

Risk and Audit Service: Performance

Audit and Governance Committee
7 September 2022

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1. Executive Summary

1.1 This report summarises the performance and activity of the Risk and Audit Service for the period 7 June 2022 to 31 August 2022.

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 7 June 2022 to 31 August 2022, covering the following areas:

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

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

3. Internal Audit: Performance Update

3.1 Completion of 2022/23 Audit Plan from 1 April 2022 to 12 August 2022

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

Audit Engagement	Audit Opinion	Recommendations			Progress since last update
		High	Medium	Low	
Final Reports issued					
Education Finance - Schools Regulatory Framework 2021/22	Major	3	5	5	Since last reported, the final report has been issued. Implementation of recommendations will be confirmed in the future.
Highways Maintenance 2021/22	Major	0	7	1	Following a delayed response from the client, we have issued the final report. The implementation of the recommendations will be verified in the future.
Assurance Mapping (from contingency)	n/a	n/a	n/a	n/a	This work was substantially complete at the last update and has since been fully concluded. The work helped to inform the Annual Opinion from the Chief Internal Auditor which was provided to the Committee in June 2022.
St John's Waterloo Primary (21/22)	Moderate	3	3	3	Since the June update, the final report was issued. Implementation of recommendations will be confirmed in the future.
Tree Management Report	None given	13 recommendations in the report			Reported undertaken by the Council's Claim's Management Provider and included in the Annual Audit Plan. We are currently working with the Tree Management Team and Teams across the Council to develop a response to the report including an action plan

Audit Engagement	Audit Opinion	Recommendations			Progress since last update
		High	Medium	Low	
Draft Report issued					
Procurement	Moderate	0	10	0	In June we informed the Committee that draft report had been prepared and meetings arranged with the client to discuss the findings. Since the last update, the draft report has been issued.
Operator's Licence	Minor	0	3	2	As reported to Committee in June, the report has been issued. There is one recommendation that still requires agreement from the client. Once this is received, then we will issue the Final Report.
SEND 2021/22	Major	4	2	1	There have been discussions with client to finalise the wording of draft ahead of issue of the final.
AGS 2021/22	n/a	n/a	n/a	n/a	The Draft Annual Governance Statement has been shared with the Chief Executive and with SLB.
Corporate Governance Report 21/22	Moderate	4	0	0	As reported at the June Committee meeting, draft report has been issued. The issue of the final report is likely before Committee meets on 7 September.
Aiming High	Moderate	3	8	0	Draft report has been issued to the client for consideration.
Sandway Homes - 2021/22	Moderate	0	12	1	Draft report issued and recently received update on narrative to facilitate discussions ahead of finalisation.
SeftonArc Security Services – 2021/22	Major	13	35	2	We previously reported to the June Committee that the draft report had been issued. Operational In-House Services are currently drawing up a response to the recommendations which we are expecting shortly. Audit are working closely with Management to
Linaker Primary School	Moderate	0	5	3	The draft report has been issued. We'll engage with the new Headteacher in September 2022 to request a response to the recommendations.

Audit Engagement	Audit Opinion	Recommendations			Progress since last update
		High	Medium	Low	
On-going work					
Contain Outbreak Management Fund					The fieldwork and review of expenditure is in currently ongoing.
ASC - Budget Management					Initial meetings arranged with clients.
Climate Emergency					Brief issued and planning completed. Fieldwork to be undertaken.
Children's Services Demand Management					Initial planning work was undertaken. The Ofsted Inspection covered aspects of demand management. Audit plan to review progress against the Improvement Plan later in the year.
Golf Income					Audit Brief prepared and issued to the client.
Beach Income					Fieldwork progressing.
Performance Management					Audit Brief issued and work programme prepared.
Follow Up of Implementation of Internal Audit Recommendations					Activity has started to confirm with clients that audit recommendations have been implemented. The Committee is due to receive an annual report on the follow up of recommendations in December 2022
PSIAS					Self-assessment undertaken and progress made in improving procedures.
Risk Management					Fieldwork is in progress.
Direct Payments					Fieldwork is substantially completed in this engagement. Draft report in the process of being prepared.
Mayor's Charity Fund	n/a				The income during the previous year was less than threshold to require Independent Examiners Review.
St Elizabeth's Primary School					Work on this audit has commenced.

Audit Engagement	Audit Opinion	Recommendations			Progress since last update
		High	Medium	Low	
St John's, Crossens Primary School					Fieldwork has commenced and is in progress.
Grants certified					
Troubled Families Grants					Since the last update, a second quarterly grant claim has been certified.
Urban Traffic Control Yr Q1 Apr - Jun					£65.8k grant certified
Key Route Network A59 -Port Capacity 2021/22 Q4.					£5.25k grant certified
A59 2021/22 Q4					£5.25k grant certified

3.2 High Priority Recommendations

A summary of the high priority recommendations made on draft reports issued since the last Committee meeting is provided below.

Aiming High

A comprehensive review of local policies and procedures is required to ensure that they are up to date. Staff should be reminded to access and use the current suite of policies and procedures. Cash handling processes required strengthening and the Charging Policy for Service Users requires finalisation.

3.3 Other Added Value Work Completed

To assist the Committee in its understanding of the broad range of assistance and value that the Audit team has provided across the Council we have included some examples.

- Provided advice, guidance and wording for 'fraud proofing' of Council Timesheet Forms to HR/Payroll.

- Provided advice and guidance to Chief Legal and Democratic Officer and Finance Officer on Partnership Agreements narrative in Constitution.
- Provided advice and guidance to Chief Legal and Democratic Officer on Third Party Assurance Statements.
- Provided AGS for incorporation in Council's Annual Report and Accounts.
- Provided wording for CEO and Leader's Foreword in AGS.
- Provided advice and guidance to Combined Authority on COVID-19 Grant, and
- Provided template, advice and guidance for Council's Declaration of Interests and Gifts and Hospitality Registers.
- Advice to Financial Management regarding use of external agency to supporting financial vetting process.

3.4 2022/23 Resources and Performance

The following table outlines the Audit Team's performance against the Key Performance Indicators outlined in the Audit Plan agreed by the Committee in March 2022. 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</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>37%</p> <p>See graph below</p>	<p>27%</p> <p>See graph below and narrative</p>	<p>10%</p> <p>Vacant posts have pulled performance down but work on Annual Governance Statement and Corporate Governance Report ahead of schedule.</p>
<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>100%</p>	<p>100%</p>	<p>No variance</p>

Description and Purpose	Target	Actual	Variance and Explanation
This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.			

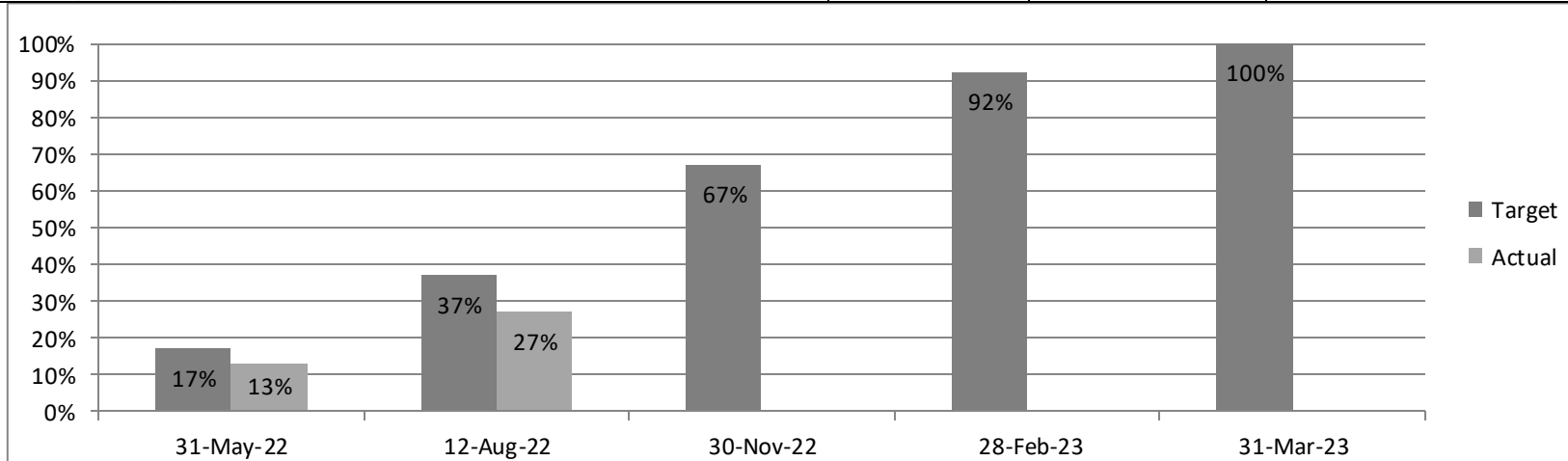


Figure 1: Percentage of the Internal Audit Plan 2022/23 Completed (profiled to coincide with the Audit and Governance Committee reporting dates)

In calculating the size and capacity of Internal Audit team for the 2022/23 Audit Plan, assumptions were made in February 2022 over the proposed resources to deliver the plan which were included in the Internal Audit Plan presented to Members in March 2022.

At the time in February two vacant Principal Auditor posts were advertised for recruitment and we assumed for planning purposes that the two Principal Auditors would have been recruited by June 2022 and in post. Only one of the two vacant posts have we been able to fill with a suitable experienced and qualified candidate however they were unable to start until 1 August 2022. In addition, we expected to receive a CIPFA trainee from June 2022 to help deliver the Plan however this rotation from Financial Management was delayed from June 2022 until the end of August 2022. We are continuing to recruit to the vacant Principal Auditor post and have adverts out currently with the aim to recruit a suitably qualified and experienced candidate. There is still a tight recruitment market for Internal Audit staff with very few suitably experienced and qualified candidates willing to apply for roles.

In addition, Finance had confirmed in February that a CIPFA qualified staff will transfer to Audit and Risk Team as a temporary two-year fixed term Principal Auditor with effect from October 2022 (note that this will be dependent on a CIPFA

Graduate Trainee qualifying following the September 2022 examinations). We are waiting for confirmation on the timing of the transfer.

To provide additional capacity a third Principal Auditor on a fixed term contract had agreed to move from part-time to full-time from 1 April 2022 and agreed to an extension to his contract until 30 September 2022.

Overall, we had planned for five auditors from June 2022 (three Principal Auditors, an ICT-Trainee and a CIPFA trainee) but operated with three auditors (two Principal Auditors and an ICT-Auditor). This equates to approximately 79% of the planned capacity for the first four months of the year. Delivery of the plan has been broadly in line with this resource position.

In summary there has been a shortfall in the capacity of the Internal Audit Team to complete the Audit Plan of two Principal Auditors for the months of June and July and there continues to be an ongoing shortfall in capacity of one Principal Auditor (12-days to 12 August 2022). In addition, we expected to receive a CIPFA trainee from June 2022 to help deliver the Plan however this rotation from Financial Management was delayed until the end of August. We remain reliant on the internal transfer from Finance to provide the CIPFA qualified staff for the two-year secondment to start on time and the external recruitment exercise to find a suitable Principal Auditor. We will bring an update to the Committee meeting on this exercise.

The two secondment roles from the Finance team, will provide greater co-operation across Finance Service, help to cement greater awareness of risk, control and governance issues across functions, help with succession/ diversity issues as well as providing greater capacity for the Internal Audit function. There are of course personal development opportunities for the staff involved. We welcome the opportunity this presents in training staff, building competence on key skills which will eventually return to the wider Council whilst dealing with the capacity issues we have highlighted above. The Internal Audit Plan for 2022/23 reflects the work we can expect the two new team members to undertake.

At present there remains some contingency in the plan of 90 days approx. which is essentially removed with the inability to appoint the two staff members. If the recruitment exercise is concluded in September satisfactory and we have visibility on the timing of the transfer of the CIPFA qualified staff we will be in a position to assess the plan for the rest of the financial year. It is likely at this stage that we will need to bring a revised internal audit plan back to the Committee in December to approve.

Since the 1 April 2022 we have had three staff members absences totalling 24 days due to Covid-19.

An emerging concern which is contributing to the delay in completing the audits on time is the completion of the audit agreed action plan after the draft action plan has been issued. We are experiencing delays in the completion of the agreed

action by management and in some cases the quality of the agreed action is insufficient to address the recommendation and the risk that has been identified. This also makes it difficult to follow up as where the proposed action is unspecific or measurable we struggle to obtain evidence and in reality and more importantly the risk identified in is also not being addressed. As a result, the Audit Team are involved in more conversations and meetings to resolve the issues than should be the case. We intend to bring forward for December Committee an agreed, with Management, response time for draft reports and clear expectations on what the proposed action should look like. We will going forward from December provide granular detail on outstanding draft reports, their date of issue, current position etc.

3.5 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. The Internal Audit Service is due to be externally assessed during 2022/23.

3.7 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.
- Carried out our first site visits to auditees since the start of the pandemic.
- Planned for our agile/hybrid return to Magdalen house.
- Redesigned the audit report to include an improved executive summary and to shorten the main body of the report to improve readability for recipients.
- Completed the recruitment and induction of a permanent Principal Auditor who started in August 2022. This appointment is helping with the delivery of the Audit Plan.
- Started to utilise the new database of outstanding audit recommendations and have begun the process of verifying implementation of previously agreed recommendations.
- We have provided proposals on the introduction of the three lines of defence to management

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

- 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.
- Roll out a proposal to management to develop the three lines of defence model recommended by the Institute of Internal Auditors

- Continue with preparations for upcoming Public Sector Internal Audit External Assessment due in coming year.
- Introduce new CIPFA trainee to the team in August and a second in November.
- Re-advertise for the vacant Principal Auditors position.

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 Corporate Health and Safety Team consists of two permanent and one fixed term health and safety professionals. The fixed term Health and Safety Officer (Schools and Commercial) was appointed for a two-year appointment from 1 April 2022 until 31 March 2024 with the post being filled by an existing member of staff on a fixed term contract that finished on 31 March 2022.

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. The Corporate Health and Safety team supports nearly 8000 staff (including maintained school staff, and schools with a Service Level agreement in place), plus agency staff, contractors, and volunteers.

The Team continues 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 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 TEAMS, which has proved to be 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. As the team have supported Heads of

Service, Service Managers and Head Teachers through the recovery from the pandemic, support requirements are broadening into other areas of workplace health, safety and wellbeing. 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. Council building and operational risk assessments are being updated, providing assurance to Council managers and staff.

The health and safety audit process has been redesigned, with a new programme of monitoring in place, including audits, inspections, safety tours and surveys. The Corporate Health and Safety team are attending sites.

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

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

- Risk Assessment,
- Well-being,
- Statutory Maintenance,
- driving for work, and the
- Security and Safety of People,
- Buildings and Assets.

Work continues on

- Construction Design and Management (CDM),
- Fire Risk Assessments,
- Personal and corporate security,
- Dangerous Substances and Explosive Atmosphere Regulations,
- First aid provision and
- Local emergency response.

Downloadable aids are being added to the intranet and other tools for reaching staff who may not be digitally connected are being developed with the Communications Team.

The Team continue to monitor the impacts of workstation arrangements (Display Screen Equipment Regulations 1992) with the increase of hybrid working, 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.

Utilisation of the on-line incident reporting system is increasing, and there is evidence of improved investigation which is very positive. 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 Corporate 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 Corporate 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, providing advice and conducting audits.

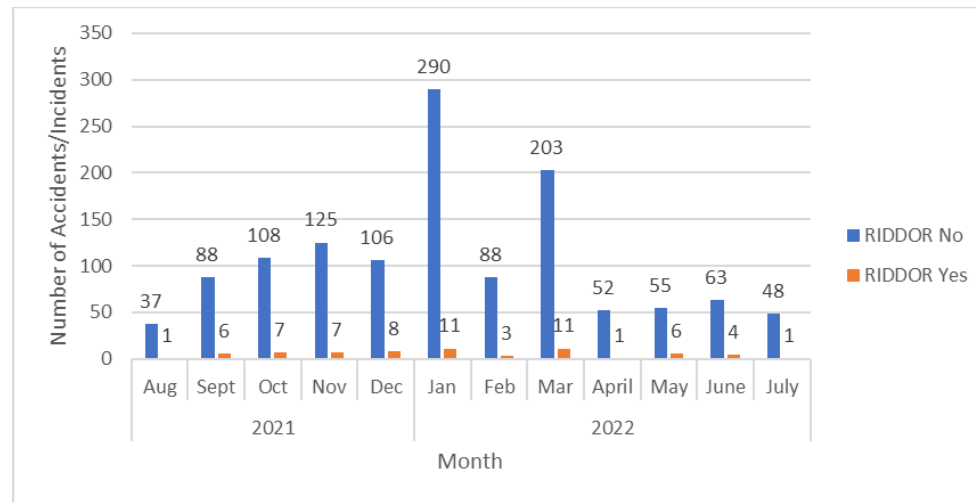
EVOLVE provide online services for schools, including a tool for planning and managing educational visits, after school clubs and sports fixtures. The Health and Safety Team continue to provide support and guidance to schools and their Educational Visit Co-ordinators (EVC). The EVOLVE system allows schools to upload risk assessments and other critical event information and take school staff through an authorisation process, which involves a school's 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. The next EVC course is planned for October 2022. The format of the live online training has proved very successful.

The North-West networking groups, Liverpool City Region H&S Advisers Group and Outdoor Education Adviser's Panel continues to meet virtually, although they are increasing face to face meetings, which will affect the need for staff to travel outside the borough.

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, agency workers, contractors, volunteers, and members of the public.

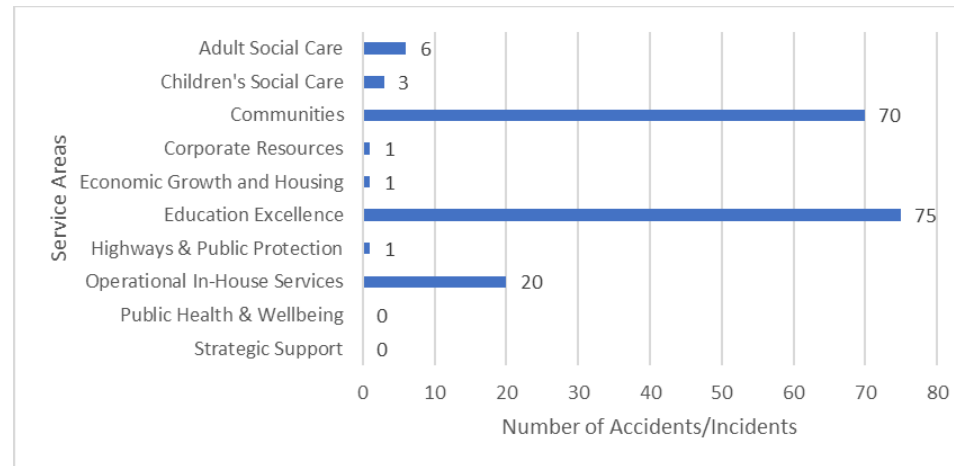
Graph 1 below compares accident and incident data over the past year. Most of the incidents reported were COVID-19 related until April 2022, when free testing and the requirement to report workplace transmission ceased.



Graph 1: Accident and incident data between 1 August 2021 to 31 July 2022

The variation in reporting throughout the year is consistent with the re-opening of schools and service areas. The increase of reports raised in January and then March 2022 highlights the vulnerabilities of staff from exposure to COVID-19 and confirmed the need for the cautious approach as we approached the Spring and increased physical interactions.

Graph 2 below provides details on the accident and incident data compares accident and incident data over the past year. Most of the incidents reported were COVID-19 related until April 2022, when free testing and the requirement to report workplace transmission ceased.



Graph 2: Accident and incident data across Council Service Areas between 1 May 2022 to 31 July 2022

Education Excellence, Communities and Operational In-House Services report the most incidents, and this is consistent with previous years data. One influence is the continued essential service delivery during the various pandemic restrictions.

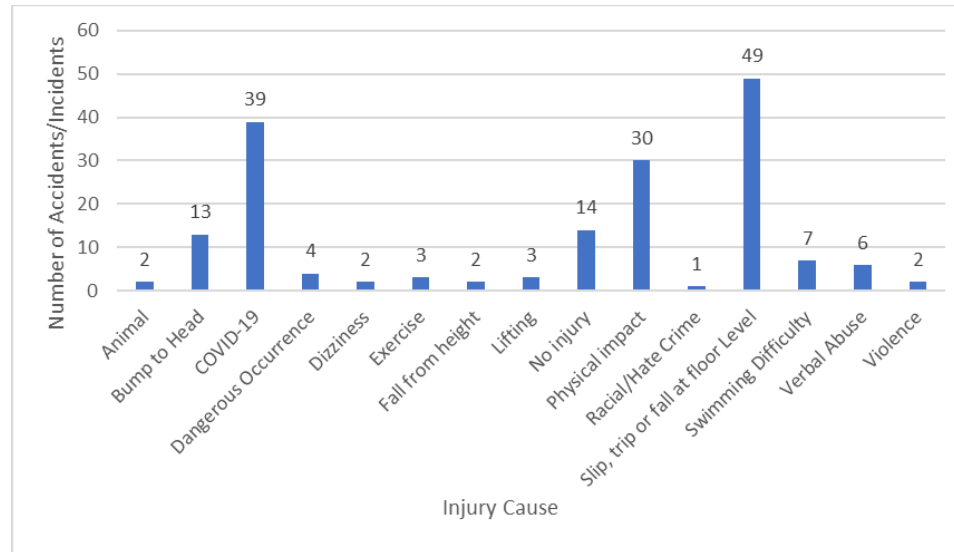
Evidence suggests that low figures were due to the significant numbers of staff working from home and the potential of a low reporting culture.

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 or fire,
 - presence of legionella in water systems and
 - incidents from storm damage.

A positive reporting culture provides greater accuracy in accidents, incidents and near misses' data and enables the Council to assess its risk profile, identify trends and opportunities to prevent reoccurrence.

Graph 3 shows the reported causes of accidents and incidents reported across Sefton Council from 1 May 2022 to 31 July 2022.



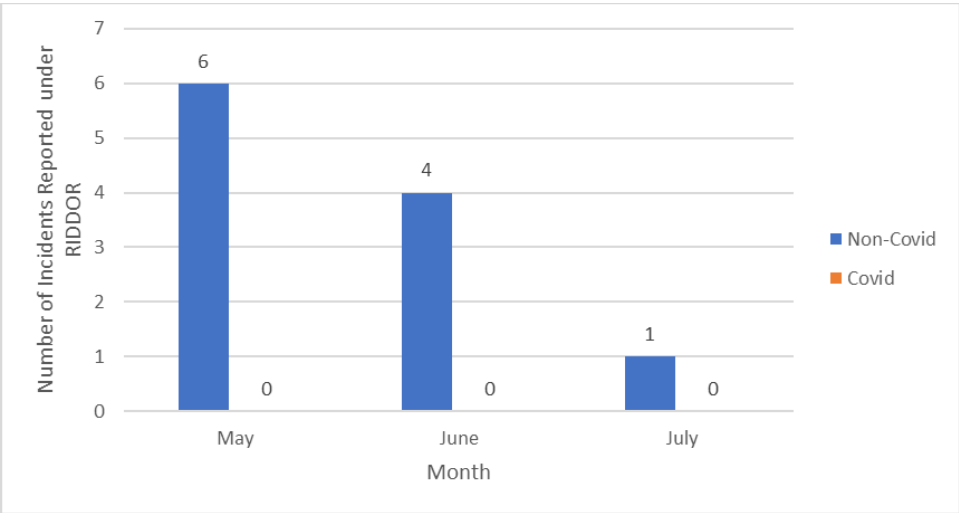
Graph 3: Accident and incident data by Cause between 1 May 2022 to 31 July 2022

Injuries from slips, trips and contact sports and games have become the most common cause of cause or accident, incident, or ill health since early 2020, where the most common cause was COVID-19.

Through discussions with staff and at Health and Safety Committees, incidents of threatening and abusive behaviour and poor mental health, including stress have remained, although not always reported through the incident reporting system.

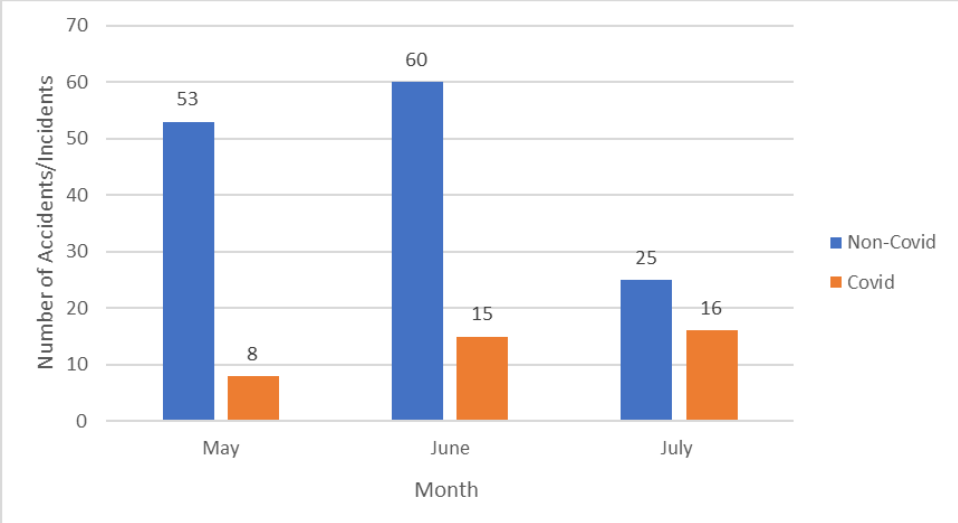
The team are working with managers to ensure value and benefits of reporting and proportionate investigation are understood. Further work is being undertaken to assess and implement change across the Council to improve personal safety and cases of poor mental health and wellbeing.

Graph 4 shows the number of notifications made to enforcement authorities and insurers under the Reporting of Injuries Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR), between 1 May 2022 to 31 July 2022, also known as RIDDOR reports.



Graph 4: RIDDOR Reports raised between 1 May 2022 to 31 July 2022

There were no cases of reportable COVID-19 cases due to the changes in the Governments reporting requirements. Reportable cases were fractures sustained from slips, trips, and falls (on ground level) and work at height.



Graph 5: Nos of incidents COVID-19 / non-COVID 19 between 1 May 2022 to 31 July 2022

Graph 5 provides data on number of COVID-19 (Internal, i.e., non-RIDDOR) reports raised alongside non-COVID-19 reports. Moving forward, it will continue to be difficult to present raw COVID case data and workplace transmission due to

changes in testing and national reporting requirements. These internal reports have been raised by managers to assist with the risk assessment review process.

There is no longer a requirement to report COVID-19 workplace transmission (i.e., externally) to the Health and Safety Executive under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR) RIDDOR except where an employee has been infected with coronavirus through:

- Deliberately working with the virus, such as in a laboratory, or
- Being 'incidentally exposed, to the virus.

Incidental exposure can occur when working in environments where people are known to have COVID-19, for example in a health or social care setting. Risk assessments are still required for these activities.

Front-line services may continue to be at risk of staff experiencing upper respiratory tract and other infections, due to their exposure to the public and potentially vulnerable people. For this reason, service areas are continuing to be asked to consider risks to staff within their risk assessments and emergency and business continuity plans.

4.3 Developments

There will be a continued focus during the next quarter of delivering the Health and Safety Improvement Plan with planned and reactive priorities.

The team will be working with the health and safety sub-committees to develop their own service area improvement plans, considering lessons learnt and areas of good practice.

The Corporate Health and Safety Team will:

- Continue to support Managers and Head Teachers with the review and updating of risk assessments.
- Continue to review, update and monitor the Health and Safety Standards and Policies, with focus on Fire Risk Assessments, personal and corporate security, 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 monitoring regime across the Council, to schools where the Council retains responsibility for the health and safety as the employer and those schools with a Service Level Agreement with the Councils Corporate Health and Safety Team. This will provide assurance that health and safety management systems are suitable and effective.
- Monitor outdoor education activities, offering advice and reviewing risk assessments for off-site visits and adventurous activities involving young people in schools. This is managed by the EVOLVE system which schools can purchase as part of the Service Level Agreement offering.
- The Team continues to support schools in the safe storage and where necessary, destruction of their radioactive sources.

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 and Sefton Hospitality Operations Limited). 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 2022. Renewal of insurances this year represents the last year of the current Long-Term Agreement and the subsequent rates, premiums and advice from Brokers will determine if a Tender will be required in 2023 or the Agreement is extended. The current insurance market remains challenging with Insurers focused on technical prices to ensure profitability over market share with limited appetite for risk. This is apparent in terms already received in relation to the Material Damage policy where the underlying Policy costs have increased by 6%, and, given the current financial and availability of building materials issues following the Covid-19 pandemic and general supply chain issues, the sums insured have been increased by 11.2% this year. These increases flow directly into higher insurance premium costs. 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 Council continues to defend cases robustly to protect the public purse and, where necessary, will enlist the assistance of Weightmans, the Council's Solicitors. Whilst Weightmans have been actively working on the Council's behalf during the last quarter there have been no claims proceeding to trial. They have however been instructed on a number of complex and sensitive cases, of which any significant outcomes will be reported on in future updates.
- 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. Although not specifically claim related, the Team has recently liaised with the Transport & Vehicle Maintenance Section at Hawthorne Road Depot to streamline the motor vehicle claim reporting process and at the same time ensure that all detail is being captured as it should to meet the requirements of Ministry of Justice Protocols.
- Working with colleagues in Tourism, the Team secured cancellation insurance for two major events in Southport – the successful Southport Airshow which was held 9 – 10 July 2022 and the British Musical Fireworks Championships due to take place 23 – 25 September 2022.

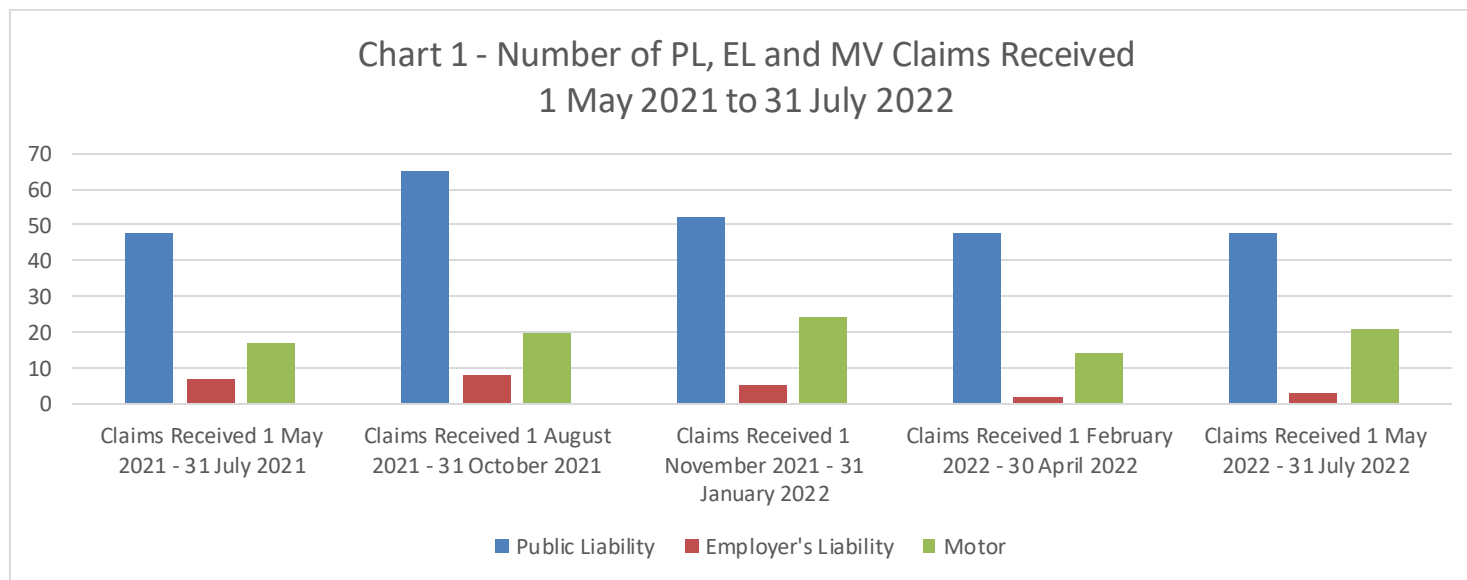
- As stated in the last update, from the allocation of free risk management days available from the Council's Insurance Programme, an external review of the Council's Tree Management Strategy and Policy implementation has been undertaken to provide assurance that the current and proposed approach on Tree Management is suitable and effective in meeting our legal obligations. Following receipt of the Consultant's Report, the Tree & Woodland Team are leading on working with other service areas to ensure that all trees within Council responsibility are maintained and inspected as required whilst also seeking to improve their own practices to ensure a reasonable, practicable and proportionate approach to risk management.
- In addition, a further external review was also undertaken of the current Highways Winter Service Plan to conduct a critical examination of the adequacy of the risk management strategy and/or processes currently in place for reducing liability for any claims. Whilst slight amendments were identified, it was pleasing to note that the Consultant who undertook the exercise advised that the Policy was one of the best ones he had come across in terms of being comprehensive and well organised to follow the spirit of the Highways Code of Practice and guidance from bodies such as the National Winter Service Research Group.
- The Team have been working with colleagues from Tourism providing guidance and support with the management of the Southport Pier, in particular relating to the decking and the outstanding Risk Improvement Action.

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 2021 to 31 July 2022.
- Value of the reserves for PL, EL and MV claims received by Sefton Council for the period 1 May 2021 to 31 July 2022.
- The average reserve value for PL, EL and MV claims received by Sefton Council for the period 1 May 2021 to 31 July 2022.

Chart 1 below outlines the number of claims for PL, EL and MV received for the period 1 May 2021 to 31 July 2022.



PL claim numbers remain unchanged from the previous quarter and therefore once again represent the lowest number received for the overall reporting period. The service areas with the most claims are:

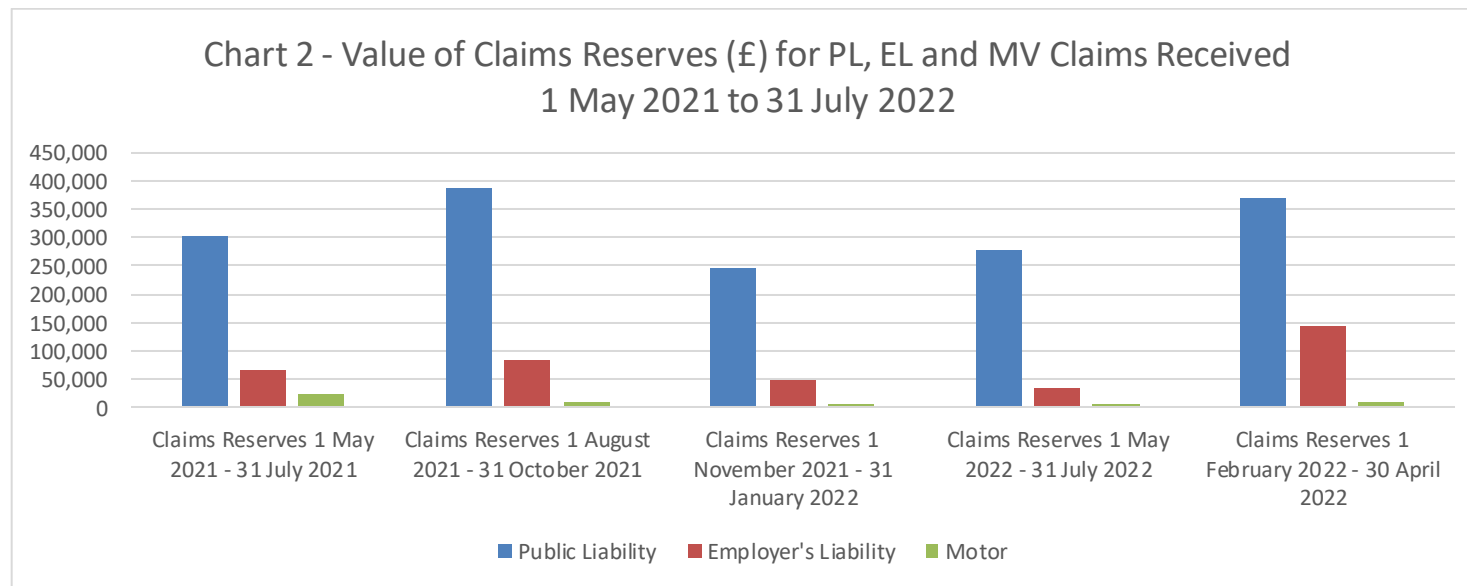
- Highways at 64% of all PL claims of which 77% represent personal injury and 23% property damage.
- Green Sefton (Tree & Woodland) with 10% of which 100% relate to property damage
- Tourism with 8% of which 75% of the claims relate to trips on Southport Pier decking.

Although the numbers of EL claim numbers remain low, there has been a 50% increase since the last quarter. However, the number received is the second lowest of the overall reporting period representing a decrease of 62% from the peak in quarter 2.

The number of MV claims received has also increased by 50% and represents the highest number of the overall period, which ends on an increase of 24% from the start of the overall period. The Waste and Street Cleansing service area represents the majority of claims received at 71% with the remaining 29% being spread evenly amongst a number of other service areas. Continuing from the last quarter, no claims were received for personal injury to third parties, and 71% of all claims received relate to own damage to Council Fleet vehicles.

The current profile in all three areas presents no cause for concern however claim numbers will be monitored for any changes in trend.

Chart 2 below outlines the value of the reserves for PL, EL and MV claims received for the period 1 May 2021 to 31 July 2022.



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.

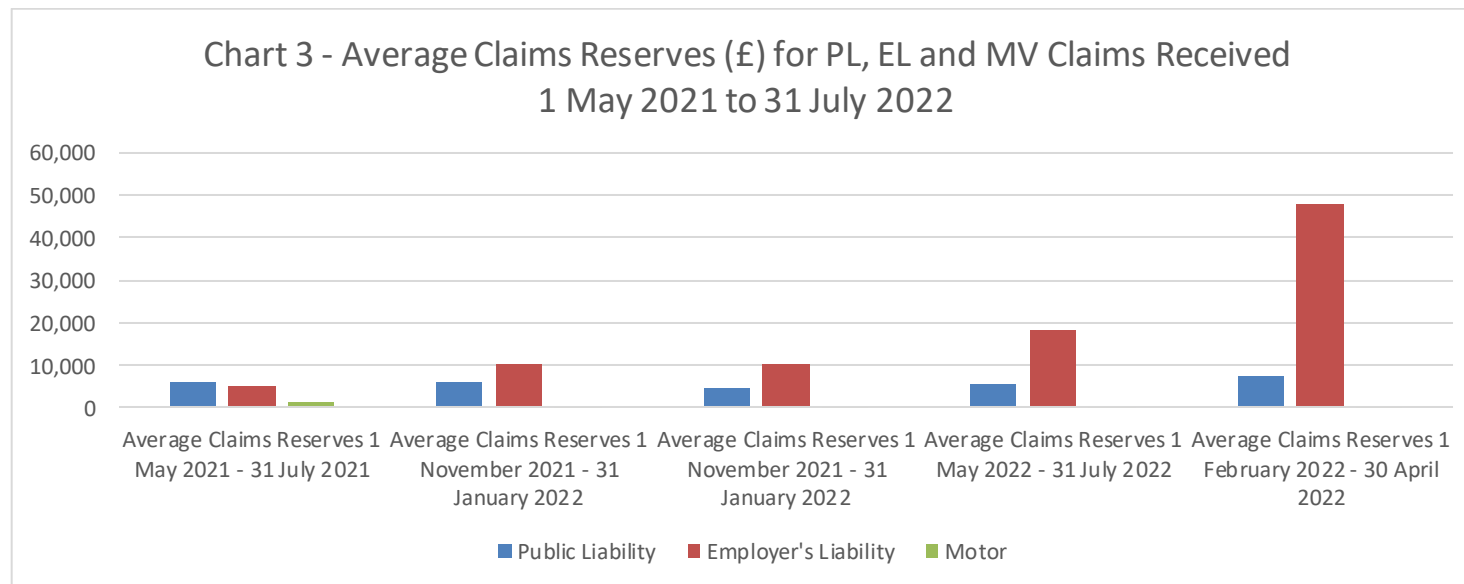
Despite PL claim numbers remaining constant, an increase of 33% can be seen in reserves between the fourth and fifth quarters. Reserves for this quarter are the second highest and reflect the type of injury and/or damage sustained by third

parties. Claims having individual reserves of £10k or more in this quarter represent 27% of all those received, and all relate to personal injury.

Although EL claim numbers have increased by 50% since the last quarter, reserves have increased by a significant 292%, being the highest of the overall reporting period. This is due to the nature of injuries claimed by employees. However, the claims are in their infancy and investigations have yet to commence and/or complete and Insurers have therefore been cautious when attaching the reserves. Once further detail is known, the reserves will be adjusted accordingly.

MV reserves have increased by 125% despite only a 50% increase in the number of claims received. Given there have been no personal injury claims, this increase is solely for the cost of repairs to vehicles. This is partly down to the severity of damage caused, however, as with many other commodities, the cost of parts has increased following the Covid pandemic which will also reflect on the reserves. Since the first quarter however, there has been a 55% decrease in claim reserves.

Chart 3 below outlines the average value of the reserves for PL, EL and MV claims received for the period 1 May 2021 to 31 July 2022.



Reflecting the increase in PL claims reserves, and despite no increase in claim numbers, the average reserve is the highest of the overall reporting period and has increased by 28% from the last quarter. This is reflected in the type and complexity of injury and/or damage sustained by third parties.

EL claim numbers and reserves both increased over the period, and the average reserve at the end of the period is a significant 162% higher than the previous quarter due to the nature and simplicity of injuries reported to Insurers.

Although the average MV claims reserve has increased by 43% since the last quarter, it is the third lowest of the overall period and 65% lower than the first quarter.

Trends in claims performance will continue to be monitored.

5.3 Developments

- As the Council continues to change and commercialism develops, discussions will continue with the Insurance Broker to ensure that all new risks/liabilities to the Council are identified, and, if required, relevant insurance cover is sourced and procured to provide appropriate protection. The Team has recently liaised with Insurers to ensure that the Council owned Sefton Hospitality Operations Limited has appropriate cover ahead of its opening of The Lake House at Crosby Lakeside Adventure Centre and also for its seasonal concession at Ainsdale Beach. Initial talks are now taking place with Insurers for the proposed Marine Lake Events Centre and, under the new ten year lease agreement, insurance cover has been secured for Magdalen House.
- As previously advised, the Team wish to continue to ensure that the Council has assurance that it has the appropriate level of material damage cover in place for each Council building by undertaking re-valuations of properties not completed in the two earlier exercises. Agreement has now been reached with insurers on both the methodology to be used and the acceptable sample rate of properties to be visited before extrapolating across the specific property categories. Liaising with Procurement colleagues will see the Team undertake a Tender exercise in the near future.
- In consultation with Health and Safety colleagues, the Team will 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.
- Although it is not yet known if it will be free of charge, akin to the allocation of Risk Management Days in the current contract, the Team are awaiting further contact from the Public Liability insurers before considering taking advantage of a

Mini Health Check which will provide an insight of performance across areas of Highways, Children's Service and Employer's Liability and benchmark where the Council is currently positioned in managing these key risks.

- To build on the already strong relationships forged, and to ensure the smooth running of all relevant contracts to provide value for money, regular meetings will continue with external suppliers to the Team – Brokers, Insurers, Claims Handlers, and Solicitors. Attendance at webinars will also be accepted where content is relevant and of interest to the Team and the organisation as whole.

6. Risk and Resilience: Performance Update

6.1 Work Completed

The Risk and Resilience Team (Team) have considered developments across the key areas of Business Continuity, Emergency Planning and Risk Management and an improvement plan has been produced.

The Merseyside Resilience Forum (MRF) has resumed pre-pandemic working groups to deliver on the business plan for the coming year and the team continue to be engaged in various task and finish working groups to plan and deliver multi-agency programmes of work. The Merseyside Maritime and Shoreline Pollution Plan has been produced and circulated for consultation to appropriate agencies. This has been shared with Green Sefton for comment and review. The Telecommunications working group are discussing use of progressing the Resilience Direct mapping facility to provide real time capability in the event of a major incident.

The Team continue to share invitations to MRF training opportunities to relevant council colleagues and emergency duty co-ordinators to enhance their knowledge and experience. Current training initiatives include Multi Agency Gold Incident Command (MAGIC) training, tactical management training and Cyber Security training. Three Senior Officers will attend the MAGIC training session to be held in October 2022.

The Risk and Resilience team supported the following three borough-based incidents this quarter.

- The first, a gas leak, occurred in Bootle and involved the evacuation of a nursery, family wellbeing centre and a school. Local residents were also evacuated from their homes for eight hours during the day. The on-call Emergency Duty Coordinator (EDC) chaired internal emergency management team meetings. These were held hourly throughout the day to ensure the needs of vulnerable people were met and to maintain communication and situational awareness with emergency and utility services on site. Council staff were deployed as necessary to support the affected residents.
- A national emergency was declared for the heatwave which affected the country during July. The team shared advance Met Office and Heat Health warnings to alert staff and partner agencies to prepare and take appropriate

actions to protect those vulnerable to heat related conditions. Internally, council officers met to share information about the risks to their service delivery and appropriate mitigations being put in place. Contact was made with homelessness service providers, early years teams and educational settings, commissioners of adult and children's social care and care agencies, registered social landlords, the voluntary sector and event organisers to raise awareness and understand actions being taken by partners.

- There was a water main burst beneath Church Road, Litherland (A5036) during the early hours of 23rd July. There were more than 40,000 Sefton residents off supply for a period of up to 48 hours over that weekend. The EDC was made aware and mobilised council support for United Utilities (UU) response. The council declared a major incident when it became clear that the situation could be quickly resolved, and community impacts were assessed as being significant. The team convened a multi-agency Tactical Coordinating Group in consultation with Merseyside Police and these meetings each day until supplies were fully restored and the road fully reopened.

For each incident, an internal post incident debrief will be held and the findings from these will contribute towards multi-agency debriefs.

A review of each Service area's Business Continuity plans continue to be facilitated by the Team in consultation with the plan owners. Contact details from revised documents will be used to inform a no-notice activation exercise during the next two months. The Team are currently completing a review of corporate business continuity documentation which will be refreshed and updated.

- Business Continuity Strategy
- Business Continuity Policy and
- Business Continuity Manual

The Team continues to meet with Internal Audit colleagues to consider improvements and developments to the Risk Management system within the Council.

The focus on risk management this quarter has been on improving the Operational Risk Register content within certain service areas. These documents are reviewed by Assistant Directors and should be used to inform content in Service Risk Registers, where risk scoring is sufficient for escalation. This review and improvement is ongoing and each service area will have an in depth study on a rotational basis.

The Corporate Risk Register has been reviewed and is due to be presented to the September Audit and Governance Committee for noting. 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.

Action to draft the Council's risk appetite is currently underway with an external facilitator meeting Officers and Members to assist in drafting a Risk Appetite statement. A draft risk framework has been defined and is currently with management to consider. The plan is for the draft risk appetite statement should be provided to Cabinet for approval and the Corporate Risk Management Handbook to be amended to reflect the changes. Initially the review of the Corporate Risk Handbook had been put back from March 2022 to June 2022 however due to the delay in completing the risk appetite an initial review of the Corporate Risk Management Handbook has been completed for September 2022 Audit and Governance Committee. A second review will be completed following the finalisation of the risk appetite work.

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.
- Working with Public Health to provide assurance of arrangements in place via the Health Protection Forum on health risks associated with severe or extreme weather.
- Contact has been made with a number of BC Consultants to support plans for delivery of a BC exercise to members of SLB.
- Ongoing review of the business continuity plans and consideration of content for continual improvement.
- Further development of Operational Risk Registers from all teams, including an exercise to ensure escalation of Operational risks to Service Risk Registers where appropriate.

7. Assurance and Counter Fraud: Performance Update

7.1 Work Completed

As part of the Council's membership of NAFN (the National Anti-Fraud Network), NAFN has advised all members to inform the relevant teams across the Council to be vigilant when receiving any requests for change of bank account details whether those requests are internal or external to the organisation. Employee victims were found to have had a strong online presence, which suggests the fraudsters became aware of their employer, using online methods/social media. Whilst our payroll teams in Sefton are vigilant and kept updated on these scams, an alert to all staff members with the suggestion they remove any employment details from their online/social media profiles was shared on the Sefton intranet.

The Council continues to share NAFN alerts with its own ICT contractor and School and Academies.

Due to a high number the high number of Covid-19 Omicron Grant fraud reports that NAFN are receiving across the country they are collating incidents in one shareable Watchlist which is being circulated regularly to their members.

7.2 Developments

The Assurance Manager who has been responsible for the Council's counter fraud co-ordination and reporting retired from the Council on the 31 March 2022. There are plans to use this opportunity to restructure the Risk and Audit Team to provide a dedicated qualified counter fraud professional as well as address some other anomalies in the structure. As a result, there will be limited progress on Counter Fraud until the resourcing issues are addressed.

The Council's Counter Fraud Strategy (draft) is to be consulted on with the Strategic Leadership Board during 2022/23. 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". A self-assessment will be undertaken by 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.

The three members of the Assurance Team continue to be seconded until end of June 2022 to the Business Grant Team to assist in the administration of the Liverpool City Region Grants. There are plans for two staff members of the Assurance Team to be seconded to Revenues and Benefits for a six-month period to provide additional capacity.

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 2022/23, 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.
- 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. Progress on the 2022/23 audit plan has been promising.
- 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.