

Risk and Audit Service: Performance

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

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

2. Introduction

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

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

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

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

3. Internal Audit: Performance Update

3.1 Work Completed 1 August 2020 to 30 November 2020

During the period 1 August 2020 to 30 November 2020 17 audits were issued. The tables below outline the audits that have been completed, the audit opinion and the recommendations identified:

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
1 August 2020 to 30 November 2020 (2020/2021)				
A59 2020/21 Q2 Grant Certification	Assurance provided to facilitate certification			
STEP 2020/21 Q2 Grant Certification	Assurance provided to facilitate certification			
Bootle Town Centre Grant Certification 20/21 Q2	Assurance provided to facilitate certification			
Key Route Network – Urban Traffic Control 19/20 Q4	Assurance provided to facilitate certification			
Key Route Network – Urban Traffic Control 20/21 Q1	Assurance provided to facilitate certification			
Integrated Transport and Highway Maintenance Capital Grants 2019/20	Assurance provided to facilitate certification			
Sefton Town Centres Grant Certification 2020/21 Q2	Assurance provided to facilitate certification			
Troubled Families – Claim period 19 (July – September 2020) Grant Certification	Assurance provided to facilitate certification			
Troubled Families – Claim period 20 (October – December 2020) Interim Claim Grant Certification	Assurance provided to facilitate certification			
Corporate Governance Review 2019/20	Moderate 5 significant	9	3	0
Locality Services Review 1	n/a			
Locality Services Review 2	n/a			
Covid-19 Business Grants Assurance Reports Co-ordination – Reports 3, 4 and 5	Cross service co-ordination of Government returns			
Ethics and Code of Conduct	Major	10	4	0

Audit Title	Audit Opinion	Recommendations		
		High	Medium	Low
Council Tax	Minor	0	5	0
<i>COVID-19 Business Support Grants (Draft)</i>	Moderate	2	6	0
Payroll Memorandum	n/a	0	0	1

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

Draft Audit Reports previously reported to Audit and Governance Committee.

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

The high priority recommendations outlined in the audit reports issued in the period 1 August 2020 to 30 November 2020 can be summarised as:

Corporate Governance Review

- Update the Members' Code of Conduct when the LGA's revised model is published.
- Implement the findings of the Ethical Working Group by undertaking a self-assessment against 'Obtaining Social Value' in the LGA National framework.
- Draw up and finalise the Adult Social Care partnering agreements as identified in 2018/19 Corporate Governance Review in line with the requirements in Sections 262a-262l of Financial Procedure Rules.
- The Chief Executive is to remind Heads of Service to keep policies and guidance up to date.
- The Council should define its risk appetite i.e. the level of risk that the Council is prepared to accept, retain or take in pursuit of its objectives, before action is deemed necessary to reduce risks.
- To comply with the Local Public Sector Data Handling Guidelines the Information Management Group is to develop and progress a Gap Analysis Action Plan.
- The Annual Memorandum of Understanding for the Agresso System is signed with Halton Council.
- Other than where the Council's Internal Auditors have access to partnerships/outsourced services, annual third-party assurance statements are to be obtained for the Audit and Governance Committee.
- That the YOT Management Board monitor the action plan to address the findings of HM Inspectorate of Probation 2019 inspection of the Youth Offending Team.

Ethics and Code of Conduct

- A wide range of recommendations are made in regard to the Officers' Code of Conduct including clarifying roles and responsibilities of senior officers, updating the intranet, administration of declaration of interest forms, creation of departmental registers of declarations, updating the guidance,
- Updating the Audit and Governance Committee's Terms of Reference in line with CIPFA's best practice model
- Publication of an Annual Statement on Modern Slavery
- Review procedures regarding the Criminal Finances Act 2017 and the Money Laundering Regulations 2017.
- Strengthening procedures surrounding annual review of the Constitution and Council's Policies such as senior officer sign-off.

COVID-19 Business Support Grants

- Management complete the Department for Business, Energy and Industrial Strategy's Fraud Risk Assessment in accordance with the guidance.
- Consideration is given to the practicalities and benefits of utilising Government's Spotlight system as part of the assurance checks on Business Grants issued.

3.2 Key Performance Indicators 2020/21

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

Description and Purpose	Target	Actual	Variance and Explanation
<p>Percentage of the Internal Audit Plan completed 2020/21 This measures the extent to which the Internal Audit Plan agreed by this Committee is being delivered. The delivery of the Plan is vital in ensuring that an appropriate level of assurance is being provided across the Council's systems.</p>	<p>62% See graph below</p>	<p>45% See graph below and narrative</p>	<p>17% • See section 3.4</p>
<p>Percentage of Client Survey responses indicating a "very good" or "good" opinion</p>	<p>100%</p>	<p>100%</p>	<p>No variance</p>

Description and Purpose	Target	Actual	Variance and Explanation
This measures the feedback received on the service provided and seeks to provide assurance that Internal Auditors conduct their duties in a professional manner.			
Percentage of recommendations made in the period which have been agreed to by management This measures the extent to which managers feel that the recommendations made are appropriate and valuable in strengthening the control environment.	100%	100%	No variance

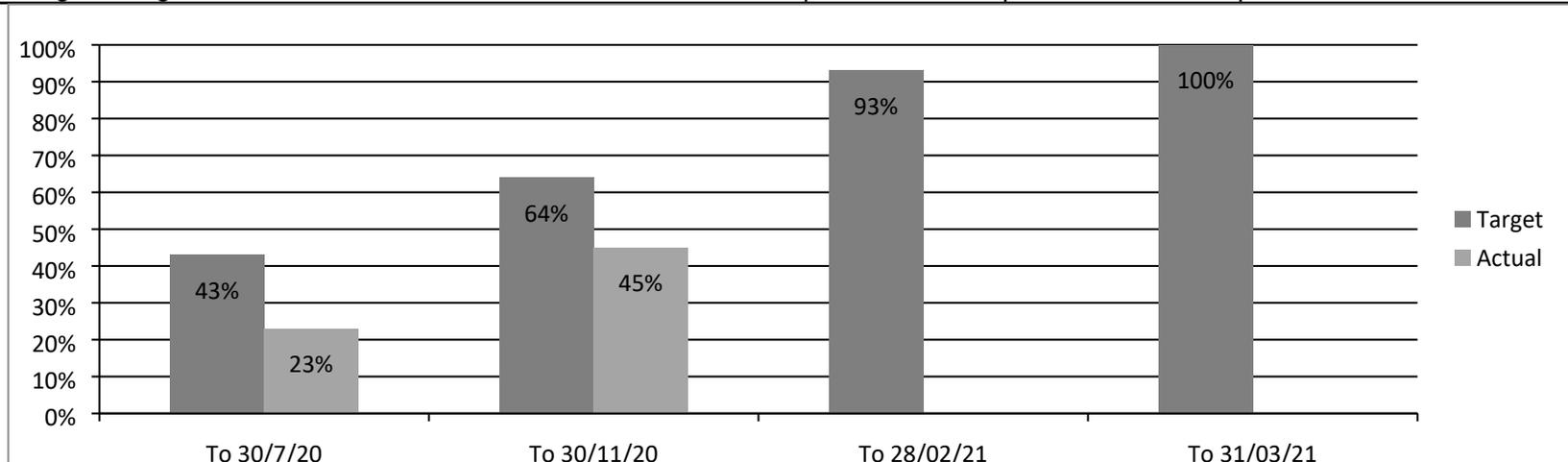


Figure 1: Percentage of the Internal Audit Plan 2020/21 Completed (profiled to coincide with the Audit and Governance Committee reporting dates)

3.4 2020/21 Performance

The significant issue facing the audit team during the period has been the impact from the Covid-19 pandemic on the Council and the challenges that have faced management in delivering core services whilst the majority of staff delivering services have been moved to home working and ensuring that social distancing is maintained. The audit plan that had been due to be presented in March has essentially been superseded by the Covid-19 impact and doesn't represent the current risks that face the Council. The Audit Plan for 2020/21 financial year was approved by this Committee on 16 September 2020.

The delivery of the audit plan has been affected in two further ways with the resources that were planned to be in place for the financial year which were the post of ICT Auditor and CIPFA Finance Trainee on secondment. Although we have been

able to recruit for the Trainee ICT Auditor (April 2020) we have not been able to carry out some of the training and joint working we would like to do both as it would normally involve face to face discussions but also the work areas themselves are not operating in the way planned at the outset of the review. The recruitment exercise for the CIPFA Finance Trainee was suspended during Covid-19.

In addition, the focus of the team throughout the year been on completing the Locality Services Review, with two internal audit staff involved. Two final reports have been issued to the relevant parties and the processes should be completed during the next quarter.

A member of the Audit Team has been absent from the organisation on unplanned leave since October which has further impacted on the team's capacity to complete planned audit work. There is currently a recruitment exercise being completed to address the resource implications.

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

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

3.5 Public Sector Internal Audit Standards

As previously reported to the Committee, following the external assessment in March 2018 which confirmed that the service "generally complies" with the Standards the team, the Audit Team has been continuing to implement the Development Plan to ensure the continued development and improvement of the service going forward, with a particular emphasis on the service being able to meet the expectations of a modern service. Piecemeal progress has been made investigating the potential use of specialist audit software to improve the speed and depth of testing through the development of a business plan and developing an assurance map of the external sources of inspection that the Council is required to participate in.

3.6 Resources

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

3.8 **Developments**

Since the last Audit and Governance Report Internal Audit is:

- Continue to monitor staff wellbeing during prolonged period of home working and maintained frequent and regular contact with all team members.
- Introducing a more comprehensive approach to obtaining alternative forms of assurance to inform the Chief Internal Auditor's annual opinion given the reduced Internal Audit coverage in 2020/21.
- Monitoring arrangements have improved.

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

- The focus of the audit team's resources will be on the assurance of the Covid-19 related grants which the Council has or is in the process of providing to local businesses and individuals. The numbers of grants available has steadily increased over the quarter. The details of the grants are detailed below:

Council Tax Hardship Fund	Small Business Grant Fund and the Retail, Hospitality and Leisure Grant Fund.	The Discretionary Business Grant Fund	Local Restrictions Support Grant (LRSG) (for businesses instructed to close)
Additional Restrictions Grant (Sector)	LRSG (addendum)	Liverpool City Region Hospitality and Leisure Sector Fund Liverpool City Region Hospitality and Leisure Support Grant Round 1	Hospitality, Leisure and Retail Grant (Expanded Scheme). LCR CA <ul style="list-style-type: none"> • Local Restrictions Support Grant (Open) • Additional Restrictions Grant. Round 2
LCR Taxi Driver Grant Scheme	Test and Trace	Covid Winter Grant Scheme	Contain Outbreak Management Fund LCR

- The proposed focus has implications on the delivery of the annual audit plan agreed in September however we outlined our approach of being flexible and dynamic to the Council's evolving risk landscape during this challenging period. The focus on providing assurance on the grants is we believe part of this flexible approach and although elements of the plan originally envisaged will not be completed the replacement work is high risk.
- In addition, there are potential implications for the annual audit opinion from the Chief Internal Auditor as the focus of the audit plan has been affected by the impact of Covid-19, the longstanding Locality Services Review as well as recently unplanned absence in the team. The team are currently developing proposals to provide alternative assurance and should be able to provide details of the proposed approach at the next meeting.
- Recruit a Principal Auditor for a fixed term period to provide cover for staff absences and assist in the delivery of the approved Audit Plan.
- Review and simplify internal audit reports to improve clarity and reduce time spent producing the reports.
- Finalise proposals on the use of specialist audit software.
- Reintroduce team webinar and discussion training.

4. Health and Safety: Performance Update

4.1 Progress

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

The Health and Safety team consists of two health and safety professionals supporting 7379 staff (including 4045 school staff), plus agency staff, contractors and volunteers. The team deliver a range of services across all Council departments including schools. These services can be divided into three main areas: Policy and communication, operational reactive response, and active monitoring.

Health and safety objectives and key performance indicators are continually reviewed. It is acknowledged that outputs are affected by the COVID-19 pandemic. Reshaping of the service delivery has enabled the team 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. During the COVID-19 pandemic it continues to be possible to hold these meetings virtually by using the TEAMS system, which has proved to be very successful. A programme of committees has been confirmed for 2020 – 21.

Information, guidance and support regarding the risk of the transmission of coronavirus 2 (SARS-CoV-2) and impacts on staff has been significant, as buildings and services have reopened or re-designed and as schools moved from partial to full reopening. Managers and staff have been supported by ongoing advice and guidance regarding the ramifications of COVID-19 and how staff should work safely whether in their normal place or work or working from home.

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

The Corporate Learning Centre produced a suite of e-learning health and safety training. Additional training is delivered virtually by the Health and Safety Team.

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

CLEAPSS is an advisory service providing support in science and technology for local authorities and educational settings. A large number 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.

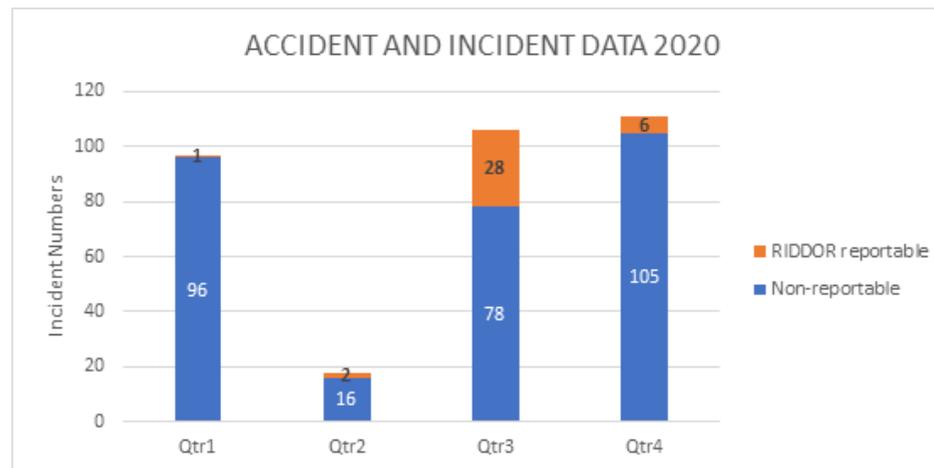
The on-line incident reporting system continues to be well utilised with managers reporting accidents and incidents, as required. COVID-19 is now added to the system as a new workplace condition.

The North-West networking groups, Outdoor Education Adviser's Panel and CLEAPSS Conference have continued to be held using virtual mediums. These have proved invaluable for sharing information and good practice during the pandemic as guidance has been constantly changing.

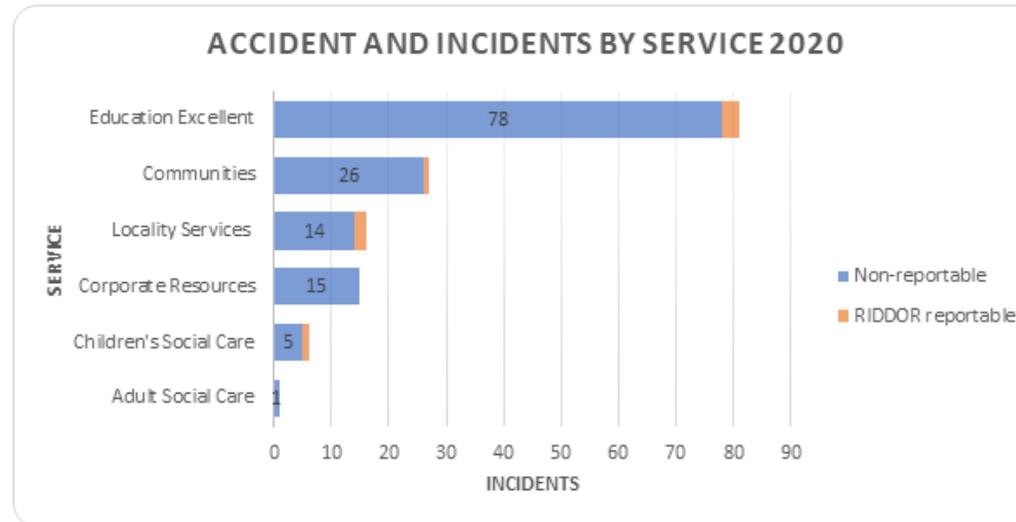
4.2 Key Incident Data

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.

The graph below compares accident and incident data over the past year, highlighting the impact of the pandemic and lockdown from March 2020 to May 2020, subsequent restrictions and exposure to Coronavirus (SARS-CoV-2).



The significant decline in reporting is consistent with the volume of staff remaining away from the workplace during March to May 2020. The increase in reporting within Quarter 3 and Quarter 4 is due to the increased exposure and reporting of confirmed cases of COVID-19. The reporting requirements are that all COVID-19 positive staff cases are reported onto the Council health and safety accident and incident reporting system.



Accidents and incidents reported across the Council Services are in the graph below. The highest level of reporting is within Education Excellent, Locality Services and Communities. This is consistent with previous years and is influenced by a positive reporting culture. Other factors include continued service delivery during the pandemic / 'lockdown' and the number of accidents reported by members of the public (including school pupils and those attending sports and exercise facilities).

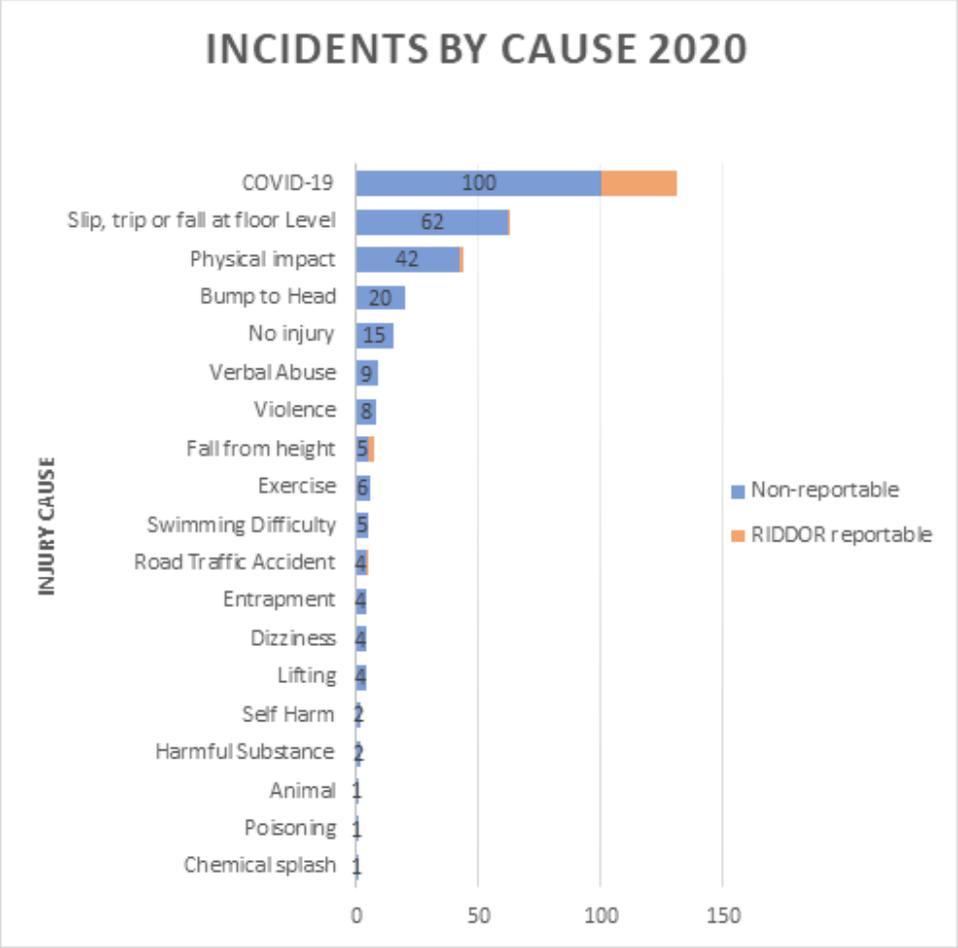
Services areas not listed have not raised any reports during this period. These include Public Health, Commercial Services and Highways and Public Protection.

From discussions with staff and feedback within the Departmental Health and Safety Committees, there is believed to be under reporting of staff accidents and incidents within Education and Localities, with the focus being on the public, and across Adult Social Care, Children's Social Care and Highways and Public Protection.

The Health and Safety Team continue to promote a good reporting culture to manage the risk of injury, ill health and other losses. The reports impact on the assessment of risk, and suitability and sufficiency of controls and monitoring required.

The Health and Safety Team are discussing accident / incident reporting and investigation training opportunities with the Corporate Learning Centre.

The graph below identifies the cause of accidents across Sefton Council during the past year. As previously highlighted, the most common cause has been the transmission of Coronavirus (SARS-CoV-2).



Social distancing and additional safety control measures have been reinforced and investigations indicated some breaches of local health and safety rules. Managers have been reminded and made aware that breaches of local policies, procedures and controls could lead to further action being taken at a local level or by enforcement authorities.

Incidents of threatening and abusive behaviour has remained, despite restrictions. Through discussions with staff, it is believed incidents are continuing to rise as staff return to the workplace. Staff who have remained in work are faced with challenging behaviours. The Health and Safety team are working with managers to report and investigate these incidents. Through staff discussion and during Departmental Health and Safety Committees, some concerns have been raised as would be expected regarding a potential increase in muscular skeletal disorders from working at home and poor psychological well-being. A new DSE / Workstation form and guidance and a Stress Risk Assessment form and guidance have been produced. These will be used to monitor changes to hazards and stressors, preventative and corrective actions and signpost managers and staff to further support and training.

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

RIDDOR rates are higher than expected and the Health and Safety Team are supporting managers to investigation route causes and introduce appropriate controls and monitoring.

There has been one none-COVID related RIDDOR report raised between September and December 2020. In October, a member of the public slipped indoors, resulting in a fracture to their arm. They were escorted to hospital by ambulance, where they received treatment.

4.3 Developments

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

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

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

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

Continuing the delivery of risk assessment training for the managers who have responsibility to undertake risk assessments, in collaboration with the Corporate Learning Centre. Following up with the managers who have not responded to the initial request for their risk assessments and evaluating the quality of the risk assessments.

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

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

The Council has a contract with its liability insurers which includes an allocation of free training or service days to assist with implementing effective risk management across the Council. Health and Safety, including COVID-Secure audit support and school Governor training is planned for late 2020.

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

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

Reorganise the one-day Educational Visits Co-ordinator course which had been planned for the 29th April 2020, when it is clear what the position on training is going forward. The course is aimed at new and existing EVCs in schools and will enable them to plan and manage their school's educational visits and off-site activities in line with National Guidance, this in turn will help them fulfil their health and safety responsibilities.

5. Insurance: Performance Update

5.1 Work Completed

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

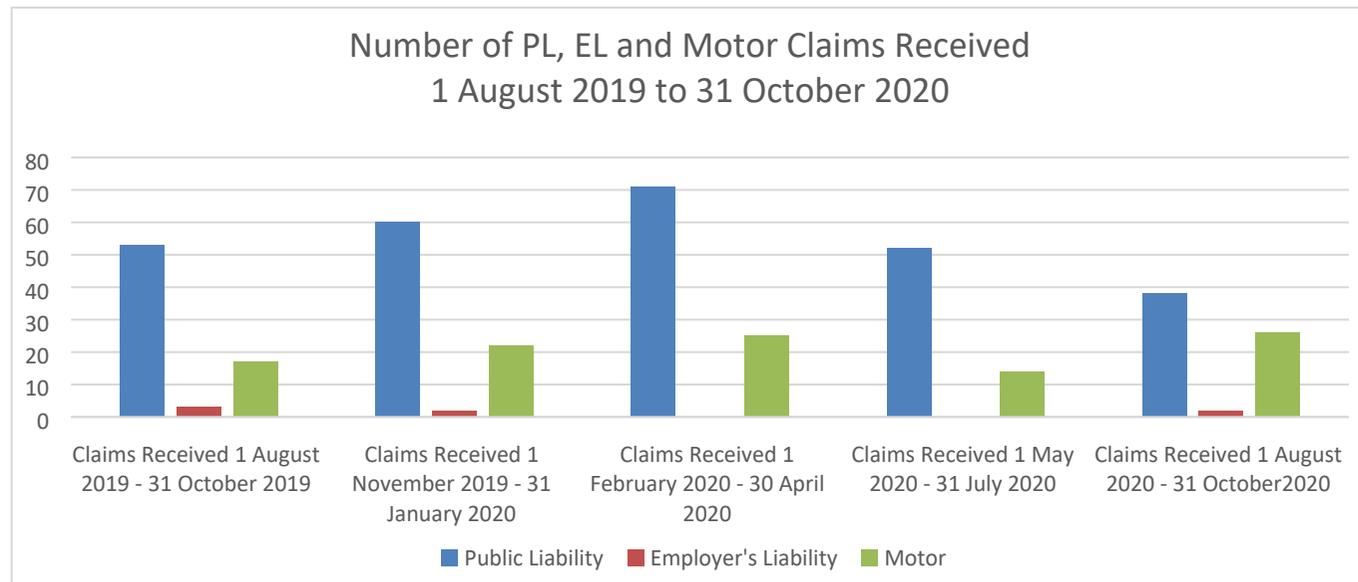
- Renewal of the insurance portfolio for the Council and associated subsidiary companies (Sefton New Directions, Sandway Homes) took place on 29 September 2020 with negotiations proving to be challenging and protracted between the Council's Insurance Broker and panel of insurers. As predicted and reported previously, the Council's liability insurer re-assessed their rating and pricing across their client base and unfortunately, despite the Council's good claims experience, a substantial increase in premium was seen. Due to hardening of the insurance market, the premiums for Directors and Officers policies also significantly increased despite no claims being made. However, some concessions were made in relation to the basis of the liability claims handling payment and a reduction in the proposed Officials Indemnity and Terrorism premiums were secured. As would be expected, and what is now standard across the industry given the current pandemic, exclusions in relation to Covid-19 have been placed on some policies.
- Following on from the last update, a further opportunity has recently been published on The Chest to obtain a re-valuation of a sample of the Council's buildings for insurance purposes. This will ensure that rebuild values are up to date and should ensure that for the sampled properties that in the unfortunate event of a major claim, insurers do not apply the average clause due to any under insurance. It is hoped that the successful bidder, once appointed, will commence the re-valuation process in January 2021 with completion by 30 June 2021. The outcome of this exercise and its implications, if any, will be made available in a future update to the Committee.
- The Council continues to defend cases robustly to protect the public purse and, in one instance, the Team are currently working closely with Weightmans Solicitors in an attempt to prove a case of fundamental dishonesty in a claim involving damage to a third party vehicle and alleging whiplash. Progress will be made available in a future update.
- The Team also continues to work extensively with Service Teams including Highways and Tourism to improve the management of insurable risk 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.

5.2 Key Claims Data

The following graphs 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 2019 to 31 October 2020.
- Value of the reserves for PL, EL and MV claims received by Sefton Council for the period 1 August 2019 to 31 October 2020.
- The average reserve value for PL, EL and MV claims received by Sefton Council for the period 1 August 2019 to 31 October 2020.

The graph below outlines the number of claims for PL, EL and motor received for the period 1 August 2019 to 31 October 2020.



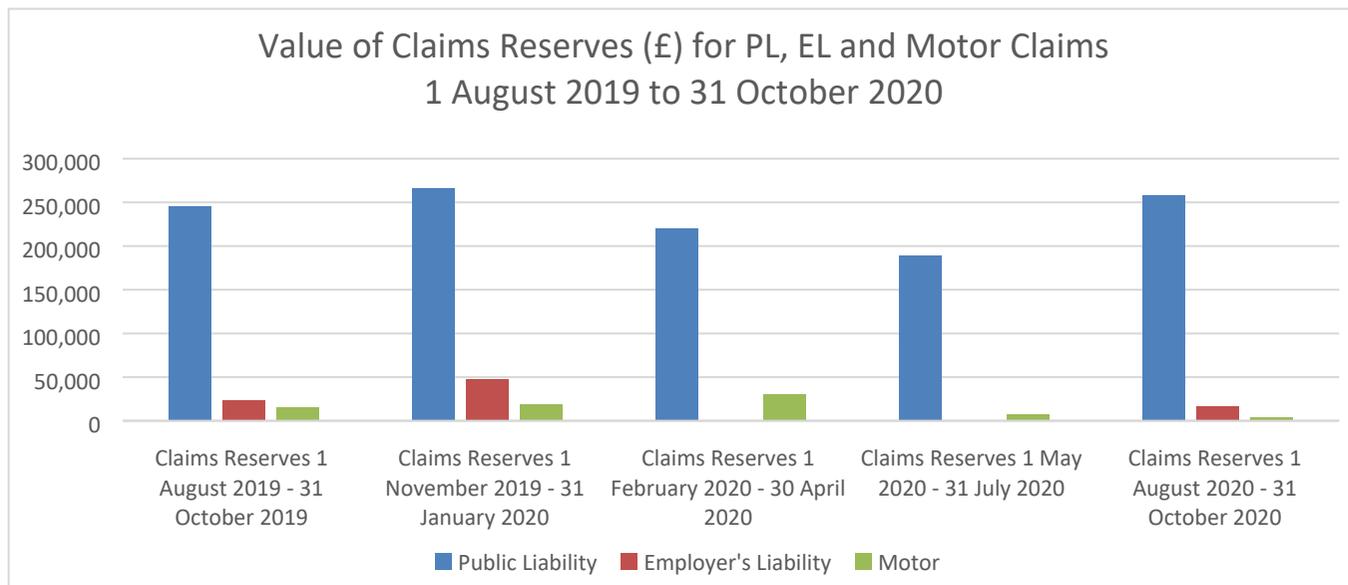
Despite a steady increase in numbers of PL claims at the start of the graph, the last two quarters have seen a significant decrease of 46% from the Q4 2019/20 to the Q2 2020/21. Since the start of 2020/21 there has been an overall decrease in claims received of 28%. As previously advised, Covid-19, the subsequent lockdowns and the number of people self-isolating or working from home may be a factor in this. During the last quarter, and mirroring others, the majority of PL claims received (61%) related to the Highways service area with 78% of these claims representing bodily injury to third parties from slips, trips and falls. Despite an assumed increase in the use of the borough's roads by cyclists, no claims have been made by such users in the last quarter. It is yet to be seen if there has been any effect on numbers of claims received following changes in service area inspection systems in light of Covid-19.

As in previous periods, the number of EL claims received remains very low with only two claims being reported in the last quarter. As a requirement under RIDDOR (Health and Safety Executive), insurers have been advised of a number of staff members contracting Covid-19 where it is believed to be as a result of the workplace. No claims have yet been received although the insurers have purely been "put on notice". However, the Committee will be updated if this changes in any way.

There has been a steady rise in MV claim numbers since the start of the 2020/21 financial year period with claims numbers increasing by 52% during the first six months of the financial year. Half of the last quarter claims relate to "own damage" claims where there is no third-party involvement and the damage has been caused by unknown persons whilst vehicles have been parked up or by officers damaging vehicles whilst reversing.

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

The graph below outlines the value of the reserves for PL, EL and motor claims received for the period 1 August 2019 to 31 October 2020.



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.

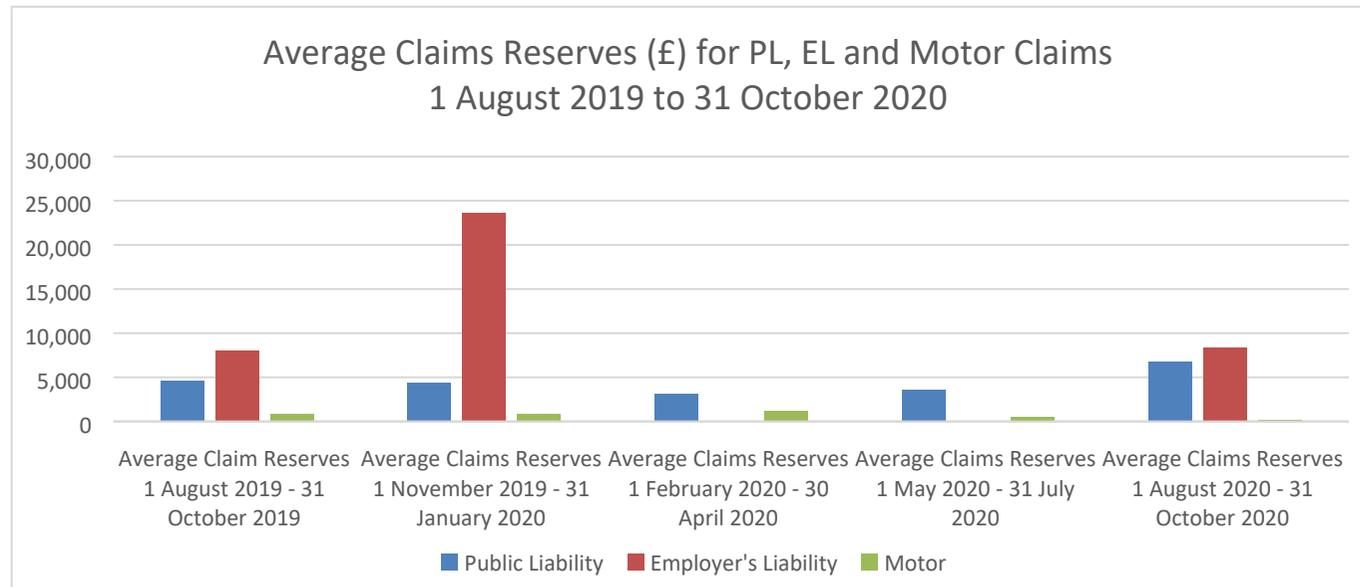
Although PL claims numbers have reduced from the end of the 2019/20 financial year to end of October 2020 the claim reserves have not followed suit and show an increase of 17% for the period. As mentioned previously this follows the trend that whilst number of claims are reducing the complexity of the claims is increasing which is affecting claim costs. Overall however, there has been an increase of just 5% from the 2nd Quarter 2019/20 to 2nd Quarter 2020/21.

EL claims reserves in the last quarter remain low and in line with the first quarter.

Reserves for MV claims reached a peak in the above graph in 4th Quarter 2019/2020, however, despite the number of claims being similar, they have substantially decreased by 75%, at the end of the period. Reserves in the last two quarters are also lower by 50% despite the increase in claim numbers and reflects lower cost damage claims. There are however a number

of “own damage” claims where reserves are still to be confirmed and the Team will liaise with the Transport Section to attempt to rectify this matter.

The graph below outlines the average value of the reserves for PL, EL and motor claims received for the period 1 August 2019 to 31 October 2020.



The graph shows a steady decrease in the subsequent average reserves for the first four quarters of the period however there has been an increase of 88% between the fourth and fifth quarters and a lower increase of 47% from the start to the end of the period. This reflects the nature of injuries sustained by third parties and/or the amount of damage occasioned to their property. It is difficult to determine at this point whether this trend will continue.

As previously advised, numbers and reserves for EL claims remain low which impacts on the average reserves details in the above graph with a small increase of 5% across the whole period in the graph. Due to the low numbers of claims there can be some distortion in the average and overall the position does not currently present a concern.

The graph indicates that average motor claim reserves peaked in the 4th quarter of 2019/2020 with an increase of 34% from the start of the period reported. However, since then they have reduced dramatically in the first two quarter of

2020/21 by 55% and 73% respectively. As mentioned previously, the reserves for the last quarter will be subject to change following discussion with colleagues in the Transport Section to provide reserves on “own damage” claims in a timelier manner.

Trends in claims performance will continue to be monitored.

5.3 Developments

- The Team continue to develop an approach for the Council’s Maintained Schools which is designed to be attractive against the Government’s Risk Protection Arrangement (RPA) scheme and the proposed scheme will be shared for consultation with the Schools Forum in December 2020. The proposed approach will be equitable to schools and reflect the insurance arrangements currently in place under the Council’s Long Term Agreement (LTA) with a panel of insurers. One supplier in the insurance market has started to provide a similar offer for schools as provided by the RPA and was approached by the Team to provide a further alternative quote to assist the schools in making an informed decision. However despite considerable work on both sides the insurer was not able to provide a competitive cost to the current RPA scheme. The Team will continue to access any training material offered by relevant bodies to further understand the implications/benefit of such schemes. The intention is that following consultation with the Schools Forum the chosen model will be in place by the next renewal in September 2021.
- To align with other Council policies, and as a result of the majority of staff now working from home/agile working, the Team will review the internal All Risks Scheme process/policy before re-launching it for both schools and service areas. It is a policy that provides additional cover for theft and accidental damage for items of equipment (such as laptops) with an individual value of £250 or more.
- The Team will continue to work with service areas to improve the management of insurable risk in general and as a possible result of Covid-19 implications (especially where there are high numbers of claims) which in turn should assist in maintaining defensibility of any claims received. Further discussions are currently taking place in order to finalise plans for updated inspection systems with the Car Parks Team and also Tourism in respect of inspections and maintenance of Southport Pier.
- 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 and associated companies are identified, and where appropriate relevant insurance cover is sourced and procured. A recent example of this is the redevelopment of Southport Market.

- The Team will also continue to work with and build on relationships with Marsh, the newly appointed Insurance Brokers, to ensure that the Council receives full value for money and support for its needs over the coming years.

6. Risk and Resilience: Performance Update

6.1 Work Completed

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

- Following the emergence of the Coronavirus outbreak in China and the Prime Minister's announcement of lockdown measures for the UK on 23 March 2020 and subsequently on 5 November 2020, the focus of the Risk and Resilience Team has been solely to develop and support the Council's Strategic and Tactical leadership and co-ordination groups and operational Response Cells during the first and second waves of the COVID-19 pandemic.
- During the months prior to the lockdown, the team worked closely with the Sefton Director of Public Health and Consultant for Health Protection to review pandemic plans with Sefton local health partners, set up an initial pandemic working group to link the council and our health partners into the appropriate national and regional NHS and Public Health England (PHE) preparedness and response forums, participated in numerous teleconferences each week, worked on joint communications plans to disseminate to our local population, partner agencies, educational providers, care providers and community stakeholders, monitor and prepare for response to any emerging cases within the borough.
- In order to assist with early risk assessment of potential impact to the council, the team drafted on behalf of the risk owner the content of a COVID-19 risk, for consideration by Strategic Leadership, to be included on the Corporate Risk Register (CRR). This identified current controls and further mitigations required. This risk continues to be reviewed and updated accordingly.
- The team produced templates for all service areas to complete for business continuity plans to be reviewed with a targeted focus of the COVID-19 risk and guidance was also provided to help steer the considerations needed for the consequence management of a pandemic scenario.
- A further template for a situation report (sitrep), by service area, was created based on the business continuity process so that each Head of Service could capture the impacts of the COVID response to their service delivery of 'business as usual' activity and identify how/ when /where different ways of working needed to be introduced.

- The team led with Public Health to design and implement the model for Sefton's COVID-19 response structure which detailed the Strategic, Tactical and Operational response cells to be set up. This ensured co-ordination internally and with the wider Merseyside Resilience Forum (MRF) multi-agency structures and other external but interdependent forums. The Risk and Resilience officers and Sefton Public Health teams organised the appropriate officers from across the council and its partners to Chair and participate in the various cells and supported them to produce terms of reference and set up the cell membership.
- The MRF also convened Strategic and Tactical Coordinating Groups (SCG/TCG s), which met, initially daily, from which started to emerge additional multi-agency response cells for specific operational workstreams e.g. PPE Cell, Vulnerability Cell, Communications, etc. The Risk and Resilience team attended the SCG/TCG meetings and a Merseyside and Cheshire joint preparedness exercise until representation by senior officers was in place.
- Both officers in the Risk and Resilience team also Chaired/co-chaired two of the operational response cells reporting in to the Sefton SCG and TCG.
- The Business Continuity and Emergency Planning Cell was established to provide effective oversight of Business Continuity activity ensuring that priority activities and outputs continued to be delivered. Business Continuity leads from each service area attended a weekly cell meeting to discuss operational issues and wherever possible apply a 'One Council' approach to resolution. Weekly sitreps were completed and returned to the cell Chair. These identified significant ongoing changes within the departments, which were uploaded to an 'action tracker' and issues which required escalation to the TCG for consideration. Such issues were presented at the weekly meetings and decisions made were then fed back through the cell structure. The cell continues to support the ongoing review, assessment and improvement of Business Continuity Plans for each service. Plans were produced to consider the specific issues raised by the pandemic, but furthermore the generic information captured within these is being used to populate BC plans for wide-ranging issues that could potentially affect the ability of the Council to deliver its priority activities.
- The team have worked with other Merseyside LA planners, Public Health and emergency services to review multi-agency plans and processes for community evacuation and organised a virtual walk-through session for partners to raise awareness and test operational understanding of the suggested protocol.

- In line with central government requirements, a Local Outbreak plan has been developed for Sefton. The Risk and Resilience team provide membership to the Sefton Outbreak Management Board which meets weekly and continue to support testing and exercising of the plan and impacts to settings where outbreak may occur. The team have joined exercises for complex and educational settings and further work is planned to organise some in-house exercises for other vulnerable groups.
- The team have continued to ensure frequent maintenance of accurate risk registers in line with the agreed review cycle. The Risk Team monitor reviews with identified risk owners ensuring that risks are escalated where required.
- The Corporate Risk Register has been reviewed and is due to be presented to the Audit and Governance Committee for approval. Meetings with risk owners continue to be held virtually to ensure ongoing improvement to risk management arrangements across the Council

Developments

- Winter planning is business as usual activity for the team, but this winter is expected to be treated as potentially more challenging due to current pandemic scenario and likelihood of further local outbreaks. The outputs from this working group will be linked to on-going recovery considerations at Sefton ELT / SLB and response cells.
- Major incident plans and processes will continue to be reviewed with a COVID-19 lens and associated risk assessment of operational and preparedness activities documented to ensure safe working for members of the team and colleagues, partners and stakeholders.
- The team are also working to develop a proposal for the development of the Council's Risk Appetite which will help to inform decisions from a number of perspectives.
- The team are facilitating completion of Business Continuity plans for each service area which will, in turn, support an update of Sefton's Corporate Business Continuity plan.

7. Assurance and Counter Fraud: Performance Update

7.1 Work Completed

- In June 2020 a data matching exercise was commenced as part of the Council's involvement with the National Fraud Initiative 2020/21 programme of mortality screening following the Covid-19 health emergency. The data submitted by the Council was matched against the DWP deceased persons data with an aim to identify those individuals that required further investigation to prevent potential overpayments of pensions and Council Tax support. The exercise resulted in seven matches for Pensions and 482 matches for the Council Tax Reduction Scheme. Matches were investigated and results have been followed up.
- In July 2020 a self-assessment of the Council's current activities against the Chartered Institute of Public Finance and Accountancy (CIPFA's) Code of Fraud Practice was undertaken and presented to the Strategic Leadership Board in July 2020.
- In August 2020, an investigation into alleged grant fraud was undertaken, following a landlord notifying the Council. However, the investigation found no impropriety had been committed and the grant had been paid correctly.
- A suspected insurance fraud was referred via the Council's Claims handlers for further investigation. A claimant profiling report was provided which included a review of the claimant's social media accounts under the General Data Protection Regulations provisions (prevention of fraud and crime).
- During September 2020, following the closure of the Business Support Grant Scheme at the end of August 2020, sample checks were undertaken to identify any potentially fraudulent or irregular activity, with the aim of identifying any over payments as well as providing general assurance on the delivery of the project. The outcomes of the post event assurance work will feed into an audit report.

7.2 Developments

- Regular COVID-19 intelligence bulletins are received from CIFAS, a not-for-profit fraud prevention membership organisation, which give an insight into the latest phishing techniques, cyber-enabled threats, internal risks and other fraud threats identified by the CIFAS Intelligence team. Their bulletins are designed to help protect, prevent, mitigate and anticipate the key fraud threats that could target the Council, our citizens, businesses and employees.

We now have permission from CIFAS to put these briefings on our internal Intranet so staff across the Council can benefit from being aware of the scams and risks associated with fraud threats. However, we have restricted them from being copied, edited or printed. <http://intranet.smbc.loc/our-council/data-protection-information-handling/covid-intelligence-bulletins.aspx>

Typical COVID-19 emerging threats, trends and fraud risks include:

- Fraudsters taking over business premises which were/are unoccupied. The fraudster targets these empty properties using a recently created company for purpose of making a grant claim;
- A number of companies are being sold on eBay which could potentially be used in bounce back loan fraud;
- Scammers posing as officials making business Covid-19 inspections;
- Fraudulent documents (passports and degree certificates);
- Grant fraud (especially the use of fake documents);
- Business impersonation fraud;
- Investment fraud (mainly via social media);
- Cloned websites;
- Fraudulent telephone calls (mainly Amazon and government agencies);
- SMS phishing scams (HMRC tax relief for self-employed professionals);
- Phishing emails (more recently TV licencing following the reintroduction of TV licence fees for the over 75s, HMRC);
- Mandate fraud;
- Ransomware;
- As part of the rules around the opening of pubs, clubs and restaurants, businesses have been asked to collect customer contact details to assist with contact tracing. This could put customer's information at risk if it is not held securely.

- From the end of November 2020, Sefton's Council Tax and Electoral Register data will be submitted to the National Fraud Initiative as part of an official annual data matching exercise to check sole occupier discount entitlement where there is information to suggest there may be more than one person in the household.
- The Cabinet Office has confirmed that Business Support Grants and Business Rates datasets are to be mandated in the 2020/21 NFI data matching exercise in order to identify potential fraud. The draft timetable for the submission of the grants data is 29 January 2021.
- The Assurance Team continues to provide support the Economic & Regeneration service in the delivery of the latest round of Business Grants which started to be delivered to local businesses from 12 November 2020.
- A range of assurance checks continues to be undertaken across Customer Centric Services, which includes refunds, Council Tax discounts and exemptions, Business Rates Reliefs and Exemptions, including Small Business Rates Relief. This work complements any audit activity undertaken during the year.
- In October 2020, as part of the Counter Fraud strategy, Heads of Service nominated Fraud Risk Owners for their individual service areas. The Fraud Risk Owners are now responsible for completing fraud risk assessments for current and any new activities. The risk assessment process will document roles and responsibilities for managing the fraud risks within the organisation.
- A Counter Fraud Profession pilot is being undertaken in the North West, which will deliver Apprenticeship Levy Funded Counter Fraud Training. The training is due to commence in January 2021 and Sefton has nominated a member of the Audit team to take part. Sefton's Learning and Development team have been assisting in the process.
- The Council's Counter Fraud Strategy is in development and consultation with the Strategic Leadership Board will be commence after December 2020 with a projected timescale for Cabinet approval of the Strategy in April/May 2021.
- As part of the Strategy estimates of financial fraud loss from Fraud and Corruption will be provided to Audit and Governance on a quarterly basis when implemented.

8. Looking Ahead

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

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

9. Conclusions

- 9.1 Internal Audit has made promising progress in the completion of the Internal Audit Plan 2020/21. Performance in respect of the agreement of recommendations and the feedback from clients has been particularly positive and reflects the value added by the Service.
- 9.2 The Council's accident record continues to be positive. There is a significant workload of activities required to improve the health and safety management system over the next six months with the associated aim of improving training for all staff. Progress has been made on implementing risk assessments across the Council and providing bespoke risk assessment training to all first line managers. Following the Covid-19 pandemic a revised School inspection regime has been designed and is currently being implemented.
- 9.3 The Council's insurance claims performance remains good.
- 9.4 Further work is planned to improve risk management within the Council by ensuring that a risk appetite is developed and ensuring that there is an effective review of risk registers in place. The revised scoring methodology approved by the Committee in December is being rolled out across the Risk Management Framework.
- 9.5 Progress has been made in embedding business continuity with a clear road map for the completion of the outstanding business continuity plans over the remainder of the financial year before looking at testing and exercising further.
- 9.6 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.