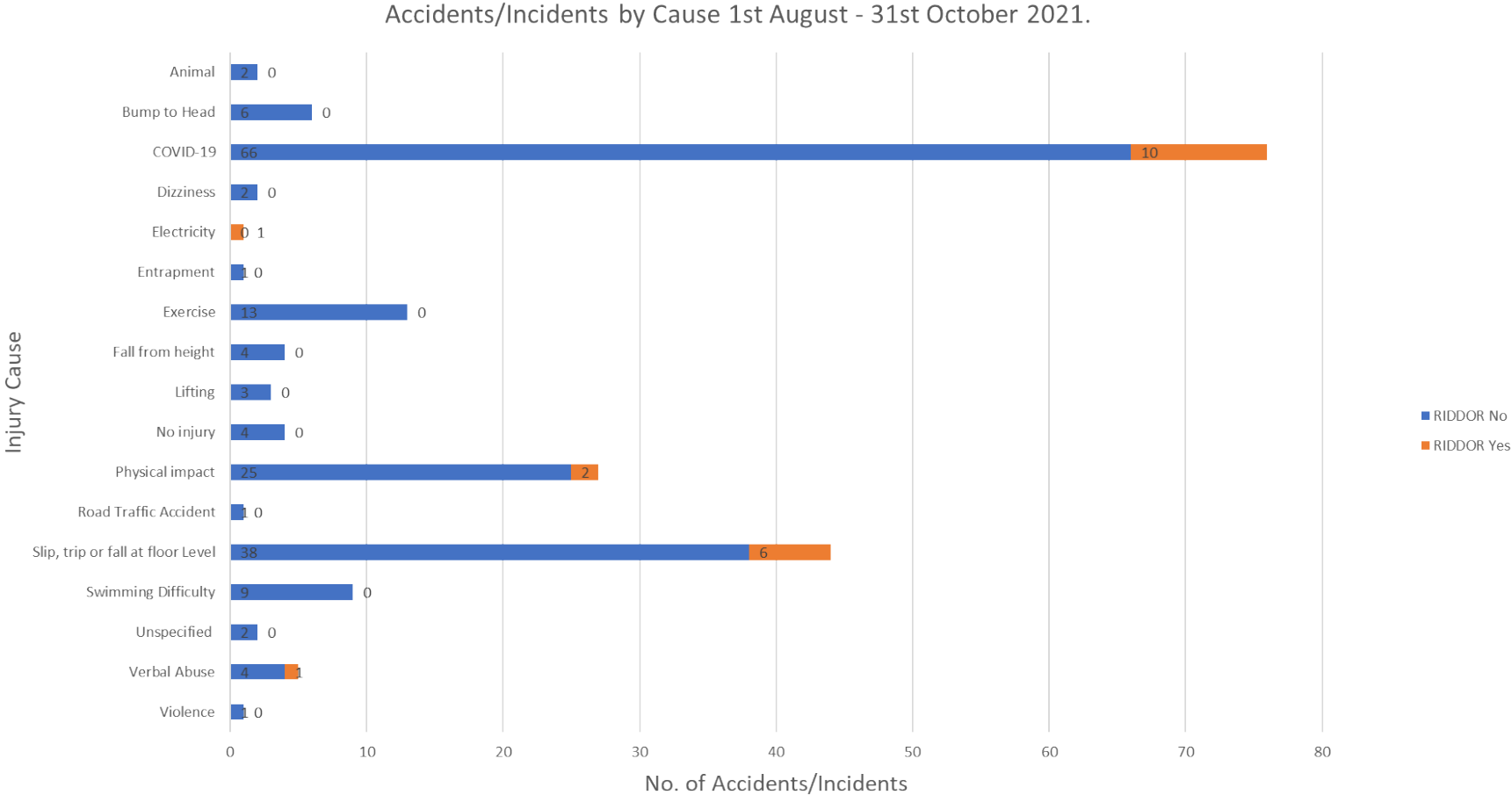
The highest level of reporting is within Education Excellent, Locality Services and Communities. This is consistent with previous years and is influenced by a positive reporting culture. Other factors include continued essential service delivery during the various pandemic restrictions. From late Summer, 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.

The Corporate 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 miss incidents. 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.

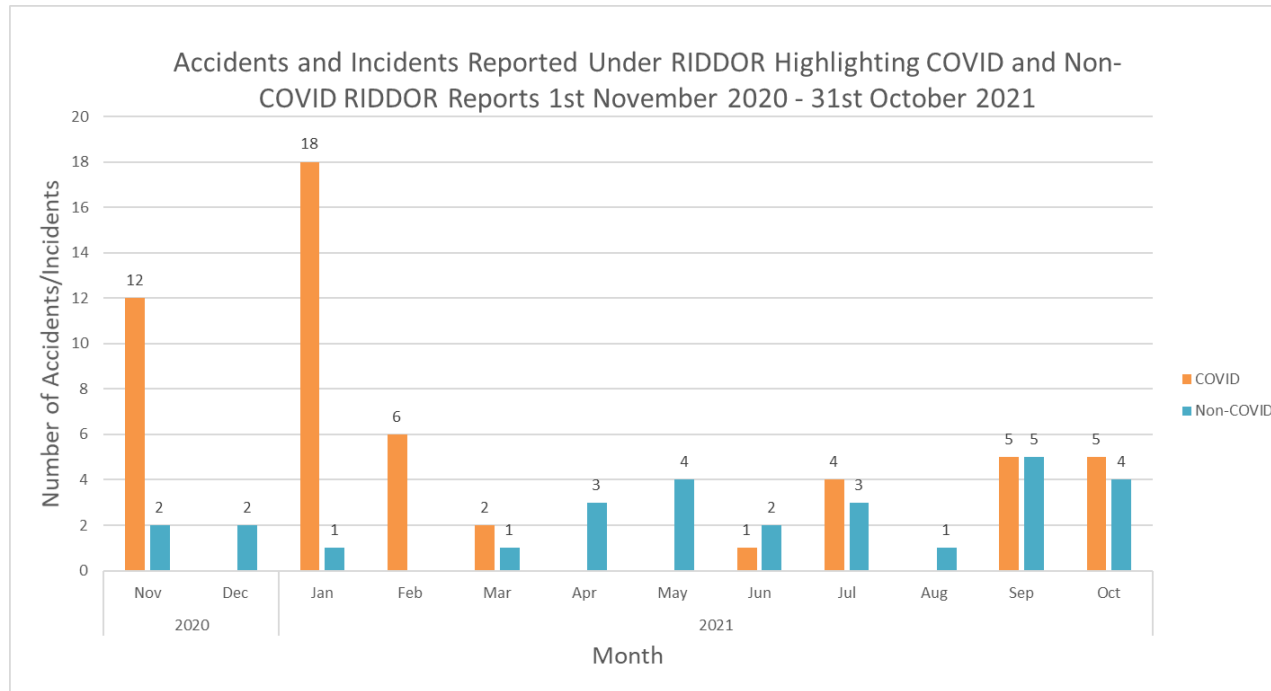
Graph 3 identifies the cause of accidents across Sefton Council from 1st August to 31st October 2021. As previously highlighted, the most common cause has been the transmission of Coronavirus (SARS-CoV-2). Not all cases have been as a result of 'workplace' transmission. Other common causes were due to 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 August to 31st October 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 Corporate Health and Safety Team and managers to report such cases. Managers and staff have been carrying out thorough investigations. The team are working with managers to ensure value and benefits of reporting and proportionate investigation are understood. Recent security events coupled with the increase of staff reporting instances of threats or actual violent or aggressive behaviours led to the release of guidance documents for staff and councillors. Further work is being undertaken to assess and implement change across the Council to improve personal safety.

Graph 4 below shows the number of notifications made to enforcement authorities and insurers under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), during the past year, also known as RIDDOR reports. The graph highlights the number of COVID (workplace transmission) and non-COVID related reports raised. There was a slight increase in the non-COVID RIDDOR reports raised between 1st August and 31st October 2021. Testing, vaccination programmes and an improved understanding of suitable risk control measures and monitoring may be positively influencing the level of workplace transmission. Instances of non-reporting under RIDDOR have been discovered and the messages to managers and head teachers have been reinforced.



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

The graph highlights the number of these reports raised across the year. Non-reportable cases are those where there is little or no evidence of workplace transmission. The service areas greatly affected by workplace transmission are understandably in Education Excellent, Children’s Services and Communities, where front line workers have continued to provide essential services and social distancing presents a challenge.

Accident reports raised under RIDDOR were mostly for fractures sustained from slips, trips and falls (on ground level). 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 and local restrictions are adjusted in response to COVID-19 rates and risk assessments, there remains a requirement to manage the arrangements under Health and Safety law across all settings.

Continue to review, update and monitor the Health and Safety Standards and Policies, with focus on Fire Risk Assessments, personal and corporate security, driving for work, Dangerous Substances and Explosive Atmosphere Regulations, first aid provision and local emergency response.

The team will be leading a council-wide security working group to assess risks and consider appropriate controls.

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.

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

The team have been 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:

- Renewal of insurances for the Council and associated subsidiary companies took place on 29 September 2021. As previously advised, the insurance market has hardened significantly with insurers focused on technical pricing to ensure profitability over market share with varying appetites for risks. The renewal proved extremely challenging, particularly in relation to the Material Damage policy which provides cover for the Council's building assets. As well as an initial increase of 8% in the insurance premium rating, the material damage insurer imposed conditions on a number of Council buildings to limit cover to demolition cover only or the implementation of work that they considered to be essential to maintain cover. Sums insured for the buildings were increased to reflect the surveys that were undertaken in the summer and an inflator of 4.6% used to reflect building cost inflation for the insurance year.
- The Material Damage insurer has undertaken a number of Risk Improvement Surveys over the past two years and in conjunction with service areas and schools, the Team have worked hard to ensure that as many of the RIA's have been rectified by service areas to minimise the effects of these conditions.
- Despite representations from the Council's Broker, a rating increase of 12.5% was placed on the Combined Liability policy and 8% on the Motor policy. Whilst this was disappointing it reflects the market in general and other local authorities have confirmed seeing similar or higher increases themselves. The majority of the other policies procured were maintained at the same or similar ratings as the previous year. The contract with the panel of insurers has now been extended into the optional two-year extension period of the 2018 tender and is due to expire on 28 September 2023.
- Following on from the previous revaluation exercise reported on in the last update, a further exercise, approved by Chief Officer and via agreed Contract Procedure Rules, is now underway for a further sample of Council buildings. The results of this are expected at the end of December 2021. Further consideration is now being given on how completion of the revaluing of the rest of the Council's portfolio can be undertaken to both satisfy insurers needs and also ensure that the Council has appropriate levels of cover. The decision on this will be advised in a future update.

- 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.
- With the assistance of Weightmans, the Council was successful at Court in September 2021. The case related to a public liability slip/trip/fall claim, and the Judge found in favour of the Council as the third party had no evidence to dispute the Highways system of inspection under Section 58 of the Highways Act 1980. The claim held a reserve of £18k.
- Two further positive developments involve Employer's Liability claims. One matter, holding a reserve of £13.5k was withdrawn shortly after being received. The other claim, with a £40k reserve, was discontinued by the third party solicitors a week before being due to be heard at Court.
- 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. Invitations were recently extended to Green Sefton's Tree and Woodland Team to attend a series of webinars facilitated by the Council's insurance partners in relation to the tree risks landscape, litigation and risk management. The two Teams will meet in the near future to discuss how assistance can be provided in relation to a Tree Management Strategy for the Council.
- The last update advised that the Council's external claims handlers had been subject to a cyber security incident in the latter part of 2020. Following enquiries with the assistance of the Council's Data Protection Officer and ICT and Legal Services colleagues, the Team are pleased to inform that there had in fact been no Notifiable Cases and claimants personal data had not been compromised. The matter is therefore now closed.

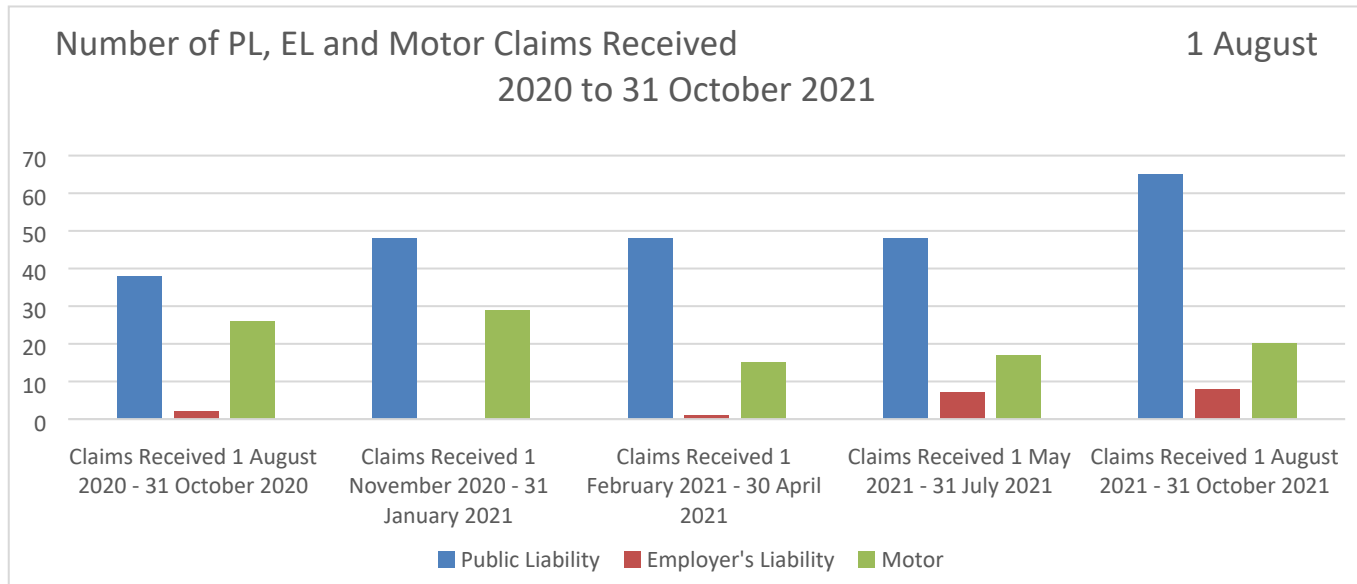
5.2 Key Claims Data

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 August 2020 to 31 October 2021.
- Value of the reserves for PL, EL and MV claims received by Sefton Council for the period 1 August 2020 to 31 October 2021.

- The average reserve value for PL, EL and MV claims received by Sefton Council for the period 1 August 2020 to 31 October 2021.

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



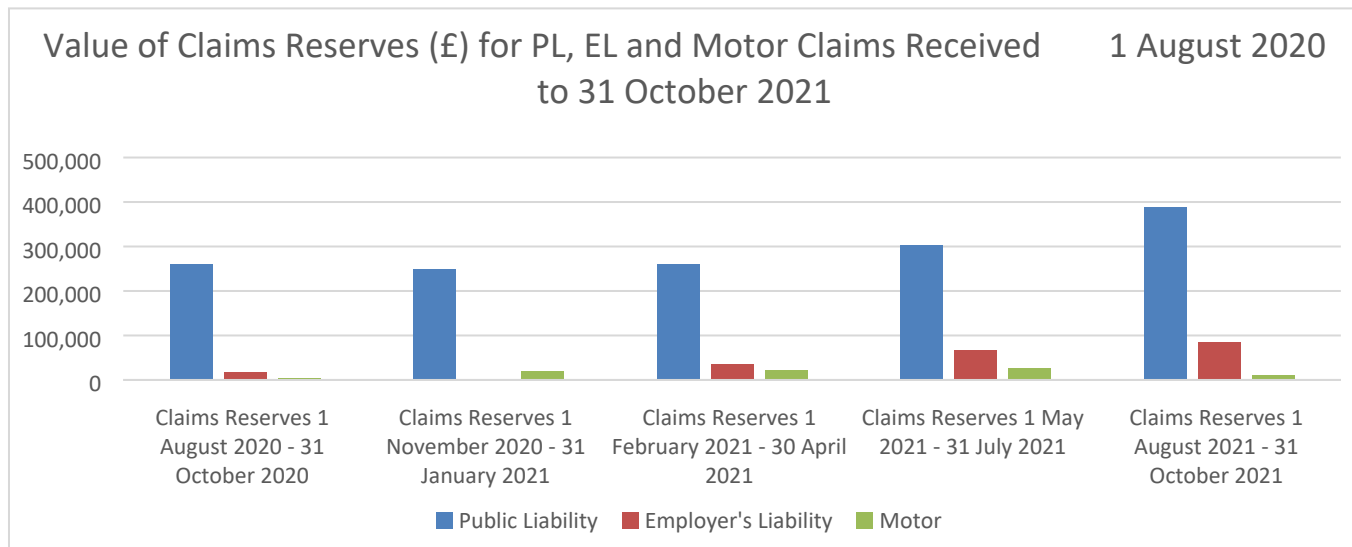
Public Liability claims numbers have increased by 35% from the last quarter where numbers had remained constant between quarters 2 and 4. There appears to be no obvious reason for this upturn. Overall numbers have increased 71% since the beginning of the reporting period. The Highways Service Area has the highest percentage (69%) of the claims received in the last period with 79% relating to personal injury.

Unfortunately, unusually high numbers of Employer's Liability claims continue, with an increase of 14% showing from the last quarter. There appears to be no pattern behind the claims so there is no real cause for concern, however Schools account for half of the claims received in the last quarter. Despite a significant increase of 300% between the first and last quarter of the reporting period, numbers remain average for the size of the Authority.

Although the number of Motor claims decreased dramatically in the third quarter of the chart above, they have steadily increased since and at the end of the period they are 18% higher than the previous quarter, although 23% lower than at the start of the overall period. Of the 20 claims received, 70% relate to own damage claims with the remaining 30% involving third parties. Half of the total claims received in the last quarter 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 claim numbers will 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 August 2020 to 31 October 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.

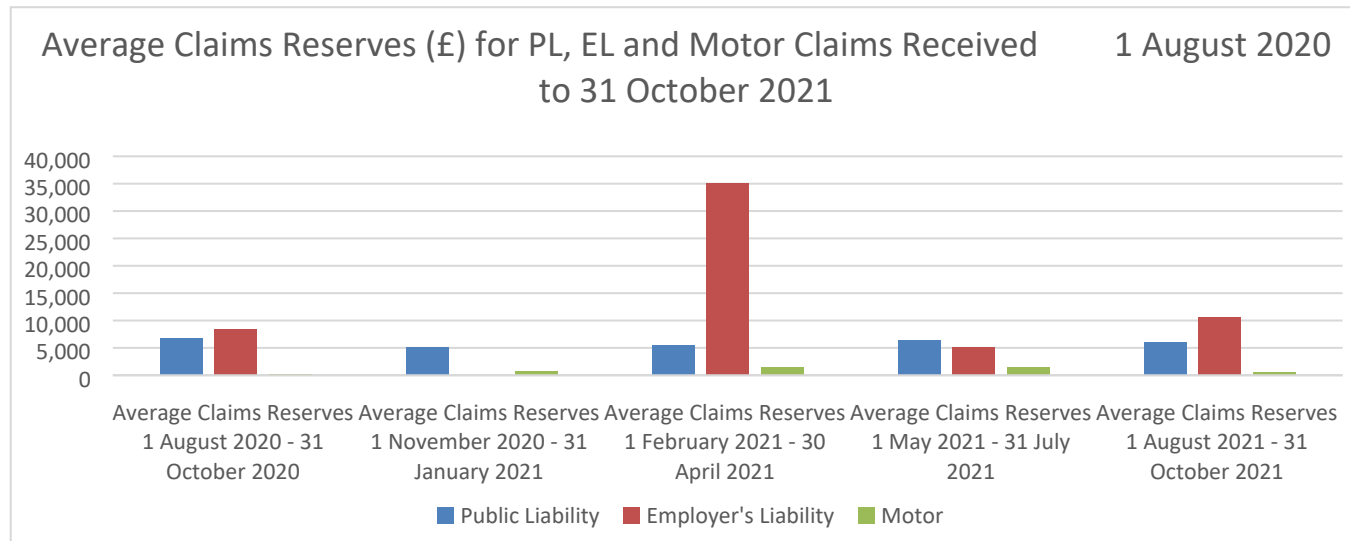
As would be expected due to the 35% increase in Public Liability claim numbers, reserves have also risen however equate to only a 28% increase, reflecting the type of injury and/or damage sustained by the third parties. Reserves have steadily increased during the overall period and end at 49% higher than at the start. Three of the claims received in the last quarter each have a current reserve of £20,000+ attached. At the other end of the spectrum there are 14 claims all with a reserve of £2,000 or under.

Following the increase in claims numbers, Employer's Liability claims reserves have also risen and stand at 29% higher than the previous quarter and a significant 401% than the start of the overall period. The highest individual reserve for the final quarter stands at £17,500 with the lowest being £9,000.

Although the chart shows that Motor claim reserves have decreased significantly in the last quarters there are a number of reserves still awaited for own damage claims. Realistically they should be in a similar range to the previous quarter based on the number of claims received. If this is not the case it will be reported in a future update.

The increase in claims reserves across the insurance programme is a reflection of industry claims inflation driven in part by the post-Covid-19 supply chain issues and general cost increases. Our increase in claims costs whilst disappointing is in line with the general picture and we will continue to monitor the costs.

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



Despite an increase in Public Liability claim numbers and claim reserves, the average claim reserve stands 6% lower than the last quarter and 13% lower than the commencement of the overall period which saw much lower claims numbers. This disparity reflects the type and severity of injury and/or damage sustained by the third parties.

Reflecting the increase in both numbers and reserves for Employers Liability claims, it is no surprise that the average claim reserve has increased in the last quarter by 108% and by 25% from the first quarter of the overall period. Again, the nature of injury sustained reflects these figures.

As explained previously not all Motor claim reserves have been reported. However, we believe that there will be no significant upturn in average claim reserves once the individual claim reserves are received.

Trends in claims performance will continue to be monitored.

5.3 Developments

- An exercise will shortly be undertaken to gain quotes from various Insurance Brokers to enable an Actuarial Report to be undertaken on the Council's insurance claims. This is a biannual requirement of the Council's External Auditors and will provide an analysis of current claims reserves, a forecast of expected ultimate losses after allowing for volatility and will

also comment on emerging risks within the sector. Ultimately it will determine if the Insurance Fund has sufficient reserves to fund current and future claims that may be presented.

- 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.
- Discussions 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 is currently seeking advice on how best to provide insurance cover for the developing Council's wholly owned hospitality company, Sefton Hospitality Operations Ltd.
- 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 awareness 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.

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. These documents have been shared with each service area and responses will be compiled to further enhance BC plans.

The team planned and delivered a Crisis Response Team Building and training event, held at Netherton Activity Centre. Merseyside Fire and Rescue Service were invited to give a presentation about Joint Emergency Services Interoperability Principles (JESIP) and relevant major incidents that have happened in Merseyside. A health and safety colleague delivered training around dynamic risk assessment and ensuring safety of volunteer team members. Attendees took part in several group activities to enhance their capability. The event was well attended, and positive feedback was received.

Work is continuing to produce further training materials for the Crisis Response Team which will be the focus of future events planned for the team.

Large scale events are now permitted to take place following the lifting of Covid restrictions and this, along with the run up to Christmas 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 continue to be engaged in various working groups to plan and deliver multi-agency programmes of work.

The Council plan for the disruption to fuel supplies were reviewed at the time of the media reporting in October 2021 and incidence of fuel shortage at the pumps. The plans were refreshed but were not required to be activated.

A member of the team attended a winter planning event to discuss and share good practice of preparedness and arrangements in place for upcoming winter.

Risk and Resilience team members met with Internal Audit colleagues to consider improvements and developments to the Risk Management system within the council. It has been agreed we will meet quarterly to discuss findings and in which areas progress can be made.

Sefton has a number of senior officers who are new to the Emergency Duty Coordinator role (EDC). The team have been supporting two of these officers who were on duty during the recent security incident as all Merseyside Local authorities were involved in the multi-agency coordination meetings.

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.
- Plans are being drawn up for undertaking a Business Continuity Exercise with members of SLB.
- Completing the six monthly review of the business continuity plans and consider the activation process for each plan.
- During the quarter a request will be made to service managers to provide their latest Operational Risk Registers. The team will then work with these to ensure consistency in recording operational risks and confirm the risk escalation process is being adhered to.

7. Assurance and Counter Fraud: Performance Update

7.1 Work Completed

A sample of around 500 assurance checks across a range of Council Tax Discounts and Exemptions has been undertaken by the Assurance Officers within the Risk and Audit team and their findings will form part of a Council Tax audit report.

The Council's participation in the Cabinet Office National Fraud Initiative has continued to see 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 - to identify where an individual appears to have registered on the waiting list using a different address to the one on the waiting list suggesting possible undisclosed changes in circumstances or that false information has been provided.
- Covid Grant recipients
- Payroll fraud - employees who may be committing employment fraud because they are employed elsewhere.

The Council's Corporate Debt team in Legal Services is now currently seeking recovery of a pension overpayment due to a failure by the Executor(s) to notify of 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 deceased pensioner. The investigation was initially reported to and investigated by the HR Team.

The Council does actively investigate pension matches through the Government's annual National Fraud Initiative which provides details of deaths that have been reported in the UK only. 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 and in this case would not have necessarily picked up the notification. A good practice counter fraud control to prevent payments in similar situations is carrying out "proof of life" checks on pensioners at regular intervals. It is reasonable for the Council to expect repayment of a pension overpayment from a deceased persons estate, and we are seeing some progress in our ongoing investigations. Further updates will be provided to the Committee.

As part of on-going work the team undertake the validity of a lease supplied in respect of occupation of a property of a business claiming a business support grant was referred for further investigation.

7.2 Developments

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 to be consulted on with the Strategic Leadership Board. As part of the Counter Fraud Strategy the Council has already 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.

In September 2021 the Cabinet Office updated the Government Counter Fraud Professional Standards and Guidance- "Investigation Core Discipline". Consequently, we will now be conducting a self-assessment for Sefton against these standards.

Part of the Council's Fraud Strategy involves developing more capability and capacity within the Council to identify and punish fraudsters. During the early part of November 2021 in line with actions identified in the Annual Governance Statement, and to ensure compliance with CIPFA's Code of Practice on Managing the Risk of Fraud and Corruption, the Council looked to recruit an Accredited Counter Fraud specialist on a fixed term basis to assist in the delivery of some key projects within the counter fraud work programme and play an active role in influencing and embedding an anti-fraud culture across the Council, liaising with operational managers on fraud risk controls etc. Regrettably, there was no response to that advertisement, so we are now looking into alternative recruitment options.

A Counter Fraud Annual Report been produced. The purpose of the Counter Fraud Annual Report 2020-2021 is to provide assurance to the Audit and Governance Committee on the effectiveness of Sefton Council's arrangements in countering fraud, bribery and corruption and to present the work carried out during the past financial year to minimise the risk of fraud.

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 and, where relevant, our Schools and Academies. These have included a spate of similar issues during recent months: -

- COVID pass fraud
- Head Teacher Impersonation Fraud (creditors)
- Staff Salary Mandate Fraud
- Supplier Bank Mandate Fraud

In respect of salary mandate fraud, it has been suggested that employee victims can often have a strong online presence which suggests the fraudsters can become aware of their employers using online methods or social media. Our Corporate Communications team has been approached with a view to publishing information and guidance on the staff intranet to help minimise the chances of being scammed. Whilst our payroll teams in Sefton are vigilant and kept updated on these scams, we feel it may be worthwhile for a reminder to all staff regarding any social media presence and potential risks.

The three members of the Assurance Team have been seconded until 31st March 2022 to the Business Grant Team to assist in the administration of the Liverpool City Region Grants.

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.