

# Audit and Risk Committee

## 19 September 2016

**Time** 2.00 pm **Public Meeting?** YES **Type of meeting** Regulatory

**Venue** Committee Room 3 - Civic Centre, St Peter's Square, Wolverhampton WV1 1SH

### Membership

**Chair** Cllr Craig Collingswood (Lab)

**Vice-chair** Cllr Christine Mills (Con)

#### Labour

Cllr Harbans Bagri  
Cllr Mary Bateman  
Cllr Philip Bateman  
Cllr Jasbir Jaspal  
Cllr Martin Waite

#### Conservative

Cllr Andrew Wynne

#### Independent Member

Mr Mike Ager  
Mr Terry Day

Quorum for this meeting is two Councillors.

### Information for the Public

If you have any queries about this meeting, please contact the democratic support team:

**Contact** Dereck Francis

**Tel/Email** Tel: 01902 555835 or [dereck.francis@wolverhampton.gov.uk](mailto:dereck.francis@wolverhampton.gov.uk)

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Wolverhampton WV1 1RL

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Some items are discussed in private because of their confidential or commercial nature. These reports are not available to the public.

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# Agenda

## Part 1 – items open to the press and public

### MEETING BUSINESS ITEMS

- | <i>Item No.</i> | <i>Title</i>   |
|-----------------|--|
| 1               | <b>Apologies for absence</b>   |
| 2               | <b>Declaration of interests</b>  |
| 3               | <b>Minutes of previous meetings - 4 July 2016</b> (Pages 5 - 12)<br>[For approval] |
| 4               | <b>Matters arising</b><br>[To consider any matters arising from the minutes]       |

### DECISION ITEMS

- |    |   |
|----|---|
| 5  | <b>Audited Statement of Accounts 2015/16</b><br>[To approve the formal publication of the accounts][ <b>Report to follow</b> ]  |
| 6  | <b>Annual report to those charged with Governance (ISA 260)</b><br>[To note the report][ <b>Report to follow</b> ]  |
| 7  | <b>Internal Audit Charter - Annual Review</b> (Pages 13 - 20)<br>[To review and approve the Internal Audit Charter]   |
| 8  | <b>Strategic risk register and strategic assurance map</b> (Pages 21 - 80)<br>[To receive the latest summary of the risk register]  |
| 9  | <b>Internal Audit update - quarter one</b> (Pages 81 - 86)<br>[To note the contents of the latest update]   |
| 10 | <b>Audit Services - Counter Fraud update</b> (Pages 87 - 128)<br>[To note the latest Audit Services Counter Fraud update]   |
| 11 | <b>Payment Transparency</b> (Pages 129 - 132)<br>[To note the Council's current position with regards to the publication of all the Council's expenditure]                        |
| 12 | <b>CIPFA Audit Committee update - issue 20</b> (Pages 133 - 136)<br>[To note the contents on the latest CIPFA Audit Committee update, 20 – CIPFA survey on Audit Committees 2016] |
| 13 | <b>Audit and Risk Committee - Knowledge and skills framework</b> (Pages 137 - 146)<br>[To undertake a self-assessment of good practice and effectiveness exercise]                |

14 **Exclusion of the press and public**

[To pass the following resolution:

That in accordance with Section 100A(4) of the Local Government Act 1972 the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information on the grounds shown below]

## **Part 2 - exempt items, closed to press and public**

15 **Audit investigations update (Pages 147 - 150)**

[To note the current position on audit investigations]

Information relating to any individual.

Information which is likely to reveal the identity of an individual.

Information relating to the financial or business affairs of any particular person (including the authority holding that information) Para (1, 2, 3)

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## Attendance

### Members of the Audit and Risk Committee

Cllr Craig Collingswood (Chair)  
Cllr Harbans Bagri  
Cllr Mary Bateman  
Cllr Philip Bateman  
Cllr Jasbir Jaspal  
Cllr Martin Waite  
Cllr Andrew Wynne  
Mike Ager (Independent Member)

### Employees

|                  |                            |
|------------------|----------------------------|
| Peter Farrow     | Head of Audit              |
| Dereck Francis   | Democratic Support Officer |
| Michelle Howell  | Finance Business Partner   |
| Narinder Phagura | Strategic Risk Manager     |
| Neil Rogerson    | Resilience Manager         |
| Robert Spence    | Finance Manager            |
| Mark Taylor      | Director of Finance        |
| Mark Wilkes      | Client Lead Auditor        |

### External Auditors – Grant Thornton

Nicola Coombe  
Mark Stocks  
David Roper

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## Part 1 – items open to the press and public

*Item No. Title*

- 1 Apologies for absence**  
Apologies for absence were submitted on behalf of Cllr Christine Mills and Terry Day, Independent Member.
- 2 Declaration of interests**  
Cllr Mary Bateman and Mike Ager, Independent Member both declared a non disclosable pecuniary interest in agenda item 8 (Annual Internal Audit report) insofar as they are governors of schools mentioned in the report.
- 3 Minutes of previous meetings - 14 March 2016**  
Resolved:
  1. That the resolution to Minute 7 (External Audit plan 2015/16) be corrected by the substitution of 'Grant Thornton' for the name 'PwC'.

2. That subject to 1 above, the minutes of the previous meeting held on 14 March 2016 be approved as a correct record and signed by the Chair.

4 **Matters arising**

With reference to Minute 9 (Strategic Risk Register and Assurance Map), Cllr Phil Bateman requested an update report on the extent to which Wolverhampton's secondary schools were now taking up the training opportunities afforded by Jaguar Land Rover Education Centre. Cllr Craig Collingswood (Chair), agreed and asked that the information be obtained from the Director of Education and circulated to members of the Committee.

5 **External Audit update report**

Emma Coombe, Grant Thornton presented an update report on progress in delivering their responsibilities as the Council's external auditor.

Mike Ager, Independent Member commented that the savings from the 'other areas of work' referred to in the report were significant and he requested more detail on the audit work involved. Mark Stocks, Grant Thornton advised that it related to work which looked back on all invoices the Council received relating to its utility bills to determine whether the Council had been mis-billed and if so to recover that money.

The Chair also asked whether Grant Thornton had identified any other major issues from their interim fieldwork. Grant Thornton advised that there was nothing of significance to bring to the Committee's attention.

Resolved:

That the report from the Grant Thornton, external auditors be received and noted.

6 **Draft Statement of Accounts 2015/16**

Mark Taylor, Director of Finance presented for information, the draft Statement of Accounts for 2015/16 which he had approved and which would be subject to audit by the Council's external auditors, Grant Thornton. The West Midlands Pension Fund statement of accounts was also included in the report.

Cllr Andrew Wynne commented that the modelling for the draft statement of accounts had been agreed pre Brexit. He asked whether following the Referendum there was envisaged to be any change to the draft accounts and the financial position of the Council. The Director of Finance reported that the draft accounts related to a given period in time. Brexit would increase uncertainty and was a risk in the Council's Medium Term Financial Strategy (MTFS). The Council would monitor the situation carefully to see what the Government plans would be and it would continue to operate prudently and make sure it was well-placed to respond to the challenge.

The Chair added that Grant Thornton had produced a leaflet on the mechanics of leaving the EU which would be circulated to members at the end of the meeting.

Mike Ager, Independent Member asked what the draft accounts would mean for Wolverhampton residents. The Director of Finance informed the Committee that a plain English report would be produced that would articulate more clearly the Council's financial position.

The Director of Finance also responded to questions from the Committee regarding the Housing Revenue Account and the freeze in managements costs to the Council's housing managing agents; the number of homes Wolverhampton Homes managed for the Council; the reasons for the increase in the Council's reserves other than those held by schools.

Resolved:

1. That it be noted that the Director of Finance approved the Draft Statement of Accounts 2015/16 on 30 June 2015, as required by the Accounts and Audit (England) Regulations 2011.
2. That it be noted that the 2015/16 Draft Statement of Accounts is to be audited by Grant Thornton from July through to September, and that any material changes required as a result of the audit will be reported to the Audit and Risk Committee.
3. That it be noted that formal approval by the Council and publication of the 2014/15 Statement of Accounts is required by 30 September 2015 (Accounts and Audit (England) Regulations 2011).
4. That it be noted that the Statement of Accounts incorporates a copy of the Annual Governance Statement as required by the Accounts and Audit (England) Regulations 2011.
5. That a report be submitted to a future meeting on the risks to the Council arising in respect of admitted bodies to the Pension Fund.
6. That an updated set of accounts be presented to the next meeting of the Committee.

## 7 **Summary-Place-Profile-Wolverhampton**

In response to the request of the Committee on 14 March 2016, Grant Thornton presented a paper on an economic social and environmental summary profile for Wolverhampton which had been produced by their Place Analytics team. The paper was a backward looking document, and was purely for information and as a guide to help the Council shape its future.

Cllr Phil Bateman commented that the information within the paper was nothing the Council was not already aware of but the document was a useful reference which compiled many sources of information in a single place. He also commented that he felt that over the next two years the Council would need to make further movements, particularly in terms of measuring and delivering upon the economic regeneration planned/ in progress and in making the public aware it.

Councillor Martin Waite commented that the summary profile was an interesting piece of work but it presented a bleaker picture of Wolverhampton economically than was the reality. The profile did not include the suburbs outside Wolverhampton that would impact on the city economically. The Chair agreed, adding that aspects such as the vibrancy and entrepreneurial nature of the city were not mentioned.

Mike Ager, Independent Member enquired as to how some of the lines within the paper would be taken forward by the Council's senior management team. Grant

Thornton reported that they would be discussing this point with the Council's Managing Director and Director of Finance over the next few months. A report would be submitted to the Committee in a year's time to see if improvements had been made.

Resolved:

That the report from Grant Thornton be noted.

8 **Annual Governance Statement - 2015/16**

Peter Farrow, Head of Audit presented for review and comment, the Council's Annual Governance Statement for 2015/16 which had been signed by the Leader of the Council and the Managing Director.

Referring to the 'FutureSpace' key area for improvement, Cllr Martin Waite asked about the benefits realisation for the programme and when the Council would begin to consider whether the programme was meeting its targets in terms of savings and other benefits and whether at this stage there was a flavour of what the benefits would be. The Head of Audit reported that the Council's Corporate Landlord would be working on this aspect of the programme and that during 2017 there would be a better picture of what it means. Mark Taylor, Director of Finance assured the Committee that a strong programme management approach to the FutureSpace programme was in place and daily alerts are received if the programme is not on track in terms of its milestones.

The Chair also queried why some key areas for improvement in the Annual Governance Statement during 2014/15 had not been cleared. The Head of Audit advised that they were business as usual items which the Council would continually have to look at year-on-year, such as savings targets.

Resolved:

That the contents of the Council's Annual Governance Statement for 2015/16 be noted.

9 **Annual Internal Audit Report 2015/16**

Peter Farrow, Head of Audit summarised the key points of the report which aimed to provide the Committee with an annual Internal Audit opinion on the adequacy and effectiveness of the Council's governance, risk management and internal control processes.

Cllr Andrew Wynne sought assurance that where major risks are identified from the work of Internal Audit, they are being acted upon by the Council's senior management team. The Head of Audit confirmed that service directors receive a copy of the report on the audit of their service. The report would indicate what action they proposed to take in response to the audit recommendations. The Audit team would undertake a follow-up visit to confirm that the action had been taken.

Cllr Phil Bateman requested an update on the ongoing work at Coppice Performing Arts School. The Head of Audit informed the Committee that Council employees were working with the School team to find solutions to support them to make the desired improvements. The Education Service was also working with the School regarding their finances. In response to a call for further information, the Head of Audit undertook to request the Director of Education provide an update on the work taking place and progress being made.

Mike Ager, Independent Member commented that the Governors at Coppice Performing Arts School were concerned that a further audit report had been produced six months ago but had yet to be released. The Head of Audit undertook to speak to the Director for Education to accelerate the release of the report.

Mike Ager also commented that a quarter of the audit reviews completed in 2015/16 had a 'limited' level of assurance and that he felt that this figure was too high. The Head of Audit acknowledged the observation but indicated that a large proportion of the limited assurance reports were related to schools. If those reports were excluded it would give a fairer picture of the Council.

The Chair also asked whether Audit Services would hold follow up meetings on the reviews into the Black Country Gold Project and the Bilston Urban Village Advanced Programme. The Head of Audit advised that the final reports in respect of these reviews had only recently been issued. He would be reporting back on progress made in implementing the recommendations to a future meeting.

The Chair also noted that only 60% of audit reports had been issued within the target of two weeks after the completion of the audit fieldwork. The Head of Audit explained that a new protocol had been agreed by the Strategic Executive Board in order to improve performance.

Resolved:

That the contents of the Annual Internal Audit Report and the overall opinion that "based on the work undertaken during the year, the implementation by management of the recommendations made and the assurance made available to the Council by other providers as well as directly by Internal Audit, Internal Audit can provide reasonable assurance that the Council has adequate and effective governance, risk management and internal control processes" be noted.

10

### **Strategic Risk Register and Strategic Assurance Map**

Narinder Phagura, Strategic Risk Manager outlined the salient points of the report on the key risks the Council faced and how it could gain assurance that the risks are being mitigated. In doing so the Strategic Risk Manager also drew attention to information the Committee had requested at its last meeting relating to strategic risk 17- employee management. That report updated the Committee on the progress made by the Council in this area and the further actions required to manage the risk and the corporate performance indicator in respect of the number of appraisals completed.

During the ensuing discussion the Chair commented that he was pleased that there was currently only one strategic risk that was rated red.

Mike Ager, Independent Member asked whether the Council's Strategic Executive Board would be considering the upcoming risks associated with 'Brexit'. The Strategic Risk Manager confirmed that an exercise was being undertaken to consider the implications. An update would be presented to the next meeting of the Committee.

Neil Rogerson, Resilience Manager was also in attendance for this item and he gave a brief overview in respect of the strategic risk 8 - business continuity management which the Committee had requested at the last meeting.

At the end of the discussion on the report it was agreed that an update report be submitted to the next meeting on strategic risk 2 - skills for work.

Resolved:

1. That the strategic risk register be noted.
2. That the reduction in the assessment of risk 1-looked after children from red to amber as a result the progress made in 2015-16 be noted.
3. That the closure of risk 19 a in respect of the Devolution Deal, following the consent given by the Council on second of March 2016 noted.
4. That the change in target date for the reduction of risk 17-employee management (from July to September 2016) and the reasons for this be noted.
5. That the main sources of assurance available to the Council against the strategic risks be noted.
6. That an update report on the strategic risk 2- skills for work be submitted to the next meeting and the Director for Education be invited to attend the meeting for that update report.

11 **Audit and Risk Committee Annual Report - 2015/16**

The Chair presented the report which summarised the main areas of work undertaken by the Committee during 2015/16. He proposed to take the annual report to full Council.

Peter Farrow, Head of Audit commented that the training event for the Committee which took place last week was well received. The Chair added that he had ideas to raise the profile of the Audit and Risk Committee further.

Resolved:

That the Audit Committee Annual Report for 2015/16 be endorsed and referred to Full Council for approval.

12 **Business Rates Appeals**

In response to the request at the last meeting, the Committee received prior to the meeting a report on the Council's current position with regards to the Valuation Office backlog of non- domestic valuation appeals. A revised report was tabled which elaborated on the background detail and the financial implications sections of the report. Dereck Francis, Democratic Support Officer apologised for the tabling of the revised report and explained that the published version was a draft and the error had only been detected a few hours before the meeting.

Cllr Philip Bateman commented that he had made comments on the original report. He also expressed concern that it appeared to be taking a year to process a business rates case. In response the Committee was advised that this was an average. Some appeals would be processed within weeks and others would take

longer. There had been a spike in business rate valuation appeals and the Council would expect the Valuation Office to have cleared the backlog within a year.

Cllr Bateman added that the Council was holding reserves for valuation appeals which it could not use elsewhere until the outcome of the valuation appeals. He asked about the levels of Council engagement on the Local Government Association or other associations and with the Combined Authority on the current valuation appeals system. Mark Taylor, Director of Finance reported that Wolverhampton's position was not untypical. The valuation appeals process was a national system and in terms of the Metropolitan Councils they were experiencing similar concerns and some were in a worse position. The Director assured the Committee that the Council do take up opportunities to raise its concerns with Government as well as with the Local Government Association, SIGOMA and other interested groups who the Council worked closely with.

Cllr Martin Waite added that the retail landscape had changed. The value of bricks and mortar was now worth less because of the move to online retailing. The Council was doing what it could to bring retailers into empty shop premises. Against this landscape it could be an issue for the Council if it were lobbied for a reduction in business rates for retail properties. The Director of Finance acknowledged the points but added that the Business rates scheme was nationally operated over which the Council had no control.

Resolved:

That the level of business rates appeals outstanding with the valuation office be noted and that the Council had assessed the financial risk associated with these appeals and made a suitable provision for potential financial losses in its accounts

### 13 **Audit Services - Counter Fraud Update**

Mark Wilkes, Clients Lead Auditor, outlined the salient points of the latest update on counter fraud activities undertaken by Audit Services. He particularly highlighted the whistleblowing policy review and that information on the Council's website relating to fraud and corruption had been extensively revised.

The Chair asked that the Whistleblowing Policy be publicised on City People to raise awareness of the policy amongst council employees. He also suggested that it would be useful if future updates on the CIPFA Annual Fraud and Corruption survey included comparison figures on the key results for Wolverhampton.

Resolved:

That the contents of the latest audit services counter fraud update noted.

### 14 **Payment Transparency**

Peter Farrow, Head of Audit updated the Committee with the current position on the Council's publication of all its expenditure activity since the last meeting of the Committee. Since the last report to the Committee in March 2016 there had been no request for information from the public (as an 'armchair auditor').

Resolved:

That the Council's current position with regards to the publication of all its expenditure be noted.

- 15 **CIPFA Audit Committee Update - Issue 19**  
The Committee received, for information, the latest of regular briefings issued by the Chartered Institute of Public Finance and Accountancy (CIPFA) for audit committee members in public sector bodies.

Resolved:

That the contents of the latest CIPFA Audit Committee Update, Issue 19 – helping audit committees to be effective be received and noted.

- 16 **Exclusion of the press and public**

Resolved:

That in accordance with Section 100A(4) of the Local Government Act 1972, the press and public be excluded from the meeting for the following items of business as they involve the likely disclosure of exempt information falling within the paragraph 3 of Schedule 12A of the Act.

## **Part 2 - exempt items, closed to press and public**

- 17 **Audit Investigations Update**

Mark Wilkes, Client Lead Auditor presented the update report on current audit investigations.

Referring to the audit investigation update, Cllr Martin Waite commented that restrictions could be placed on the types of retailers where pre-paid debit cards could be used. He asked whether the Council could lock down its pre-paid debit cards in this way. The Client Lead Auditor confirmed that this was possible and the extent to which it could be applied could be considered.

Resolved:

That the current position with regard to audit investigations be noted.

# Audit and Risk Committee

19 September 2016

|  |  |  |
|--|--|--|
| <b>Report title</b>                        | Internal Audit Charter – Annual Review |  |
| <b>Accountable director</b>                | Mark Taylor, Finance                   |  |
| <b>Originating service</b>                 | Audit                                  |  |
| <b>Accountable employee(s)</b>             | Peter Farrow<br>Tel<br>Email           | Head of Audit<br>01902 554460<br>peter.farrow@wolverhampton.gov.uk |
| <b>Report to be/has been considered by</b> | Not applicable                         |  |

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## Recommendation(s) for action or decision:

The Committee is recommended to:

1. Perform an annual review of, and approve the Internal Audit Charter. The Charter was first introduced and approved by the Audit Committee in September 2013, and is now due for its latest annual review.

## **1.0 Purpose**

- 1.1 The Charter was approved by the Audit Committee in September 2013 and is now due for its latest review. The Charter has been updated to reflect the introduction of a Mission of Internal Audit and Core Principles for the Professional Practice of Internal Auditing added to the latest version of the Public Sector Internal Audit Standards.

## **2.0 Background**

- 2.1 There is a statutory requirement for Internal Audit to work in accordance with the 'proper audit practices'. These 'proper audit practices' are in effect the 'Public Sector Internal Audit Standards' and the Internal Audit Charter reflects this.

## **3.0 Progress, options, discussion**

- 3.1 The Internal Audit Charter will continue to be subject to annual review by the Audit and Risk Committee.

## **4.0 Financial implications**

- 4.1 There are no financial implications arising from the recommendations in this report. (GE/02092016/Y)

## **5.0 Legal implications**

- 5.1 There are no legal implications arising from the recommendations in this report. (TS/01092016/A)

## **6.0 Equalities implications**

- 6.1 There are no equalities implications arising from the recommendations in this report.

## **7.0 Environmental implications**

- 7.1 There are no environmental implications arising from the recommendations in this report.

## **8.0 Human resources implications**

- 8.1 There are no human resources implications arising from the recommendations in this report.

## **9.0 Corporate landlord implications**

- 9.1 There are no corporate landlord implications arising from the implications in this report.

## **10.0 Schedule of background papers - None**

# Internal Audit Charter

CITY OF  
WOLVERHAMPTON  
COUNCIL



### *Definition of internal auditing*

Internal auditing is an independent, objective assurance and consulting activity designed to add value and improve an organisation's operations. It 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.

### *Mission of internal audit*

To enhance and protect organisational value by providing risk-based and objective assurance, advice and insight.

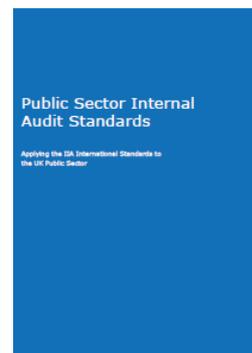
### *Core Principles for the Professional Practice of Internal Auditing*

- Demonstrates integrity.
- Demonstrates competence and due professional care.
- Is objective and free from undue influence (independent).
- Aligns with the strategies, objectives, and risks of the organisation.
- Is appropriately positioned and adequately resourced.
- Demonstrates quality and continuous improvement.
- Communicates effectively.
- Provides risk-based assurance.
- Is insightful, proactive, and future-focused.
- Promotes organisational improvement

### *Authority and standards*

Internal audit is a statutory service in the context of the Accounts and Audit Regulations (Amendment)(England) 2015. Section 151 of the Local Government Act 1972 requires local authorities to make arrangements for the proper administration of their financial affairs and appoint a Chief Financial Officer to have responsibility for those arrangements

The Local Government, England and Wales, Accounts and Audit Regulations 2015 states that: *"A relevant authority must undertake an effective internal audit to evaluate the effectiveness of its risk management, control and governance processes, taking into account public sector internal auditing standards or guidance"*. These Standards have been adopted by the Council's internal audit section.



The responsibility for ensuring that the Council has an effective internal audit has been delegated to the Chief Financial Officer/Section 151 Officer.

In the Council's Financial Procedure Rules, the Section 151 Officer has the responsibility to ensure that an adequate and effective internal audit of all Council activities is carried out in accordance with the most recent CIPFA Statements on Internal Audit Practice and relevant legislation.

Internal audit have the right of access to all records, assets, personnel and premises, including those of partner organisations, and has the authority to obtain such information and explanations as it considers necessary to fulfil its responsibilities.

Throughout the Public Sector Internal Audit Standards, reference is made to the terms 'Chief

Audit Executive', 'board' and 'senior management'. For the purposes of this Charter, the 'Chief Audit Executive' is defined as the Head of Audit the 'board' as the Audit and Risk Committee and 'senior management' as the Strategic Executive Board.

### *Scope and objectives of internal audit activities*

The scope of work of internal audit is to determine whether the Council's risk management, control, and governance processes are adequate and effective in order to ensure that:

- Key risks are identified and managed;
- Key financial, managerial, and operating information is accurate, reliable, and timely;
- Employees' actions are in compliance with policies, standards, procedures, and applicable laws and regulations;
- Resources are acquired economically, used efficiently, and adequately protected;
- Programs, plans, and objectives are achieved;
- Quality and continuous improvement are fostered in the Council's control process; and
- Key legislative and regulatory issues impacting the Council are identified and addressed appropriately.

Internal audit's remit extends to the entire control environment of the Council and not just financial controls. Where other internal or external assurance providers may have undertaken relevant assurance and audit work, internal audit will seek to rely on the work of these other assurance providers where professional standards would make it appropriate to do so.

### *Responsibilities*

Internal audit has a responsibility to:

- Provide a cost effective and value added full internal audit service;
- Develop a flexible annual audit plan using a risk-based methodology;
- Implement the annual audit plan;
- Track status of outstanding management actions;
- Provide regular updates on the work of internal audit to the Audit and Risk Committee and where appropriate, senior officers;
- Assist, as needed, in the investigation of significant suspected fraudulent activities within the organisation; and
- Work with the External Auditor and other review bodies to share assurance and minimise duplication.

### *Organisational independence*

Internal audit is involved in the determination of its priorities in consultation with those charged with governance. The Head of Audit has direct access and freedom to report in his own name to all officers and councillors and particularly to those charged with governance. If required the Head of Audit may request to meet privately with the Audit and Risk Committee.

Internal audit will remain sufficiently independent of the activities that it audits to enable auditors to perform their duties in a manner which facilitates impartial and effective professional judgements and recommendations.

Objectivity is presumed to be impaired when individual auditors review any activity in which they have previously had operational responsibility. If individual auditors are extensively consulted

during system, policy or procedure development, and independence could be seen as being compromised, or if they have had previous operational roles, they will be precluded from reviewing and making comments during routine or future audits, for the remainder of that financial year and for the following financial year after their involvement.

#### *Accountability, reporting lines and relationships*

The Head of Audit reports on an administrative basis to the Section 151 Officer and reports functionally to the Audit and Risk Committee, the Managing Director and other senior management. An Annual report will also be produced and presented to the Audit and Risk Committee which will include an 'opinion' from the Head of Audit on the adequacy and effectiveness of internal control, risk management and governance within the Council.

A written report will be prepared by internal audit for every internal audit review. The report will be subject to an internal quality review before being issued to the responsible officer and, where appropriate, will include an 'opinion' on the adequacy of controls in the area that has been audited. The responsible officer will be asked to respond to the report in writing. The written response must show what actions have been taken or are planned in relation to each recommendation. Accountability for the response to the advice and recommendation of Internal Audit lies with management, who either accept and implement the advice or formally reject it. The full role and responsibilities of the Audit and Risk Committee are detailed in their terms of reference, which are based on the model provided by CIPFA in their "Audit Committees – Practical Guidance for Local Authorities".

#### *Internal audit resourcing*

Internal audit must be appropriately staffed in terms of numbers, grades, qualification levels and experience. Internal auditors need to be properly trained to fulfill their responsibilities and should maintain their professional competence. The Section 151 Officer is responsible for the appointment of the Head of Audit, who must be suitably qualified and experienced. The Head of Audit is responsible for appointing all of the other staff to internal audit and will ensure that appointments are made in order to achieve the appropriate mix of qualifications, experience and audit skills. The Head of Audit is also responsible for ensuring that the resources of internal audit are sufficient to meet its responsibilities and achieve its objectives. If a situation arose whereby it was concluded that resources were insufficient, this must be formally reported to the Section 151 Officer, and, if the position is not resolved, to the Audit and Risk Committee.

#### *Fraud*

Managing the risk of fraud is the responsibility of management. Audit procedures alone, even when performed with due professional care, cannot guarantee that fraud or corruption will be detected. Internal audit does not have responsibility for the prevention or detection of fraud and corruption. Internal auditors will, however, be alert in all their work to risks and exposures that could allow fraud or corruption. Internal audit may be requested by management to assist with fraud related work. It is a requirement of the council's Anti-Fraud and Corruption Policy that any concerns over suspected fraud and corruption should be raised initially with the Head of Audit Services. Internal audit will then control any such investigations.

#### *Advisory work*

The standards allow that internal audit effort may, where considered to have the right skills, experience and available resource, sometimes be more usefully focused towards providing advice rather than assurance over key controls. Any such internal audit involvement in consultancy and advisory work, would only take place where it would not constitute a conflict of

interest in keeping an independent stance. Any significant additional consulting services will be approved by the Audit and Risk Committee beforehand.

*Review of the internal audit charter*

This charter will be reviewed annually by the Head of Audit Services and the Audit and Risk Committee.

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# Audit and Risk Committee

19 September 2016

|                                      |   |  |
|--------------------------------------|---|--|
| <b>Report title</b>                  | Strategic Risk Register and Strategic Assurance Map |  |
| <b>Accountable director</b>          | Mark Taylor, Finance                                |  |
| <b>Originating service</b>           | Audit   |  |
| <b>Accountable employee(s)</b>       | Peter Farrow<br>Tel<br>Email                        | Head of Audit<br>01902 554460<br>peter.farrow@wolverhampton.gov.uk |
| <b>Report has been considered by</b> | Strategic Executive Board                           | 13 September 2016  |

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## Recommendations for noting:

The Committee is asked to note:

1. The strategic risk register at Appendix A.
2. The reduction in the assessment of the following risks:
  - Risk 14 – School Improvement.
  - Risk 15 – Emergency Planning.
3. An amendment to the risk descriptor for risk 4 – Medium Term Financial Strategy in order to reflect the findings of the recent LGA Finance Peer Review.
4. The Council is considering the implications of Brexit. Grant Thornton will be facilitating a session with the senior leadership team to discuss any risks, opportunities and mitigations arising from Brexit. Any new risks that require inclusion in the strategic risk register or any changes to the assessment of the current risks will be reported to a future Audit and Risk Committee meeting.
5. The main sources of assurance available to the Council against its strategic risks.

## 1.0 Purpose

- 1.1 To keep members of the Audit and Risk Committee aware of the key risks the Council faces, and how it can gain assurance that these risks are being mitigated.

## 2.0 Background

- 2.1 The Council is no different to any organisation, and will always face risks in achieving its objectives. Sound risk management can be seen as the clear identification and management of such risks to an acceptable level.
- 2.2 The strategic risk register report was last presented to the Committee in July 2016 and included an update on the progress made on the mitigation of these risks. As a result of the short period since this update, there have only been a small number of changes to the register. A summary of the register is included at Appendix A of this report which sets out the assessment of the risks as at August 2016.
- 2.3 The strategic risk register does not include all of the risks that the Council faces. It represents the most significant risks that could potentially impact on the achievement of the corporate priorities. Other risks are captured within operational, programme, project or partnership risk registers in line with the Council's corporate risk management framework and strategy.
- 2.4 Appendix B provides a summary of the Council's strategic assurance map which follows the three lines of defence model (shown below). The assurance map details where the Committee can gain assurance against the strategic risks. This too is a live document and is updated alongside the monitoring and reviewing of the strategic risk register.

### The three lines of defence model:

| First line  | Second line   | Third line  |
|---|---|---|
| The first level of the control environment is the business operations which perform day to day risk management activity | Oversight functions such as Finance, HR and Risk Management set directions, define policy and provide assurance | Internal and external audit are the third line of defence, offering <b>independent</b> challenge to the levels of assurance provided by business operations and oversight functions |

## 3.0 Progress, options, discussion

- 3.1 The strategic risk register will be updated as required, and presented at approximately quarterly intervals to the Committee. The Committee can also take the opportunity to 'call in' individual risks for further review from time to time. At the last meeting, the Committee requested risk 2 – Skills for Work to be called in for the September 2016 meeting. Details of this risk are attached at Appendix C.

#### **4.0 Financial implications**

- 4.1 There are no financial implications associated with the recommendations in this report as Councillors are only requested to note the strategic risk register summary. Financial implications may arise from the implementation of strategies employed to mitigate individual corporate risks, but these will be evaluated and reported separately if required. [GE/02092016/Z]

#### **5.0 Legal implications**

- 5.1 Although there may be some legal implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct legal implications arising from this report. [TS/01092016/R]

#### **6.0 Equalities implications**

- 6.1 Although there may be equalities implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct equalities implications arising from this report.

#### **7.0 Environmental implications**

- 7.1 Although there may be some environmental implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct environmental implications arising from this report.

#### **8.0 Human resources implications**

- 8.1 Although there may be some human resource implications arising from the implementation of the strategies employed to mitigate individual strategic risks, there are no direct human resource implications arising from this report.

#### **9.0 Corporate landlord implications**

- 9.1 There are no corporate landlord implications arising from the recommendations made in this report.

#### **10.0 Schedule of background papers**

- 10.1 None

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# Strategic Risk Register @ August 2016

CITY OF  
WOLVERHAMPTON  
COUNCIL

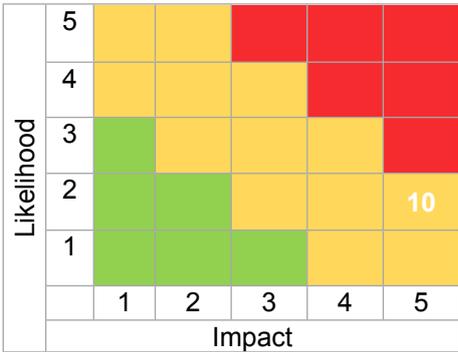
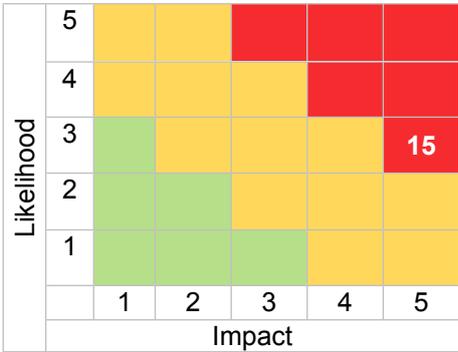
Our mission:  
Working as one to  
serve our city

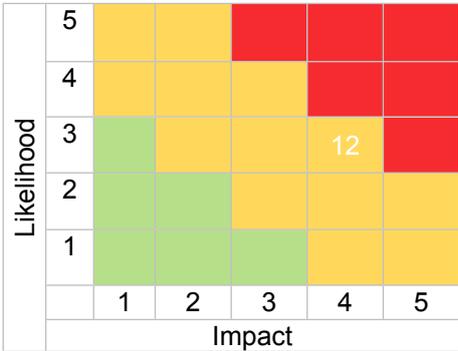
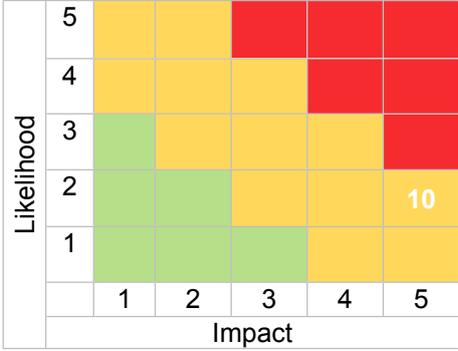
[wolverhampton.gov.uk](http://wolverhampton.gov.uk)

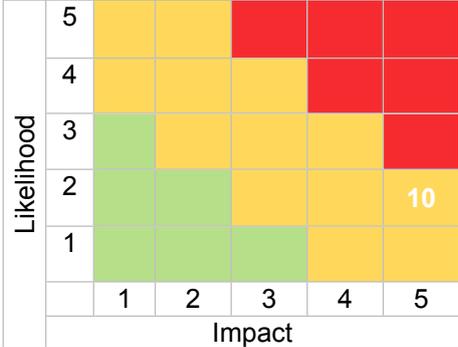
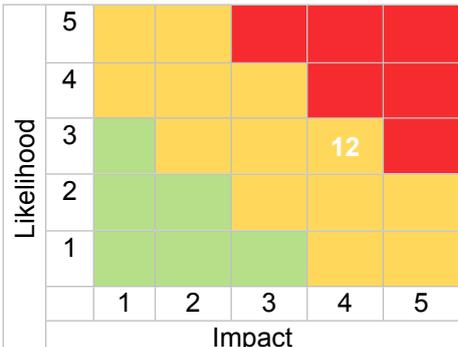
**Profile of current strategic risks**

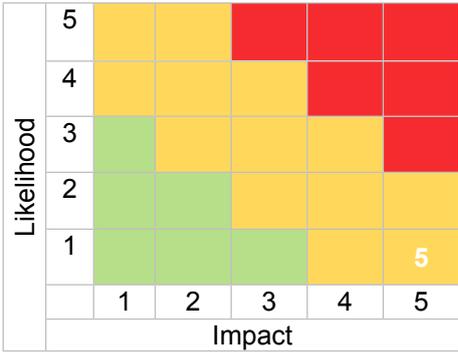
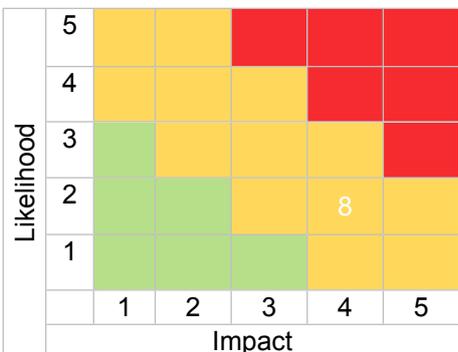
|       |                                  |
|-------|----------------------------------|
| Red   | 2,                               |
| Amber | 1, 3, 4, 7, 8, 9, 10, 14, 15, 16 |

The following are the reported strategic risks that are currently/were previously assessed as high/medium (10 +) that the Council faces in delivering its corporate priorities

| Risk ref   | Risk title and description   | Previous score (June 2016) | Direction of travel   | Current score (August 2016) | Target score and date      |
|------------|--|----------------------------|---|-----------------------------|----------------------------|
| 1<br>01/14 | <p><b>Looked After Children (LAC)</b></p> <p>If the number of LAC is not reduced this may result in an increase in costs, budget overspends and an increased demand on children’s services.</p> <p>Risk owner: Linda Sanders (Emma Bennett)<br/>Cabinet Member: Cllr Val Gibson</p>    | 10<br>Amber                |    | 10<br>Amber                 | 5<br>Amber<br>March 2017   |
| 2<br>01/14 | <p><b>Skills for Work</b></p> <p>If the city residents do not have the appropriate skills that employers require then they will be unable to access the jobs and opportunities available resulting in high rates of unemployment and increased demand on Council services.</p> <p>Risk owner: Tim Johnson (Keren Jones)<br/>Cabinet Member: Cllr John Reynolds</p>  | 15<br>Red                  |  | 15<br>Red                   | 10*<br>Amber<br>March 2017 |

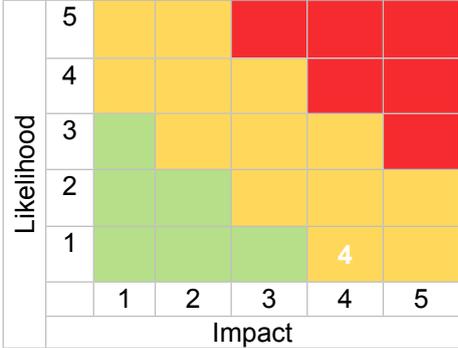
| Risk ref   | Risk title and description   | Previous score (June 2016) | Direction of travel   | Current score (August 2016) | Target score and date                |
|------------|--|----------------------------|---|-----------------------------|--------------------------------------|
| 4<br>01/14 | <p><b>Medium Term Financial Strategy</b></p> <p>If the Council does not manage the risks associated with the successful delivery of its medium term financial strategy including the continual review of the assumptions and projections of the strategy, the effective management of the key MTFS programmes and projects then this may exhaust reserves, result in the potential loss of democratic control and the inability of the Council to deliver essential services and discharge its statutory duties.</p> <p>Risk owner: Keith Ireland<br/>Cabinet Member: Cllr Andrew Johnson</p>  | 12<br>Amber                |    | 12<br>Amber                 | 8*<br>Amber<br>Ongoing               |
| 7<br>01/14 | <p><b>Safeguarding</b></p> <p>If the Council's safeguarding procedures and quality assurance processes are not consistently and effectively implemented then it will fail to safeguard children and vulnerable adults and lead to reputational damage.</p> <p>Risk owner: Linda Sanders<br/>Cabinet Member: Cllr Val Gibson and Cllr Sandra Samuels</p>   | 10<br>Amber                |  | 10<br>Amber                 | 5<br>Amber<br>Next Ofsted inspection |

| Risk ref    | Risk title and description  | Previous score (June 2016) | Direction of travel  | Current score (August 2016) | Target score and date         |
|-------------|---|----------------------------|--|-----------------------------|-------------------------------|
| 8<br>01/14  | <p><b>Business Continuity Management (BCM)</b><br/>Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p> <p>Risk owner: Linda Sanders (Ros Jervis)<br/>Cabinet Member: Cllr Paul Sweet</p>  | 10<br>Amber                |   | 10<br>Amber                 | 8<br>Amber<br>December 2016   |
| 10<br>01/14 | <p><b>Economic Inclusion</b><br/>If the Council and its partners do not work effectively together to promote and enable growth then the risk of economic exclusion will materialise and demand for Council services will continue to increase.</p> <p>Risk owner: Tim Johnson (Keren Jones)<br/>Cabinet Member: Cllr John Reynolds</p>         | 12<br>Amber                |  | 12<br>Amber                 | 8*<br>Amber<br>September 2017 |

| Risk ref    | Risk title and description   | Previous score (June 2016) | Direction of travel | Current score (August 2016) | Target score and date    |
|-------------|--|----------------------------|---------------------|-----------------------------|--------------------------|
| 14<br>01/14 | <p><b>School Improvement</b></p> <p>If the Council does not provide effective support, challenge and appropriate intervention to raise standards in schools and school governance, then the Council and these schools are at risk of underperforming, receiving inadequate Ofsted judgements and a potential loss of control and influence.</p> <p>Risk owner: Julien Kramer<br/>Cabinet Member: Cllr Claire Darke</p>  <p>A 5x5 risk matrix for School Improvement. The vertical axis is Likelihood (1-5) and the horizontal axis is Impact (1-5). The matrix is color-coded: Green (Low), Yellow (Medium), and Red (High). The current score is 5, located at Likelihood 1, Impact 5.</p>   | 10<br>Amber                | ↓                   | 5**<br>Amber                | 5*<br>Amber              |
| 16<br>01/14 | <p><b>Equal Pay</b></p> <p>Significant equal pay liabilities have been dealt with over recent years. However, equal pay will remain a potentially significant risk until:</p> <ul style="list-style-type: none"> <li>the second generation claims, from trade union members, have been dealt with.</li> <li>six years after the implementation of single status, until that time "Abdullah" type claims can still be brought.</li> </ul> <p>Risk owner: Mark Taylor<br/>Cabinet Member: Cllr Andrew Johnson</p>  <p>A 5x5 risk matrix for Equal Pay. The vertical axis is Likelihood (1-5) and the horizontal axis is Impact (1-5). The matrix is color-coded: Green (Low), Yellow (Medium), and Red (High). The current score is 8, located at Likelihood 2, Impact 4.</p> | 8<br>Amber                 | →                   | 8<br>Amber                  | 4<br>Amber<br>March 2017 |

| Risk ref   | Risk title and description   | Previous score (Feb 2016) | Direction of travel | Current score (June 2016) | Target score and date |   |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |            |   |            |                          |
|------------|--|---------------------------|---------------------|---------------------------|-----------------------|---|--------|--|--|--|---|--|--|--|--|--|--|--|---|--|--|--|--|--|--|--|---|--|--|--|---|--|--|--|---|--|--|--|--|--|--|--|--|---|---|---|---|---|--------|--|------------|---|------------|--------------------------|
| 3<br>01/14 | <p><b>Information Governance (IG)</b></p> <p>If the Council does not put in place appropriate policies, procedures and technologies to ensure:</p> <ul style="list-style-type: none"> <li>that the handling and protection of its data is undertaken in a secure manner and consistent with the provision of the Data Protection Act 1998;</li> <li>compliance with the Freedom of Information Act and Environmental Information Regulations</li> </ul> <p>then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information.</p> <p>Risk owner: Kevin O' Keefe<br/>Cabinet Member: Cllr Milkinderpal Jaspal</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td>8</td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td colspan="2">Impact</td> </tr> </table> | Likelihood                | 5                   |                           |                       |   |        |  |  |  | 4 |  |  |  |  |  |  |  | 3 |  |  |  |  |  |  |  | 2 |  |  |  | 8 |  |  |  | 1 |  |  |  |  |  |  |  |  | 1 | 2 | 3 | 4 | 5 | Impact |  | 8<br>Amber |  | 8<br>Amber | 4<br>Amber<br>March 2017 |
| Likelihood | 5  |                           |                     |                           |                       |   |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |            |   |            |                          |
|            | 4  |                           |                     |                           |                       |   |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |            |   |            |                          |
|            | 3  |                           |                     |                           |                       |   |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |            |   |            |                          |
|            | 2  |                           |                     |                           |                       | 8 |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |            |   |            |                          |
|            | 1  |                           |                     |                           |                       |   |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |            |   |            |                          |
|            |  | 1                         | 2                   | 3                         | 4                     | 5 | Impact |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |            |   |            |                          |

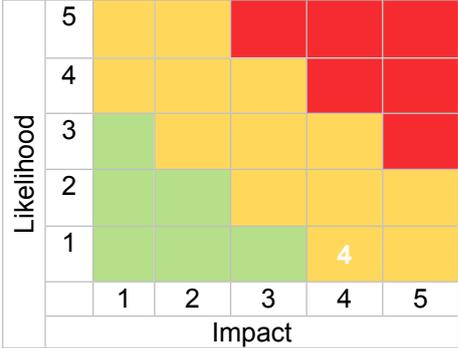
| Risk ref   | Risk title and description  | Previous score (Feb 2016) | Direction of travel | Current score June 2016) | Target score and date |   |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |                   |   |                   |                    |
|------------|---|---------------------------|---------------------|--------------------------|-----------------------|---|--------|--|--|--|---|--|--|--|--|--|--|--|---|--|--|--|--|--|--|--|---|--|--|--|---|--|--|--|---|--|--|--|--|--|--|--|--|---|---|---|---|---|--------|--|-------------------|---|-------------------|--------------------|
| 9<br>01/14 | <p><b>City Centre Regeneration</b></p> <p>If the city centre regeneration programme is not effectively managed in terms of project timings, costs and scope, then it will be unable to maximise opportunities including:</p> <ul style="list-style-type: none"> <li>the attraction of private sector investment</li> <li>the creation of space to accommodate new businesses and economic growth</li> <li>the enhancement and creation of visitor attractions</li> <li>the creation of well paid employment</li> <li>retention of skilled workers</li> <li>the creation of residential opportunities</li> <li>a functioning city centre offer that serves the residents of the City</li> <li>increased prosperity and</li> <li>a reduced demand on Council services</li> </ul> <p>Risk owner: Tim Johnson<br/>Cabinet Member: Cllr John Reynolds</p> <table border="1"> <tr> <td rowspan="6">Likelihood</td> <td>5</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>4</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>3</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>2</td> <td></td> <td></td> <td></td> <td>8</td> <td></td> <td></td> <td></td> </tr> <tr> <td>1</td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td></td> <td>1</td> <td>2</td> <td>3</td> <td>4</td> <td>5</td> <td colspan="2">Impact</td> </tr> </table> | Likelihood                | 5                   |                          |                       |   |        |  |  |  | 4 |  |  |  |  |  |  |  | 3 |  |  |  |  |  |  |  | 2 |  |  |  | 8 |  |  |  | 1 |  |  |  |  |  |  |  |  | 1 | 2 | 3 | 4 | 5 | Impact |  | 8<br><b>Amber</b> |  | 8<br><b>Amber</b> | 8*<br><b>Amber</b> |
| Likelihood | 5   |                           |                     |                          |                       |   |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |                   |   |                   |                    |
|            | 4   |                           |                     |                          |                       |   |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |                   |   |                   |                    |
|            | 3   |                           |                     |                          |                       |   |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |                   |   |                   |                    |
|            | 2   |                           |                     |                          |                       | 8 |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |                   |   |                   |                    |
|            | 1   |                           |                     |                          |                       |   |        |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |                   |   |                   |                    |
|            |   | 1                         | 2                   | 3                        | 4                     | 5 | Impact |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |  |  |  |  |   |  |  |  |   |  |  |  |   |  |  |  |  |  |  |  |  |   |   |   |   |   |        |  |                   |   |                   |                    |

| Risk ref    | Risk title and description  | Previous score (Feb 2016) | Direction of travel   | Current score (June 2016) | Target score and date |
|-------------|---|---------------------------|---|---------------------------|-----------------------|
| 15<br>01/14 | <p><b>Emergency Planning</b></p> <p>Failure to develop, exercise and review plans and capabilities for preventing, reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases of major a incident.</p> <p>Risk owner: Linda Sanders (Ros Jervis)<br/>Cabinet Member: Cllr Roger Lawrence and Cllr Paul Sweet</p>  | 6<br><b>Amber</b>         |  | 4**<br><b>Amber</b>       | 4*<br><b>Amber</b>    |

\* The target assessment for these risks remains constant as they are risks which are likely to remain at their current level over the medium term and as such also may not have target dates.

\*\* Further details to support the reduction in the assessment of these risks are included below.

| Risk ref    | Risk title and description  | Comment    |   |   |   |   |   |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |   |  |   |   |   |   |   |  |        |  |  |  |  |  |
|-------------|---|------------|---|---|---|---|---|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|--|---|--|--|--|--|---|--|---|---|---|---|---|--|--------|--|--|--|--|--|
| 14<br>01/14 | <p><b>School Improvement</b></p> <p>If the Council does not provide effective support, challenge and appropriate intervention to raise standards in schools and school governance, then the Council and these schools are at risk of underperforming, receiving inadequate Ofsted judgements and a potential loss of control and influence.</p> <p>Risk owner: Julien Kramer<br/>Cabinet Member: Cllr Claire Darke</p> <table border="1" data-bbox="188 663 646 1010"> <tr> <td rowspan="6" style="writing-mode: vertical-rl; transform: rotate(180deg);">Likelihood</td> <td>5</td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: red;"></td> <td style="background-color: red;"></td> <td style="background-color: red;"></td> </tr> <tr> <td>4</td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: red;"></td> <td style="background-color: red;"></td> </tr> <tr> <td>3</td> <td style="background-color: lightgreen;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: red;"></td> </tr> <tr> <td>2</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow;"></td> </tr> <tr> <td>1</td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: lightgreen;"></td> <td style="background-color: yellow;"></td> <td style="background-color: yellow; text-align: center;">5</td> </tr> <tr> <td></td> <td style="text-align: center;">1</td> <td style="text-align: center;">2</td> <td style="text-align: center;">3</td> <td style="text-align: center;">4</td> <td style="text-align: center;">5</td> </tr> <tr> <td></td> <td colspan="5" style="text-align: center;">Impact</td> </tr> </table> | Likelihood | 5 |   |   |   |   |  | 4 |  |  |  |  |  | 3 |  |  |  |  |  | 2 |  |  |  |  |  | 1 |  |  |  |  | 5 |  | 1 | 2 | 3 | 4 | 5 |  | Impact |  |  |  |  | <p>The risk continues to be managed by the Assistant Director (School Standards). Since last reported, the following has been noted and contributed to the reduction in risk score:</p> <ul style="list-style-type: none"> <li>The implementation of the Wolverhampton School Improvement and Governance Strategy has been reviewed by Internal Audit. The review provided substantial assurance with only two green areas for development which have now been actioned.</li> <li>The Strategy continues to have a positive impact on the improvements in Ofsted outcomes. As at August 2016 the City has met its target of having 83% good or better schools.</li> <li>Schools at the highest risk continue working in strong local partnerships. Where schools 'Require Improvement' and have not demonstrated the capacity to improve themselves, these are being moved into local partnerships that can support school improvement and ensure that no schools in the City fall into Special Measures moving forward.</li> <li>The School Standards Service continues to run a targeted and effective training programme for school leadership at every level. The programme runs parallel to the Council's School Improvement and Governance Strategy and has had very positive outcomes after the first year of this programme. The feedback so far has been positive with clear impact already being seen in schools. The Council will continue to work with Schools to embed benefits in subsequent years.</li> <li>The School Standards Service continues to work very closely with the DfE and the Regional Schools Commissioner to monitor standards of education in academies.</li> <li>At end of key-stage 2 in 2016 the City achieved 52% of its pupils attaining the expected level of development for their age in all three subjects (reading, writing and maths). This places us just 1% below the current national figure of 53% and we expect this to improve further once the validated results are available in January. Wolverhampton is 3% above the regional average, is ranked top in Birmingham and the Black Country, fourth in the whole of the West Midlands, second amongst its statistical neighbours and 79th in the league table across the country (out of 152).</li> <li>The City's overall percentage of pupils attaining 5 GCSE's (Including English and maths) in 2015/2016 has risen by a further 6% to 58%. This has bucked the national trend which has reportedly seen a fall in this measure and therefore should place the City well above national figures. This is obviously in addition to the 6% rise in results that the City experienced in 2015/2016 – overall the City's results have risen by 12% in just two years.</li> </ul> |
| Likelihood  | 5   |            |   |   |   |   |   |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |   |  |   |   |   |   |   |  |        |  |  |  |  |  |
|             | 4   |            |   |   |   |   |   |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |   |  |   |   |   |   |   |  |        |  |  |  |  |  |
|             | 3   |            |   |   |   |   |   |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |   |  |   |   |   |   |   |  |        |  |  |  |  |  |
|             | 2   |            |   |   |   |   |   |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |   |  |   |   |   |   |   |  |        |  |  |  |  |  |
|             | 1   |            |   |   |   |   | 5 |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |   |  |   |   |   |   |   |  |        |  |  |  |  |  |
|             |   | 1          | 2 | 3 | 4 | 5 |   |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |   |  |   |   |   |   |   |  |        |  |  |  |  |  |
|             | Impact  |            |   |   |   |   |   |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |  |   |  |  |  |  |   |  |   |   |   |   |   |  |        |  |  |  |  |  |

| Risk ref    | Risk title and description   | Comment  |
|-------------|--|--|
| 15<br>01/14 | <p><b>Emergency Planning</b></p> <p>Failure to develop, exercise and review plans and capabilities for preventing, reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases of major a incident.</p> <p>Risk owner: Linda Sanders (Ros Jervis)</p> <p>Cabinet Member: Cllr Roger Lawrence and Cllr Paul Sweet</p>  | <p>The measures which have contributed to the reduction in the risk score continue to be in place as noted previously include:</p> <ul style="list-style-type: none"> <li>• Development of a Major Instance Response Plan which has been agreed by SEB.</li> <li>• Modifications to the control room that have now been completed.</li> <li>• An electronic logging system has been established to provide a central point for communicating and recording events / actions during incidents. All staff grade 11 and above have been trained in its use.</li> <li>• Response handbooks have now been developed.</li> <li>• A major incident on-call policy has been established.</li> <li>• Emergency plans in priority areas continue to be reviewed and revised on an on-going basis.</li> </ul> |

Strategic Risk Assurance Map – August 2016

| Risk Ref | Risk Title and Description  | Current Score | Types of Assurance  |   |  | Comments / Gaps in Assurance/Risk Exposure   |
|----------|---|---------------|---|---|--|--|
|          |   |               | External/ Independent (Third Line of Defence)   | Risk and Compliance (Second Line of Defence)  | Operational and Management (First Line of Defence)   |  |
| 1        | <p><b>Looked After Children (LAC)</b><br/>If the number of LAC is not reduced this may result in an increase in costs, budget overspends and an increased demand on children's services.</p>  | 10<br>Amber   | <p>Performance indicator- number of LAC per 10,000 population<br/>Audit and Risk Committee review of risk – September 2015<br/>Internal audit review 2015/16 – External Placements (substantial assurance)</p>  | <p>Scrutiny review of Corporate Parenting and Children in Care Council – September 2015<br/>Resources panel reviews<br/>Update to Children's Trust Board- September 2014<br/>Care pZanel reviews of placement costs<br/>Report to Cabinet (Performance Management Panel) September 2014<br/>Scrutiny review of LAC February 2014</p>  | <p>Children's Services self- assessment December 2015<br/>Reports to LAC Budget Monitoring Group (every two months)<br/>Controls Assurance Statement</p> | <p>Present sources will continue to provide assurance regarding the changes in number of LAC and progress made against the programme. Assurances through the budgetary process regarding the cost of LAC need to be continually provided to ensure effective management of the budgetary pressures associated with this risk.</p>  |
| 2        | <p><b>Skills for Work</b><br/>If the city residents do not have the appropriate skills that employers require then they will be unable to access the jobs and opportunities available resulting in high rates of unemployment and increased demand on council services.</p>   | 15<br>Red     | <p>Audit and Risk Committee review of risk – September 2016<br/>Wolverhampton Skills Commission Review – November 2014 to April 2015<br/>Internal audit review – City of Wolverhampton College- Learners with learning difficulties post 16, December 2014<br/>Black Country performance management framework</p> | <p>Scrutiny review of "Employability and Skills in Wolverhampton" report to Cabinet 11 March 2015<br/>Scrutiny review of "Employability and Skills" September 2014 – January 2015<br/>Performance indicator - % of residents with no qualification<br/>Performance indicator - number of work experience/ volunteering/ apprenticeships opportunities provided<br/>Monthly unemployment briefings<br/>Stronger City Economy Scrutiny Panel Review 2016/17 – Skills and Training<br/>Scrutiny Review 2016/17 – The City's Apprenticeship Offer</p> | <p>Reports to the Wolverhampton Skills and Employment Board<br/>Controls Assurance Statement</p>   | <p>In addition to the performance indicators in place, the review undertaken by the Wolverhampton Skills Commission and the successful monitoring and delivery of the city skills and employment action plan will provide assurances over the effectiveness of the various measures and initiatives in place to manage this long term risk.<br/>In addition to this, assurances received at a regional level (e.g. through the West Midlands Combined Authority) will also inform the adequacy and effectiveness of the regional initiatives employed.</p> |
| 3        | <p><b>Information Governance</b><br/>If the council does not put in place appropriate policies, procedures and technologies to ensure:</p> <ul style="list-style-type: none"> <li>that the handling and protection of its data is undertaken in a secure manner and consistent with the provision of the Data Protection Act 1998;</li> <li>compliance with the Freedom of Information Act and Environmental Information risk Act</li> </ul> <p>then it may be subject to regulatory action, financial penalties, reputational damage and the loss of confidential information.</p> | 8<br>Amber    | <p>Internal audit review 2014/15 – Information sharing agreements (Satisfactory assurance)<br/>Internal audit review– Protective marking compliance, September 2014 (Limited assurance)</p>   | <p>Information risk register and reports to Information Governance Board<br/>Performance reports to Cabinet, Scrutiny Board and SEB<br/>Performance indicators reported to Cabinet- Number of data breaches<br/>Performance indicator - % of Freedom of Information (FOI) requests met within timescales<br/>Performance indicator- % of Subject Access Requests (SAR) met within timescales</p>  | <p>Senior Information Risk Officer Annual Report<br/>Controls Assurance Statements</p>   | <p>The Council's ongoing dialogue with the Information Commissioners Office, regular audits, performance against FOI and SAR requests and information incidence logs will all continue to inform the level of assurance over the effectiveness and adequacy of the controls in place to manage this risk this risk.</p>  |

|   |  |             |   |  |  |  |
|---|--|-------------|---|--|--|--|
| 4 | <p><b>Medium Term Financial Strategy</b></p> <p>If the Council does not manage the risks associated with the successful delivery of its medium term financial strategy including the continual review of the assumptions and projections of the strategy, the effective management of the key MTFS programmes and projects then this may exhaust reserves, result in the potential loss of democratic control and the inability of the Council to deliver essential services and discharge its statutory duties.</p> | 12<br>Amber | <p>PwC report: Report to those charged with governance (ISA 260) September 2016</p> <p>Independent review of process for MTFS and budget- E Sullivan, May 2014</p> <p>Internal audit review Budgetary Control - 2015/16 (Satisfactory assurance)</p> <p>Internal audit review – 2014/15 Assumptions of the MTFS</p> <p>LGA Finance Peer review- June 2016</p> <p><a href="#">Internal audit review 2016/17 - MTFS</a></p>   | <p>MTFS risk register</p> <p>Reports to Budget Working Party</p> <p>Reports to Cabinet</p> <p>Scrutiny reviews of budget strategy</p>  | <p>Management accounts</p> <p>Controls Assurance Statements</p>  | <p>Ongoing internal and external reviews will continue to provide assurances over the successful delivery of the MTFS and the achievement of efficiency savings.</p>   |
| 7 | <p><b>Safeguarding</b></p> <p>If the Council's safeguarding procedures and quality assurance processes are not consistently and effectively implemented then it will fail to safeguard children and vulnerable adults and lead to reputational damage.</p>   | 10<br>Amber | <p>West Midlands Association of Directors of Adult Social Services peer review – Adult safeguarding September 2014</p> <p>West Midlands Association of Directors of Children's Services peer review- children's safeguarding September 2014</p> <p>Peer review – Local safeguarding Children's board 2013</p> <p>Ofsted inspection safeguarding services- June 2011</p> <p>Internal audit review 2015/16 – Independent Reviewing Officer Service (satisfactory assurance)</p> <p>Internal audit review 2015/16 – Safeguarding in schools (satisfactory assurance)</p> <p><a href="#">Internal audit review 2016/17 - MASH</a></p> | <p>Scrutiny review- Child Sexual Exploitation 2015/16</p> <p>Adults and Safer City Scrutiny Panel Review- Violence against women and girls strategy September 2015</p> <p>Annual reports from adults and children's local safeguarding boards</p> <p>'Our Story' report to Cabinet Member for Children and Families</p> <p>National and local Wolverhampton performance indicators in relation to social care</p> <p>Self- audits confirmation by schools of s175 compliance</p> | <p>Children's Services self- assessment December 2015</p> <p>Adults safeguarding self- assessment and action plan – June 2016</p> <p>Quality Assurance Framework and assessments</p> <p>Controls Assurance Statement</p>         | <p>Up to date assurance from Ofsted is required to confirm risk is being effectively managed.</p> <p>In addition, further assurances continue to be sought by the Wolverhampton Safeguarding Children's Board in respect of the adequacy and effectiveness of the safeguarding arrangements in schools.</p>                |
| 8 | <p><b>Business Continuity Management</b></p> <p>Failure to develop, exercise and review plans and capabilities that seek to maintain the continuity of critical functions in the event of an emergency that disrupts the delivery of Council services.</p>   | 10<br>Amber | <p>Internal audit review 2015/16 – Business continuity and resilience management (satisfactory assurance)</p>   | <p>Reports from Wolverhampton Resilience Board to SEB</p>  | <p>Incident management: St Alban's Church of England School February 2015</p> <p>Incident management : e.g. industrial action July 2014</p> <p>Reports to Wolverhampton Resilience Board</p> <p>Controls Assurance Statement</p> | <p>The exercise and testing programme once developed and implemented will provide further assurances on the management of this risk.</p> <p>Given the continual reductions in the Council's workforce, ongoing testing will be required to provide assurance over the resilience of the provision of Council services.</p> |
| 9 | <p><b>City Centre Regeneration</b></p> <p>If the city centre regeneration programme is not effectively managed in terms of project timings, costs and scope, then it will be unable to maximise opportunities including:</p> <ul style="list-style-type: none"> <li>• creation of well paid employment</li> <li>• retention of skilled workers</li> <li>• sector and economic growth</li> <li>• increased prosperity and</li> <li>• reduced demand on council services</li> </ul>                                    | 8<br>Amber  | <p>Internal audit review 2015/16- City centre development (Satisfactory assurance)</p>  | <p>Programme and project risk registers</p> <p>Monthly reporting to the City Centre Regeneration Programme Board</p> <p><a href="#">Stronger City Economy Scrutiny Panel Review 2016/17 – Regeneration programmes</a></p>  | <p>Reports to Programme Board from project managers</p> <p>Controls Assurance Statement</p>  | <p>Regular update reports to the Programme Board and Cabinet continue to provide assurance on the management of this risk.</p>   |

|    |   |             |   |  |  |   |
|----|---|-------------|---|--|--|---|
| 10 | <p><b>Economic Inclusion</b></p> <p>If the Council and its partners do not work effectively together to promote and enable growth then the risk of economic exclusion will materialise and demand for Council services will continue to increase.</p>   | 12<br>Amber | <p>Reports to the Black Country Local Enterprise Partnership and City Board</p> <p>National performance indicators e.g. % residents unemployed, child deprivation, skills profile, etc.</p> <p>Wolverhampton Skills Commission Review – November 2014 to April 2015</p>   | <p>Stronger City Economy Scrutiny Panel Review – Investment and Funding July 2016</p> <p>Report to SEB – City Board – Monthly unemployment briefings</p>   | Controls Assurance Statement   | <p>National indicators will demonstrate the effectiveness of the measures in place to manage this long term risk.</p> <p>In addition, assurances received at a regional level (e.g. through the West Midlands Combined Authority) will also inform the adequacy and effectiveness of the regional initiatives being employed to manage this risk.</p> |
| 14 | <p><b>School Improvement</b></p> <p>If the Council does not provide effective support, challenge and appropriate intervention to raise standards in schools, then the Council and these schools are at risk of underperforming, receiving inadequate Ofsted judgements and a potential loss of control and influence.</p> | 5<br>Amber  | <p>Ofsted annual report – Schools 2014/15, December 2015</p> <p>Ofsted inspections 2015/16</p> <p>School internal audit reviews 2013/14 and 2014/15 and 2015/16</p> <p>Internal audit review 2015/16 – School Improvement and Governance Strategy (satisfactory assurance)</p> <p><a href="#">Internal audit review 2016/17 – Vulnerable Pupils</a></p>                           | <p>Performance indicator – gaps in educational performance</p> <p>Performance indicator – end of key stage outcomes</p> <p>Report to Children and Young People and Families Scrutiny Panel – School Improvement Strategy July 2016</p> <p>Report to Children and Young People and Families Scrutiny Panel - Local Authority School Improvement Inspection Self-Evaluation July 2016</p> <p>Report to Children and Young People and Families Scrutiny Panel- Primary School Organisation strategy July 2015</p> <p>Report to Children and Young People and Families Scrutiny Panel- Academy Partnership Protocol April 2016</p> <p>Report to Children and Young People and Families Scrutiny Panel – Secondary School Sufficiency Strategy April 2016</p> <p>Report to Children and Young People and Families Scrutiny Panel – Improving Our Schools Annual Report 2016 April 2016</p> <p>Audits carried out by School Support Advisors and External Governance reviews</p> | <p>Reports to Cabinet</p> <p>Controls Assurance Statement</p>  | <p>The Ofsted inspections and annual report published in December 2016 will continue to be the primary source of assurance for this risk.</p> <p>A review on the effectiveness of the School Improvement Strategy in 2016 will provide further assurance on the measures in place to manage this risk.</p>  |
| 15 | <p><b>Emergency Planning</b></p> <p>Failure to develop, exercise and review plans and capabilities for preventing, reducing, controlling or mitigating the effects of emergencies in both the response and recovery phases of major a incident.</p>   | 4<br>Amber  | <p>Follow up of internal audit recommendations, January 2014</p> <p>Internal audit review - Resilience management and Business continuity planning August 2013 (Limited assurance)</p>  | <p>Reports to Wolverhampton Resilience Board (WRB)</p> <p>Regular reports from WRB to SEB and C3 Scrutiny Panel</p>  | <p>Incident management, e.g. weather incidences 2014, Public disorders Summer 2012, Hickman Avenue fire September 2014</p> <p>Test exercise “Exercise Chillout” August 2014</p> <p>Debrief report to SEB on mosque incident – 24 July 2013</p> <p>Winter debrief report to WRB – June 2014</p> <p>Controls Assurance Statement</p> | <p>The exercise and testing programme once developed and implemented will provide further assurances on the management of this risk. In the meantime, unplanned incidences and the lessons learned from these exercises continue to provide some level of assurance over this risk.</p>   |
| 16 | <p><b>Equal Pay</b></p> <p>If schools do not comply with the Collective agreement and agree local pay scales and conditions then there is a potential for significant equal pay claims to materialise.</p>  | 8<br>Amber  | <p>PwC report: Report to those charged with governance (ISA 260) September 2015</p> <p>Ongoing Internal audit assurance in 2015/16 to Equal Pay Project.</p> <p>Internal audit review - Equal Pay claims, September 2014 (Substantial assurance)</p> <p>External legal advice from Browne Jacobson on claims</p> <p><a href="#">Internal audit review 2016/17 – Equal Pay</a></p> | <p>Reports to Equal Pay Project Board</p>  | Controls Assurance Statement   | <p>Ongoing review by management of the level of claims continues to provide assurance on this risk, over which the Council has little control.</p>  |



## Update on Selected Risk for Review

| Risk title and description  | Previous score<br>(Feb 2016) | Direction of travel  | Current score<br>(June 2016) | Target score and date      |
|---|------------------------------|--|------------------------------|----------------------------|
| <p><b>Skills for Work</b><br/>If the city residents do not have the appropriate skills that employers require then they will be unable to access the jobs and opportunities available resulting in high rates of unemployment and increased demand on Council services.</p> <p>Risk owner: Tim Johnson (Keren Jones)<br/>Cabinet Member: Cllr John Reynolds</p> | 15<br>Red                    |  | 15<br>Red                    | 10*<br>Amber<br>March 2017 |

### Background

- 1.1 This briefing note provides a further update on Strategic Risk 2 – Skills for Work and sets out the work that has taken place since December 2015 by the council and partners to mitigate the risk. The first update was provided in December 2015 and provided information on
- The establishment of the independent Skills and Employment Commission
  - The report and findings from the commission (link to report)
  - Progress on the development of the Skills and Employment action plan (link to action plan)
  - Priority areas for partnership action locally, sub regionally and regionally
- 1.2 This report provides detail on the activity at both city and regional level since January 2016, which is intended to improve resident skills levels and job readiness, support economic growth and reduce demand on public services. This includes a mix of existing activity and new activity which is currently being developed in response to the recommendations of the Skills and Employment Commission and is part of the delivery of the Skills and Employment action plan.

### Skills and Employment action plan

- 2.1 The Skills and Employment action plan has been developed with partners following the report from the Skills and Employment Commission.

The following are the key city programmes for 2016/17 (see appendix 1 for full action plan). Performance on these programmes will be monitored by Employment and Skills Board with regular updates and reports also going to the Economic Growth Board.

- **Programme 1, the City Work Place:** aims to improve the support given to businesses to help them recruit, grow and retain skilled local people, resulting in more jobs and more successful enterprise.
- **Programme 2, the City Work Box:** aims to create a virtual system that makes it easier for local people to obtain information, advice and guidance, resulting in more local people accessing local employment and progressing in the workplace.
- **Programme 3, the Learning City:** initially aims to create a dynamic learning environment across the city centre, with strong connections into local communities. This is the first step in putting learning at the heart of our city's overall development.

### Local city development and delivery

- 3.1 It should be noted that there is a considerable amount of development and capacity building work going on alongside *business as usual* for skills, employment and enterprise. This year we are setting up new ways of working which are much more partnership focused and which will lead to a clearer better coordinated local skills and employment system.

### Wolverhampton Workbox

- 4.1 Work has started on the development of the Wolverhampton Workbox. The Workbox will be a fully functioning, interactive website which will act as an infrastructure to provide local people, businesses and providers direct access to information, advice on training, employment and job opportunities. The website will act as a single front door to tailored, customised skills support, and improved access to jobs.
- 4.2 Partner and resident consultation on the design of the site is on-going and presentations have been made to the Economic Growth Board and the Skills and Employment Board and useful feedback was received and is being used to shape the further development.
- 4.3 The launch is planned for later in 2016 and the new site expects to achieve approximately 35,000 hits with at least 60% of those being new users in its first year of operation (based on the Telford Job Box best practice model). Additionally the website will have user functionality enabling self-assessments and tracking of progress, therefore increases in the numbers of return users and those creating accounts will be a key indicator of success.
- 4.4 Businesses will be able to post job vacancies on the website and work has begun to identify early adopters who will sign up to post their vacancies. It is expected that as the website develops momentum more businesses will sign up to the workbox.
- 4.5 The work box alongside the local job brokerage aims to support 600 new people into employment within the first year of operation.

- 4.6 Behind the site we will be building a new people Client Relationship Management (CRM) system which will allow us over time to track and target skills and employment activity and events and to monitor the effectiveness of local service provision.

### Scaling up on local recruitment

- 5.1 The Skills for Growth Team have achieved considerable success at enabling businesses to recruit locally. This kind of work focuses mainly on entry level, low skill vacancies but can be a very successful tool for addressing unemployment as well as a successful way of encouraging local and incoming businesses to recruit locally.
- 5.2 The table below shows that between January 2016 and May 2016 the Skills for Growth team enabled 187 residents to access jobs in local businesses.

| Employers supported    | No of Jobs | Outcome  | Number of Wolverhampton Residents into work |
|------------------------|------------|--|---|
| Airspace               | 78         | 72% Wolves residents (56/78 staff appointed to date)           | 56  |
| Sunbeam                | 67         | 100% roles Wolves residents                                    | 67  |
| Slater's Ales          | 15         | 14/15 roles wolves residents                                   | 14  |
| Ovivo                  | 20         | On-going linked with Uni and College for project manager roles | On-going                                    |
| Kaspa's                | 15         | 25 roles- 100% wolves into work                                | 25  |
| Blooms                 | 5          | On-going apprenticeships and roles                             | 1 to date but on-going                      |
| 15 Care companies      | 90         | On going   | To be tracked                               |
| The Island House       | 30         | Will fully open Sept 2016                                      | On-going                                    |
| Plastic Bottle Factory | 30         | Over 25 local residents into work                              | 25  |
| <b>Total</b>           |            |  | <b>187</b>                                  |

### Improving capacity

- 6.1 Work is on-going to improve local job brokerage capacity and effectiveness in order to increase the number of local residents benefitting from the jobs growth in the city. A new partnership is being established between the council, Jobcentre Plus and local training partners to target much greater numbers into employment through a more coordinated

approach with partners and employers. This initiative will capitalize on the increase in new jobs to the city and provide additional capacity to respond.

- 6.2 The Skills for Growth team will engage with employers across Wolverhampton's 3 growth corridors (Northern, Central and Southern). Employer engagement will provide clear directions for the content and quality of training to be provided. This will be designed and delivered by local training partners. Referrals to the jobs will come from a wide range of local partners including JCP, Wolverhampton Learning Platform (7 Voluntary sector providers) Jobs and training opportunities will be advertised on the Workbox site
- 6.3 In 14/15 the council's Economic Inclusion team supported 87 residents into employment. Our targets for 16/17 using the new model of job brokerage is to achieve a minimum of 600 residents into employment through the new brokerage. The brokerage is going live in September 2016 and we will launch more formally in the spring of 2017 when it is fully operational.
- 6.4 Once established we would expect this brokerage resource provided by the council to be moving approximately 600 people into employment each year. These will be mainly unemployed or low skilled residents who need additional support and training.

### **Growing higher level skills through Apprenticeships**

- 7.1 Apprenticeships are going through significant national policy and funding changes. This is making access for businesses even more difficult and poses a risk to the city. Take up in Wolverhampton is already low and there is a need for an improved focus on the relevance of the curriculum and the quality of the offer.
- 7.2 The team have worked with partners to establish a City Apprenticeships partnership. The group will include the University, the college, Black Country Apprenticeships group, Connexions and Talent match.
- 7.3 This group has been agreed by the Skills and Employment Board and will do the following over 2016/17
  - Deliver joined up marketing and events to promote apprenticeships to employers, residents, young people, parents, schools, careers advisers etc.
  - Improve coordination of delivery – work together to simplify and coordinate the offer to business across the city
  - Simplify the offer for all age groups (using the Workbox) and improve access through better traineeships and pre-apprenticeships provision
  - Access funding and opportunities – work together and position ourselves to maximise funding and development opportunities.
  - Higher Apprenticeships - Expand the higher apprenticeships offer and develop pathways between levels for target sectors
  - Supply skills for growth - enable and support jobs and growth in the three development corridors and wider functional economic area
  - Capitalise on the apprenticeships levy Understand how we collectively might capitalise on the apprenticeships levy to benefit local business and people and develop the LA scheme as an example of good practice

- 7.4 We hope this work will mitigate against the risk of reduced employer engagement in apprenticeships, secure existing levels of delivery and over time, improve take up, relevance and quality.

### **Business intelligence and labour market information**

- 8.1 Our Business Engagement programme is intelligence led, focusing on market and local growth trends and innovation which will inform and shape recruitment and training initiatives. By building a positive relationship with businesses the team is able to identify current employment and training needs, as well as gaining an understanding of growth opportunities.
- 8.2 In practical terms the team captures information on current job vacancies and employment needs of employers whilst also gaining an understanding of the future skills needs of the wider economy that will enable early and constructive dialogue with partners and providers.

### **Sub regional and regional working**

#### **Black Country**

- 9.1 City economic development staff are working actively at local, sub regional and regional level. This kind of multiple level working is essential to ensure that the city's priorities and needs are reflected in sub regional and regional policy and programme development and resource allocation.
- 9.2 The Black Country skills and employment officer group has been recently re-established. This group will work to ensure that there is a coherent skills and employment offer developed across the Black Country. It will seek to maximize funding and development opportunities in response to Black Country LEP priorities and present a coherent position Black Country position within the Combined Authority.

#### **West Midlands Combined Authority**

- 10.1 The creation of the West Midlands Combined Authority and the prospect of future devolution of skills and employment funding present a real opportunity for the city. Economic Developments officers are representing Wolverhampton at Combined Authority level on skills and employment issues.
- 10.2 We have officer level representation on the Skills and Employment Working group (Angela McKeever, Head of Skills); the Health and Work group (Sue Lindup – Economic Inclusion manager) and on the Skills devolution group (Sue Knottenbelt – head of Adult Learning). Officers are working collaboratively across the region to ensure that Wolverhampton's needs and priorities are reflected in programmes and resourcing.
- 10.3 An internal council coordination group has also been established to help the council support and monitor its involvement across a range of West Midlands Combined Authority programmes and working groups. These include Skills and Productivity; Land; Health and Well-being; etc

## Major programmes

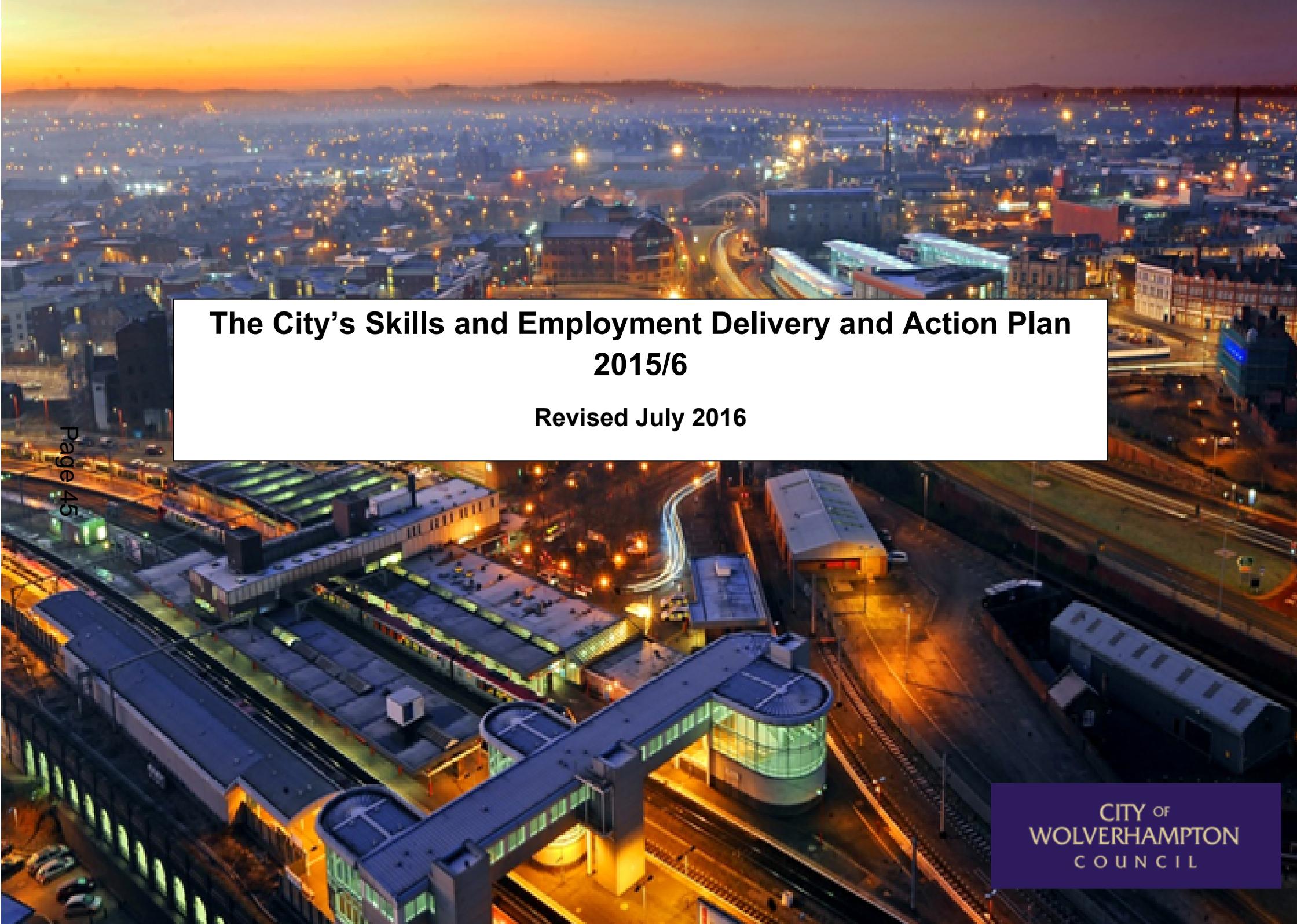
### Impact – ESF Youth Employment Initiative

- 11.1 Wolverhampton will benefit from a major European Social Fund (ESF) and Youth Employment Initiative (YEI) funded skills and employment support programme targeting vulnerable young people. The aim of the project is to support the sustainable integration into the labour market of young people (aged 16-29), not in education, employment or training (NEET).
- 11.2 Black Country Partners include Dudley Metropolitan Borough Council (the accountable body), Sandwell Metropolitan Borough Council, Walsall Metropolitan Borough Council and Wolverhampton Voluntary Sector Council (as accountable body for Big Lottery funded Talent Match).
- 11.3 The funding package is £51m comprising £17m ESF, £17m YEI, with £17m match funding from partners which includes £8m Lottery (Talent Match).
- 11.4 This will be done by supporting them into the “Journey to Employment” so that those furthest from the job market can gain the skills that will bring them closer to the job market. Funding will be available for training or activities needed for them to move forward – anything from 1 day to 6 months and several different things if needed. Programme delivery will run until July 2018. 10 new Key Workers have now been recruited for Wolverhampton – based in a range of agencies including Wolverhampton Homes, Early Intervention, Youth Offending and Looked After Children Teams, Jobcentre Plus and Connexions.
- 3342 young Wolverhampton residents will be engaged with this programme
  - 1237 receiving customised support
  - 920 supported into employment, education and training.

### The Assurance Framework

12.1 Assurances on the effective management of this strategic risk include:

- Regular updates to the Strategic Executive Board
- Review by the Wolverhampton Skills Commission 2014/15
- Scrutiny review of Employability and Skills in Wolverhampton 2014/15
- Various employment and qualification performance indicators
- Regular updates to the Wolverhampton Skills and Employment Board

An aerial night photograph of Wolverhampton, showing a dense urban landscape with numerous lights from buildings and streets. The sky is a mix of orange and blue, suggesting dusk or dawn. The city's layout is visible, with roads and building footprints illuminated.

# **The City's Skills and Employment Delivery and Action Plan 2015/6**

**Revised July 2016**

## The City's Skills and Employment Delivery and Action Plan 2015/6

Revised July 2016

### Background

Wolverhampton is a city where economic growth and prosperity is a top priority for the Council and its partners. Across the city there is over £3.61 billion investment either on site or planned, which in turn will support thousands of new jobs. This is on top of the fact that the number of jobs per head of population is already close to the English average (*ONS NOMIS – Job density*). The city is home to global players such as UTC Aerospace Systems, Moog, Jaguar Land Rover, TATA Steel and Carillion, who also play an integral part of the local economy. The city's wider business base has increasingly diversified and Wolverhampton is now currently home to over 8000 companies across a broad spectrum of industries. There is no shortage of opportunity in Wolverhampton, our biggest concern now is to ensure that employers can attract the skilled labour they want, and that local people benefit from the opportunities available to them.

In order to compete in the labour market, and progress in the world of work, local people need the education, skills and determination to succeed. The statistics show that currently many local people struggle. Those in work, self-employed or looking for work (known as the economic activity rate), as expressed as a percentage of the population between 15-64 years old is only 62.6% in Wolverhampton, compared with an English average of 77.8% (*ONS Annual Population Survey Sept 2015*). In February 2016, the City had the fifth highest JSA (Job Seekers Allowance) claimant rate at 4.1 % of all English Local Authorities. Alongside this youth JSA claimant rates at 5.9% was the fifth highest. Of particular concern is the growing number of residents facing multiple barriers to employment. In January 2016, Employment Support Allowance (ESA) claimants totalled 12,270, 58% of whom were under 50 and 46% had mental health issues (*ONS NOMIS*).

## The Wolverhampton Skills and Employment Commission

In autumn 2014, the Leader of the City of Wolverhampton Council announced the establishment of an independent Skills and Employment Commission, with the purpose of:

- Improving the city's prospects for sustainable growth, by ensuring the city had a workforce that meets the needs of current, and future employers,
- Ensuring that the city's residents had the skills and qualifications needed to compete successfully for local job opportunities.

Chaired by Professor Tony Travers, the Commission's membership drew from businesses, higher education and the voluntary sector. It identified four key skills and employment challenges that were holding back GVA growth:

- **Skills shortage arising from recent diversification of the economy:** Manufacturing and engineering are important sectors locally in terms of employment relative to the national average. It is a sector where replacement of experienced and semi-skilled workers reaching retirement age is a key issue for employers. There is also an increasing growth across other sectors where there will continue to be significant future demand are health and social work, wholesale and retail trade, professional services and construction sectors.
- **Growing need for higher skills:** Whilst there will be opportunities in most sectors and most occupations, most of the projected growth is increasingly biased towards higher level skills.
- **Local people's ability to compete in the labour market:** The city's residents are not competing as successfully as they might be for local, and wider, employment opportunities. Low skills is a major issue, but so is the lack of credible work, and non-work experience to put on CVs. The local labour market extends beyond the City's administrative boundaries – a higher proportion of high skilled than low skilled jobs are filled by non-residents, particularly from South Staffordshire.

- **Low skill levels:** Wolverhampton has a lower than average skills base. 20,000 of the working population would need to obtain a qualification for the city to reach the England average. Lack of one or more of basic skills in English, Maths and IT are barriers to employment. Employers also want “well rounded” individuals.

The Commission was also concerned about the lack of a co-ordinated system for skills. It concluded that funding for skills development is disjointed, leading to a plethora of providers and services. After drawing on evidence from a wide range of sources, the Skills and Employment Commission’s concluded that there were five areas for improvement that could be taken forward at the city level:

#### **Recommendations from the Wolverhampton Skills and Employment Commission**

- **Provide an improved joined up approach to careers advice for people of all ages in the city.**
- **Improve the use of resources and create clearer roles across institutions and organisations concerned with education, training and skills development**
- **Improve soft skills and addressing wider barriers to work**
- **Work with employers to address under-employment and in-work progression**
- **Communication and collaboration with employers**

## Overview of the City's Skills and Employment Delivery and Action Plan

2015/16

### Framework for Action

The City's Skills and Employment Delivery and Action Plan will only be delivered through effective partnership working and collaboration by all of our public, private and third sector partners. The City has an excellent record of partnership working and this will need to be built upon, and fully embraced, by all partners, in order for us to move forward together on the Skills and Employment agenda.

#### Main programmes

**Programme 1, the City Work Place:** aims to improve the support given to businesses to help them recruit, grow and retain skilled local people, resulting in more jobs and more successful enterprise.

**Programme 2, the City Workbox:** aims to create a virtual system that makes it easier for local people to obtain information, advice and guidance, resulting in more local people accessing local employment and progressing in the workplace.

**Programme 3, the Learning City:** initially aims to create a dynamic learning environment across the city centre, with strong connections into local communities. This is the first step in putting learning at the heart of our city's overall development.

All three programmes will be supported by the City adopting a consistent approach by local partners in influencing the decisions made at the West Midlands Combined Authority and Black Country LEP level.

**Programme 1: The City Workplace**

This programme aims to improve the support given to businesses to help them recruit, grow and retain skilled local people, resulting in more jobs and more successful enterprise.

## Programme 1: The City Workplace

This programme aims to improve the support given to businesses to help them recruit, grow and retain skilled local people, resulting in more jobs and more successful enterprise.

### Our starting point:

- **Job opportunities** – In 2015 there were 102,000 employed in jobs within the city (*ONS NOMIS*) and the % jobs per head of population was 0.78% (*ONS NOMIS*)
- **Entrepreneurship**– There were 4,180 business start-ups in the City between 2010 and 2014 (Business Demography data) and in 2015 39% of new businesses were surviving after 5 years from start-up (*BIS Business demography data*)

### Where we will be in 2020

- **Job opportunities** – % jobs per head of population will be at least equivalent to the national average and there will be 10,000 net additional jobs
- **Entrepreneurship** – There will be further increases in business start-ups, with survival rates after 5 years increasing to 42%.

## What would the new offer to employers look like:

The new offer to employers will be delivered through the Black Country Growth Hub and include:

- Early identification of business skills and recruitment needs, as an integral part of our business support diagnostic.
- Speedy signposting to the skills and employment provision that is the best fit for each individual business.
- Local skills provision and curriculum planning that is shaped by the intelligence we have acquired directly from employers.
- Opportunities for an employers and providers to create be-spoke programmes to meet the needs of specific sectors and individual businesses
- A programme of events, seminars and networks that facilitate the sharing of good practice and innovation
- Opportunities for businesses to contribute to the development of the future workforce through an enhanced Education and Business Partnership programme and through new Corporate Social Responsibility projects.

## Main 2016/17 Workplace projects

- **WP 1: Creation of a shared economic data portal**
- **WP 2: Skills and training integrated into BC Growth Hub business diagnostic and brokerage**
- **WP 3: Develop specific skills and employment offers to key sectors of the economy**

### WP 1: Creation of a shared economic data portal

**Lead officer and organisation:** Isobel Woods, Head of Enterprise, City of Wolverhampton Council (CWC)

**Other key partners:** Black Country LEP, University of Wolverhampton, Black Country Chamber of Commerce, Business Champions, City of Wolverhampton College, Job Centre Plus, local business forums and local skills providers

| <b>Activities:</b>  | <b>Who:</b>   | <b>Date completed</b>                           |
|---|---|---|
| <ul style="list-style-type: none"> <li>• Establish the process and format for data collection and reporting, with input from businesses and skills providers</li> <li>• Robust data collection processes fully established</li> <li>• On-going collection and analysis of qualitative and quantitative data and intelligence</li> </ul> | Isobel Woods, Head of Enterprise, CWC<br>Head of Growth Hub<br>Head of Growth Hub | September 2016<br><br>December 2016<br>On-going |

#### **Measures (to be developed)**

- Numbers of businesses contributing information to the portal
- Number of providers reporting changes to their curriculum offer as a result of information provided through the portal
- Number of businesses reporting an improvement in the skills and qualifications of local labour

#### **Outcomes:**

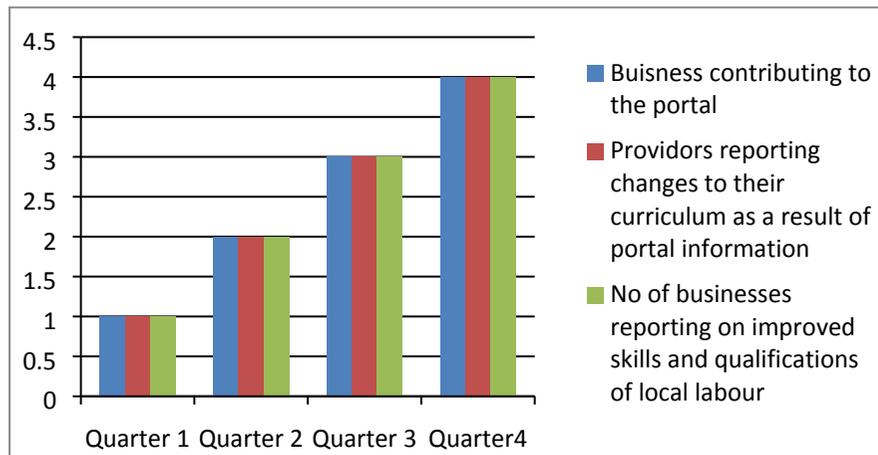
- A data portal that enables the collection and sharing of local economic and labour market intelligence with education, skills and employment providers. This includes current and future trends.

## WP 1 Monitoring: Creation of a shared economic data portal

| Activity  | Progress last report | Progress this report | Direction of travel | Completion target date | Completed (date) | Date updated | Notes  |
|---|----------------------|----------------------|---------------------|------------------------|------------------|--------------|--|
| Establish the process and format for data collection and reporting, with input from businesses and skills providers |                      |                      |                     | September 2016         |                  | 5/09/2016    | Work in progress but not yet established where it sits potential completion Q3 |
| Robust data collection processes fully established  |                      |                      |                     | December 2016          |                  | 5/09/2016    |  |
| On-going collection and analysis of qualitative and quantitative data and intelligence                              |                      |                      |                     | Ongoing                |                  | 5/09/2016    | Integrated as part of Strategic Business Relationship Programme                |

| Key   |                               |
|---|-------------------------------|
|  | Behind target                 |
|  | On target                     |
|  | In progress                   |
|  | Completed                     |
|  | Performance slipping          |
|  | Performance on track          |
|  | Performance stable/ no change |

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**WP 2: Skills and training integrated into the Black Country Growth Hub business diagnostic and brokerage**

**Lead officer and organisation:** Head of Black Country Growth Hub, CWC on behalf of the Black Country LEP

**Other key partners:** City of Wolverhampton Council, Black Country LEP, University of Wolverhampton, Black Country Chamber of Commerce, Business Champions, City of Wolverhampton College, Job Centre Plus, local business forums and local skills providers

| Activities:   | Who:   | Date completed   |
|---|--|--|
| <ul style="list-style-type: none"> <li>• Development detailed business diagnostic, in consultation with local employers and providers</li> <li>• Identify target businesses and improve account management functions for the city</li> <li>• Ensure that new diagnostic and brokerage tools and procedures fully utilised by all Growth Hub partners</li> <li>• Demand led events programme designed and being delivered</li> </ul> | <p>Head of Growth Hub</p> <p>Isobel Woods<br/>Head of Growth Hub</p> <p>Head of Growth Hub</p> | <p>October 2016</p> <p>September 2016</p> <p>November 2016</p> <p>March 2017</p> |

**Measures (to be developed)**

- Numbers of businesses receiving a skills and employment diagnostic
- Numbers of businesses investing in new workforce development, recruitment and training services

**Outcomes:**

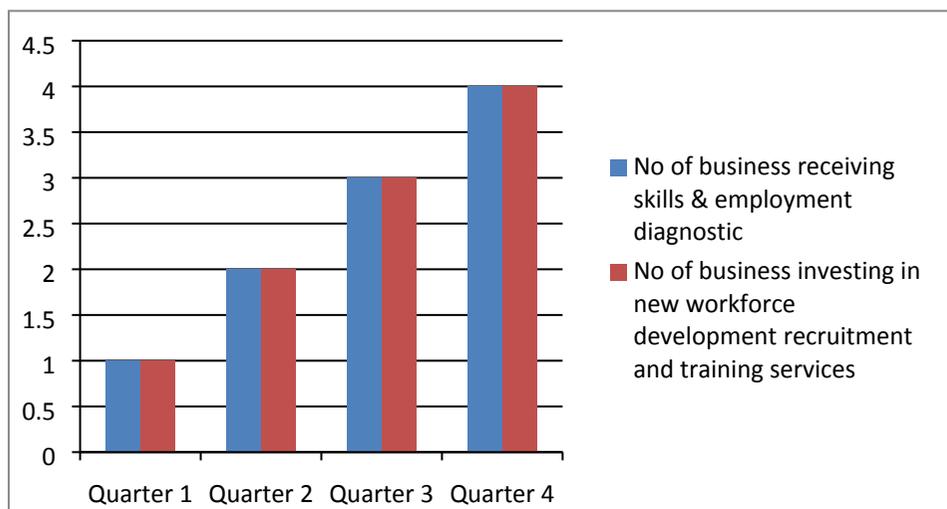
- Improved information, diagnostic, brokerage for SMEs in respect of recruitment and workforce development
- An enhanced City Employment and Careers Events Programme, delivered by working more closely with employers.
- Increased number of local businesses advocating the benefits to employers from investing in skills and workforce training

## WP 2 Monitoring: Skills and Training integrated into BC Growth Hub business diagnostic and brokerage

| Activity  | Progress last report | Progress this report  | Direction of travel   | Completion target date | Completed (date)  | Date updated | Notes   |
|---|----------------------|---|---|------------------------|---|--------------|---|
| Development of detailed business diagnostic, in consultation with local employers and providers             |                      |  |  | October 2016           |  | 5/09/2016    | Diagnostic tool in place – feeds into data portal project WP1 |
| Identify target businesses and improve account management functions for the City                            |                      |  |  | September 2016         |  | 5/09/2016    | Completed   |
| Ensure that new diagnostic and brokerage tools and procedures are fully utilised by all growth hub partners |                      |  |   | November 2016          |   | 5/09/2016    | On target for November 2016                                   |
| Demand led events programme designed and being delivered  |                      |  |   | March 2017             |   | 5/09/2016    | Work in progress  |

| Key   |                               |
|---|-------------------------------|
|  | Behind target                 |
|  | On target                     |
|  | In progress                   |
|  | Completed                     |
|  | Performance slipping          |
|  | Performance on track          |
|  | Performance stable/ no change |

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**WP 3: Develop specific skills and employment offers to key sectors of the economy**

**Our key sectors are: Manufacturing and engineering, construction, retail and hospitality, health and social care**

**Lead officer and organisation:** Isobel Woods, Head of Enterprise, CWC

**Other key partners:** Sector specific bodies, UKTI, Black Country LEP, University of Wolverhampton, Black Country Chamber of Commerce, Business Champions, City of Wolverhampton College, Job Centre Plus

| Activities:   | Who  | Date completed                                   |
|---|--|--|
| <ul style="list-style-type: none"> <li>• Research the skills, qualification and training requirements of each specific sector and share the findings</li> <li>• Detailed propositions for key sector skills and employment pathways : supporting specific sectors to grow and access skills for growth</li> <li>• Establish an employer led Retail Academy, building on the opportunities being created through main City Centre Regeneration Schemes e.g. the Mander Centre refurbishment</li> </ul> | <p>Isobel Woods, CWC</p> <p>TBC</p> <p>Andy Bailey, Manders Centre</p> | <p>January 2017</p> <p>March 2017</p> <p>TBC</p> |

**Measures (to be developed)**

- Detailed propositions completed, resourced and being delivered

**Outcomes:**

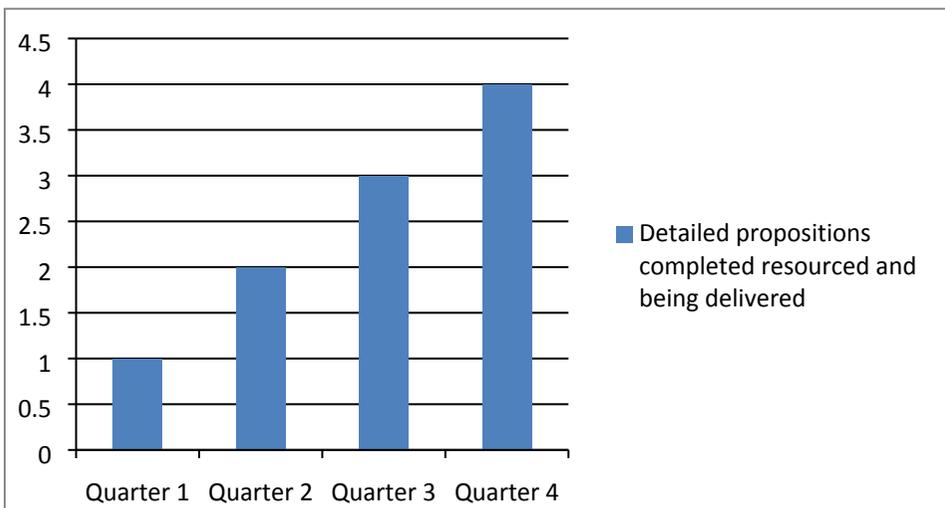
- Better understanding of the needs and skills gaps for each priority sector
- Improved curriculum planning by local providers
- A local labour pool that is better at meeting the needs of a modern, competitive sectors that are important for the growth of the city

### WP 3 Monitoring: Develop specific skills and employment offers to key sectors of the economy

| Activity   | Progress last report | Progress this report | Direction of travel | Completion target date | Completed (date) | Date updated | Notes   |
|--|----------------------|----------------------|---------------------|------------------------|------------------|--------------|---|
| Research the skills, qualification and training requirements of each specific sector and share the findings  |                      |                      |                     | January 2017           |                  | 5/09/2016    | Yet to start. Development work underway.                |
| Detailed propositions for key sector skills and employment pathways: supporting specific sectors to grow and access skills for growth                                    |                      |                      |                     | March 2017             |                  | 5/09/2016    | On target   |
| Establish an employer led Retail Academy, building on the opportunities being created through main City Centre Regeneration Schemes e.g. the Mander Centre refurbishment |                      |                      |                     | TBC                    |                  | 5/09/2016    | Currently working with partners to identify timescales. |

| Key   |                               |
|---|-------------------------------|
|   | Behind target                 |
|   | On target                     |
|   | In progress                   |
|   | Completed                     |
|  | Performance slipping          |
|  | Performance on track          |
|  | Performance stable/ no change |

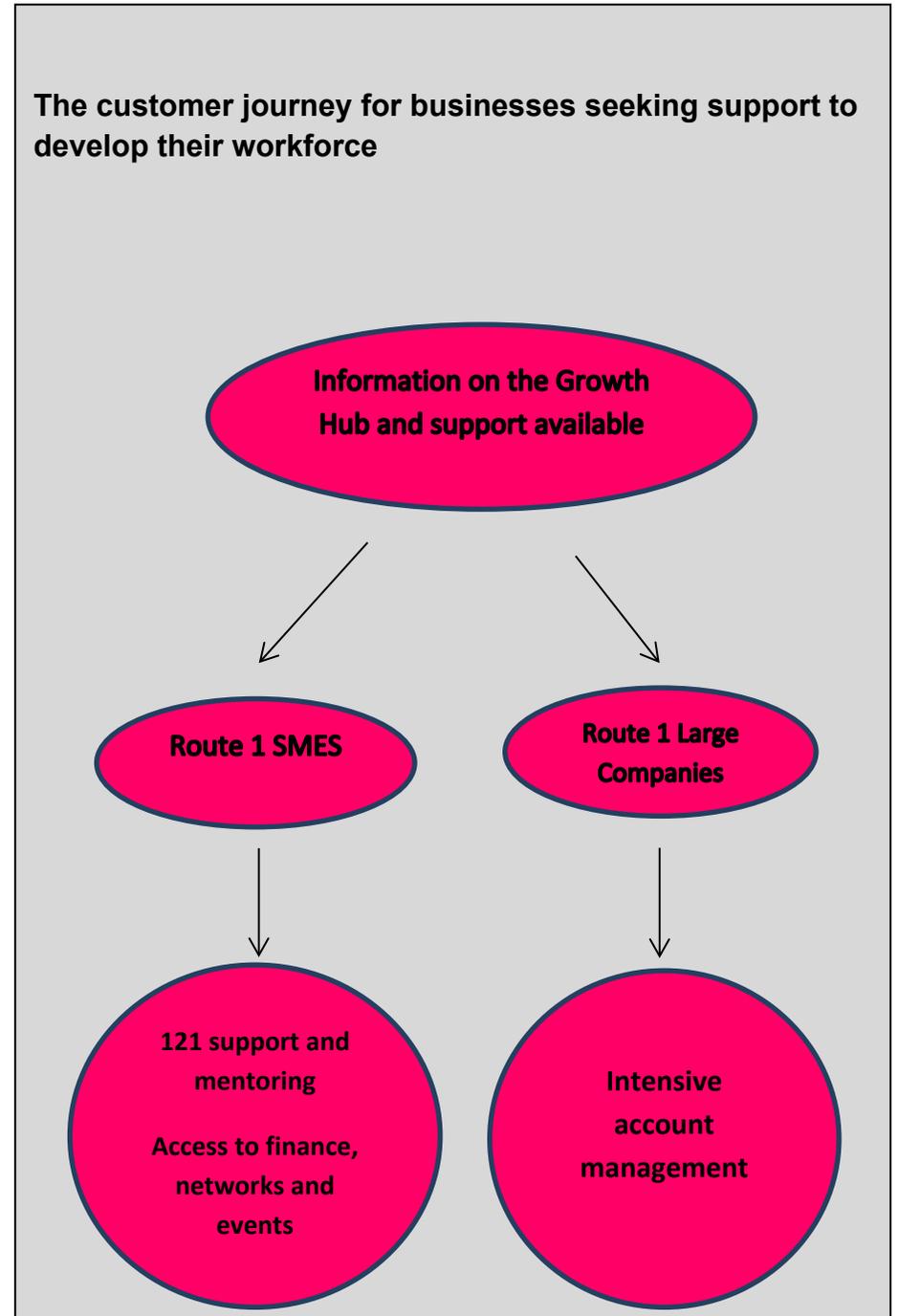
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**Summary of key partners:**

- City of Wolverhampton Council
- City of Wolverhampton College
- The University of Wolverhampton
- Wolverhampton Economic Growth Board
- Wolverhampton Business Champions
- Wolverhampton business fora
- Individual businesses and employers
- Black Country Enterprise Partnership
- Black Country Consortium
- Black Country Growth Hub
- Black Country Chamber of Commerce
- Federation of Small Business

**The customer journey for businesses seeking support to develop their workforce**



**Programme 2: THE City Workbox**

This programme aims to create a virtual system making it easier for local people to obtain information, advice and guidance, resulting in more local people accessing local employment and progressing in the workplace.

## Programme 2: The City Workbox

This programme aims to create a virtual system making it easier for local people to obtain information, advice and guidance, resulting in more local people accessing local employment and progressing in the workplace.

### Our starting point:

- JSA claimant rate 4.1% ( 6,465 people)
- 18-24 JSA claimant rate – 5.9% (1,415 people)
- Out of work benefits 14.5% on employment support allowance (12,270 people)
- Economic activity rate 70.7%.

### Where we will be in 2020

- Universal credit claimant rate at Black Country average
- Economic activity rate 72.6%

## What would the new offer to residents look like:

The new offer to residents and learners will include:

- An on-line City Work (Job) box providing better information, needs assessment and career choices
- Help to individuals wanting to access the most suitable progression routes to employment
- A seamlessly managed customer journey across the various providers
- Opportunities for effective progression for all ages and all abilities.
- Additional support by a team of “navigators” for those furthest from the labour market, throughout their journey to employment
- An individual triage approach to all customers. Common screening/diagnostic and referral tools will include access to self-service assessments.
- Advice and guidance based on robust statistical evidence and local business intelligence

## Main 2016/17 Workbox Projects

- **WB 1: Creation of a comprehensive web-based information and guidance portal for local residents**
- **WB 2: One City approach that supports local people to assess their needs and find the best way forward**
- **WB 3: Good quality, and effective, routes to employment, including a strong local apprenticeship offer**

### WB 1: Creation of a comprehensive web-based information and guidance portal for local residents

**Lead officer and organisation:** Angela McKeever, Head of Skills, CWC

**Partners:** Jobcentre Plus, Wolverhampton Homes, Voluntary sector, Business reps, City of Wolverhampton College, University of Wolverhampton, Connexions

| Activities:  | Who:                 | Date completed         |
|--|----------------------|------------------------|
| <ul style="list-style-type: none"> <li>• Develop a Workbox, a customer focused website improving access to information and support for residents to access education, training and employment (and for businesses to local skills and recruits). To include involvement of all key partners in development.</li> </ul> | Angela McKeever, CWC | Sept 2016<br>Demo site |
| <ul style="list-style-type: none"> <li>• Develop and launch a marketing strategy to promote the on-line Workbox</li> </ul>   | Ian Fegan, CWC       | Nov 2016<br>Launch     |
| <ul style="list-style-type: none"> <li>• Improved back office data capture and management system linked to website and brokerage. To include involvement of all key partners in developing and refining the tool.</li> </ul>   | Angela McKeever, CWC | March 2017<br><br>TBC  |

#### Measures (to be developed)

- Numbers of partners contributing content and information to be published on the portal

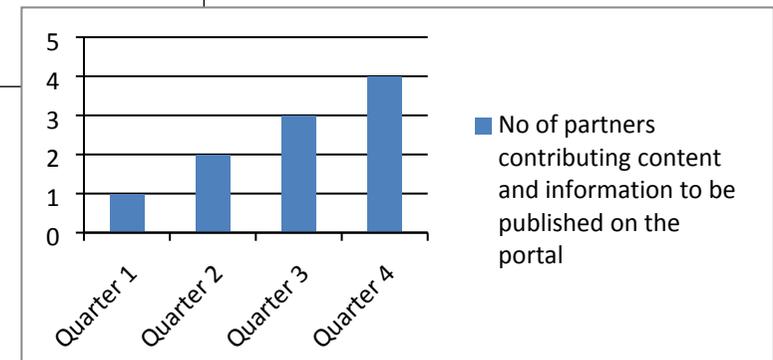
**Outcomes:**

- Creation of an integrated system that provides information and guidance to local residents and also allows their progress to be tracked across all types of provision and support
- Improved access for residents to relevant skills provision and employment opportunities
- Improved access for business to local skills and recruitment.

**WB 1 Monitoring: Creation of a comprehensive web-based information and guidance portal for local residents**

| Activity  | Progress last report | Progress this report | Direction of travel | Completion target date   | Completed (date) | Date updated | Notes  |
|---|----------------------|----------------------|---------------------|--------------------------|------------------|--------------|--|
| Develop a Workbox, a customer focused website improving access to information and support for residents to access education, training and employment (and for businesses to local skills and recruits). |                      |                      |                     | September 2016 Demo site |                  | 5/09/2016    | Design phase in progress<br>Influenced by consultation<br>Financial approval sought – 1/11/16<br>Cabinet resources |
| Develop and launch a marketing strategy to promote the on-line Workbox  |                      |                      |                     | November 2016 launch     |                  | 5/09/2016    | Connected to the wider City Marketing and Branding. Not yet started  |
| Improved back office data capture and management system linked to website and brokerage. To include involvement of all key partners in developing and refining the tool.                                |                      |                      |                     | March 2017<br>TBC        |                  | 5/09/2016    | Provisional discussions with Adult Education and Connexions  |

| Key   |                               |
|---|-------------------------------|
|   | Behind target                 |
|   | On target                     |
|   | In progress                   |
|   | Completed                     |
|    | Performance slipping          |
|    | Performance on track          |
|  | Performance stable/ no change |



## WB 2: One City approach that supports local people to assess their needs and find the best way forward

**Lead officer and organisation:** Angela McKeever, Head of Skills, City of Wolverhampton Council

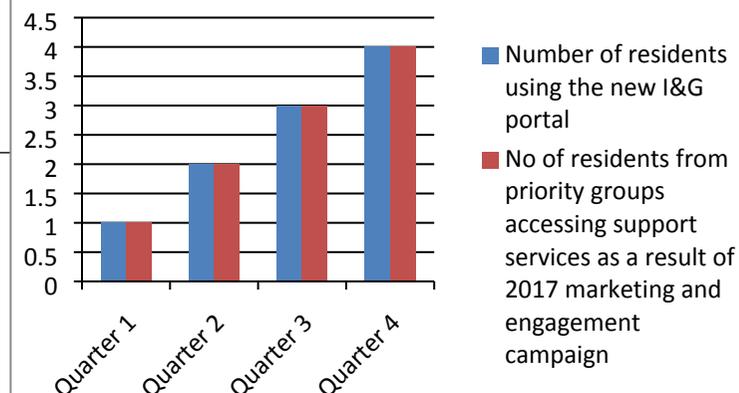
**Partners:** Jobcentre Plus, City of Wolverhampton College, Adult Education Services, Community Learning Platform, University of Wolverhampton, Connexions, Schools,

| Activities:  | By:  | Date completed  |
|--|--|---|
| <ul style="list-style-type: none"> <li>• Development, agreement and deployment of common skills and job readiness diagnostic that will be used by all the main city providers.</li> <li>• Encourage schools to achieve a nationally accredited Quality award in CEIAG</li> <li>• Embed basic skills assessment in employment support and vocational training</li> <li>• Establish a new adult advice and guidance practitioner network to drive consistency and quality</li> <li>• Adopt a Common approach to customer relationship management across all main partners</li> </ul> | <p>AMcK, Connexions, JCP, CLP,</p> <p>AMcK, Connexions<br/>AMcK, JCP, College<br/>AMcK, CLP</p> <p>AMcK, JCP, AES, CLP</p> | <p>March 2017</p> <p>March 2017<br/>March 2017<br/>Jan 2017</p> <p>March 2017</p> |
| <p><b>Measures (to be developed)</b></p> <ul style="list-style-type: none"> <li>• Number of residents using the new information and guidance portal</li> <li>• Number of residents from priority groups accessing support services as a result of the 2017 marketing and engagement campaign</li> </ul>  |  |   |
| <p><b>Outcomes:</b></p> <ul style="list-style-type: none"> <li>• Residents of all ages and abilities have a better understanding of the career, learning, training and employment opportunities available</li> <li>• Improvements in the quality and accessibility of provision</li> </ul>   |  |   |

## WB 2 Monitoring: One City approach that supports local people to access their needs and find the best way forward

| Activity  | Progress last report | Progress this report | Direction of travel | Completion target date | Completed (date) | Date updated | Notes  |
|---|----------------------|----------------------|---------------------|------------------------|------------------|--------------|--|
| Development, agreement and deployment of common skills and job readiness diagnostic that will be used by all the main city providers. |                      |                      |                     | March 2017             |                  | 05/09/2016   | Initial meetings with JCP and Training Provider network have taken place around jobs brokerage. Commitment from all parties to improve assessment and referral |
| Encourage schools to achieve a nationally accredited Quality award in CEIAG   |                      |                      |                     | March 2017             |                  | 05/09/2016   | 10 schools and 1x college registered and undertaking CEIAG award (30%). Target is 50% of the 30 institutions.  |
| Embed basic skills assessment in employment support and vocational training   |                      |                      |                     | March 2017             |                  |              | Job change to carry out basic skills assessment in Job Centres   |
| Establish a new adult advice and guidance practitioner network to drive consistency and quality                                       |                      |                      |                     | January 2017           |                  |              | Not started  |
| Adopt a Common approach to customer relationship management across all main partners  |                      |                      |                     | March 2017             |                  |              |  |

| Key   |                               |
|---|-------------------------------|
|   | Behind target                 |
|   | On target                     |
|   | In progress                   |
|   | Completed                     |
|  | Performance slipping          |
|  | Performance on track          |
|  | Performance stable/ no change |



| <b>WB 3: Good quality, and effective, routes to employment, including a strong local apprenticeship offer</b>  |  |   |
|--|--|---|
| <b>Lead officer and organisation:</b> Angela McKeever, Head of Skills, CWC.  |  |   |
| <b>Partners:</b> City of Wolverhampton College, University of Wolverhampton, Adult Education Services, CLP, Connexions, Black Country Training group, Talent Match   |  |   |
| <b>Activities:</b>   | <b>By:</b>   | <b>Date completed</b>   |
| <ul style="list-style-type: none"> <li>Map providers into a coherent and legible system</li> <li>Develop 'skills for employment' pathways that meet the needs of both employers and local people. To include apprenticeships, traineeships and bespoke courses..</li> <li>Enhance the skills and jobs brokerage service to ensure people are on the pathway that meets their specific needs and ambitions</li> <li>Set up City Wide Apprenticeships offer</li> <li>Link European funded projects, e.g ESF and YEI funded to the City Work Box.</li> <li>Provide schools with business mentors to prepare young people for work.</li> </ul> | AMcK, CLP,<br><br>AMcK, JCP, College, CLP, AES,<br><br>AMcK<br>AMcK, JCP<br><br>HC<br>Business Champions | March 2017<br><br>On-going<br><br>Oct 2016<br>Sept 2016<br><br>On-going |
| <b>Measures (to be developed)</b>  |  |   |
| <ul style="list-style-type: none"> <li>Number of local people moving through training provision, on a staged journey into employment</li> <li>Number of local people entering employment through the city's main provider pathways</li> <li>Number of local people taking up an apprenticeship offer</li> <li>Number of business volunteers and mentors involved in supporting skills and employment activities in the city</li> </ul>   |  |   |
| <b>Outcomes:</b>   |  |   |
| <ul style="list-style-type: none"> <li>Improved brokerage of local residents into employment</li> <li>Improved access to relevant skills for people and business</li> <li>Effective opportunities in place for those furthest from the labour market to gain qualifications, soft skills, work experience, volunteering , on the job training and obtain basic skills in numeracy and literacy.</li> <li>Retention of qualified and skilled young people in order to address the skills shortages in key sectors.</li> </ul>   |  |   |

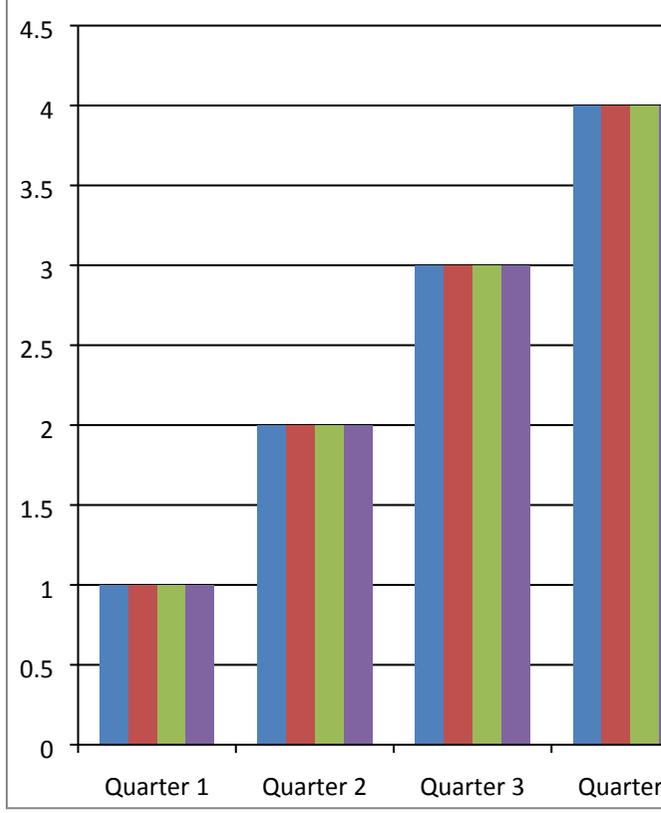
**offer**

| Activity  | Progress last report | Progress this report | Direction of travel | Completion target date | Completed (date) | Date updated | Notes  |
|---|----------------------|----------------------|---------------------|------------------------|------------------|--------------|--|
| Map providers into a coherent and legible system  |                      |                      |                     | March 2017             |                  |              |  |
| Develop 'skills for employment' pathways that meet the needs of both employers and local people, including apprenticeships, traineeships and bespoke courses. |                      |                      |                     | Ongoing                |                  | 07/09/2016   | Health and social care – in development and employers engaged. Retail – programme developed expected start Sept/Oct 2016                   |
| Enhance the skills and jobs brokerage service to ensure people are on a pathway that meets their specific needs and ambitions                                 |                      |                      |                     | October 2016           |                  | 07/09/2016   | Realigned internal resources to align with external providers giving increased delivery capacity. Model by December with all key partners. |
| Set up City Wide Apprenticeships offer  |                      |                      |                     | October 2016           |                  | 07/09/2016   | Partnership agreed. First meeting in October. Terms of reference drafted.  |
| Link European funded projects, e.g ESF and YEI funded to the City Workbox.  |                      |                      |                     |                        |                  | 07/09/2016   | Will be in place by November 2016  |

**WB 3 Monitoring: Good Quality and effective roués**

| Key   |                               |
|---|-------------------------------|
|  | Behind target                 |
|  | On target                     |
|  | In progress                   |
|  | Completed                     |
|  | Performance slipping          |
|  | Performance on track          |
|  | Performance stable/ no change |

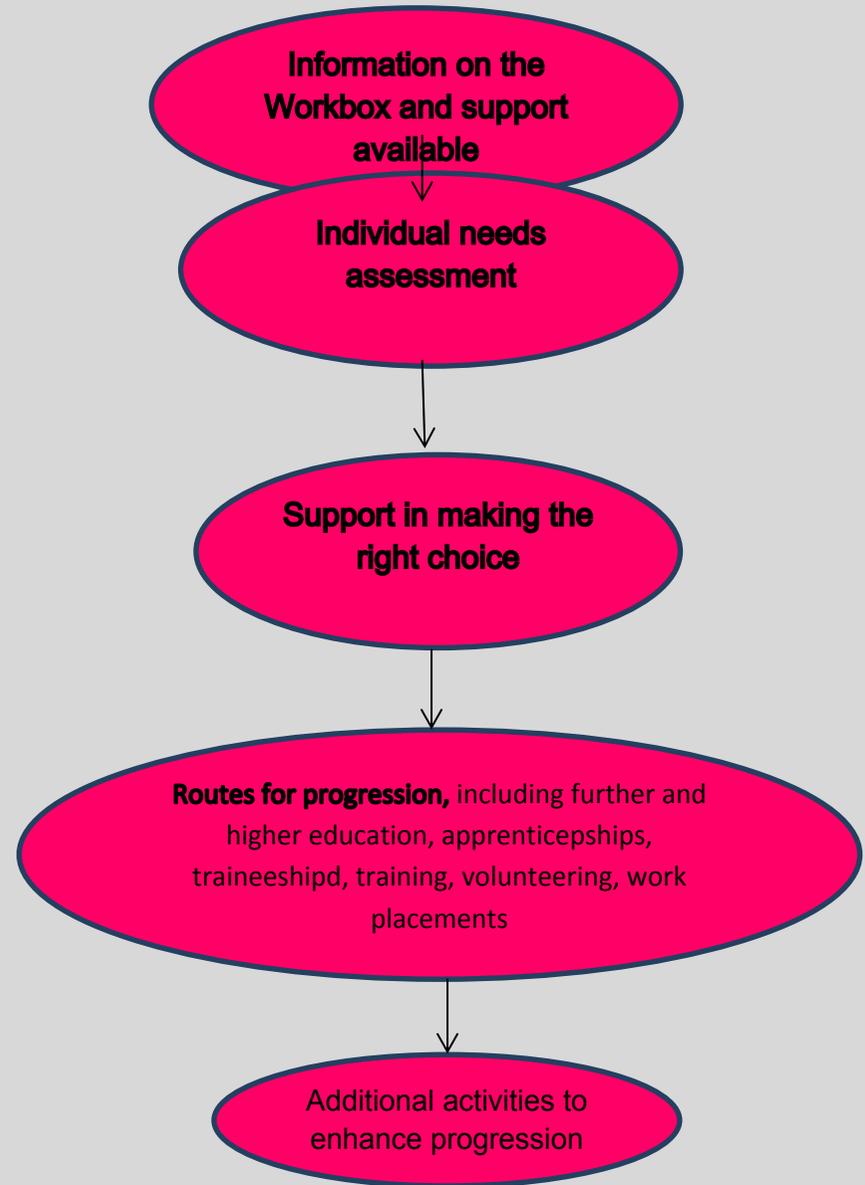
|  |  |  |         |  |            |   |
|--|--|--|---------|--|------------|---|
| Provide schools with business mentors to prepare young people for work |  |  | Ongoing |  | 07/09/2016 | 15 schools and 14 companies involved. Currently in process of matching. |
|--|--|--|---------|--|------------|---|



**Key partners**

- City of Wolverhampton Council
- City of Wolverhampton College
- DWP
- National Careers Service
- Training providers
- University of Wolverhampton
- Voluntary sector
- Schools
- Businesses

**The customer journey for residents seeking to improve their skills. obtain a job and progress**



### **Programme 3: The Learning City**

The aim of this programme initially aims to create a dynamic learning environment across the city centre, with strong connections into local communities. This is the first step in putting learning at the heart of our city's overall development.

### Programme 3: The Learning City

The aim of this programme initially aims to create a dynamic learning environment across the city centre, with strong connections into local communities. This is the first step in putting learning at the heart of our city's overall development.

#### Our starting point:

The city centre is benefitting from significant investment by the University, College, Adult Education Services and the University Technical College. However, the learning offer is still limited and needs expansion. More widely, across the city Building Schools for the Future has also benefitted primary and secondary schools, and there are some excellent local examples of neighbourhood based training, employment support and volunteering opportunities. This is supported by a growing cultural learning offer.

#### Where we will be in 2020:

City centre regeneration will provide the opportunity to create an integrated network of provision, with learning places that support the new skills and employment offer, as well as deliver wider economic, social and cultural benefits.

#### What would the new offer look like:

Access to education, training, skills and employment across the City will be significantly enhanced by:

- A robust understanding of future employment demand –as articulate by employers and shaped through collaboration across schools, colleges, the university and training providers
- High quality accessible school and college provision for every child and young person

Our city centre offer will include:

- A wide choice of education, skills and training provision within a compact city centre
- A cross-agency team of advisers for intensive advice including initial assessment
- Signposting by community organisations running job clubs, social landlords
- Integration of specialist provision such as mental health support, graduate support
- Buy-in from local employers to promote employment opportunities through the WorkBox

*Subject to a sufficiently robust business case, the city centre will also include a one stop shop for employment and training.*

## Main 2016/7 City Learning Projects

- **LB 1: Capitalise on city centre regeneration programmes to enhance the learning offer**
- **LB 2: Retain and foster home grown talent**

### LB 1: Capitalise on city centre regeneration programmes to enhance the learning and employment offer

**Lead officer and organisation:** Keren Jones, Service Director City Economy, City of Wolverhampton Council (CWC)

**Partners:** City of Wolverhampton College, University of Wolverhampton, Black Country LEP, private developers.

| Activities:   | By:   | Date completed  |
|---|---|---|
| <ul style="list-style-type: none"> <li>• Undertake a detailed feasibility study into an expanded City Centre Learning Campus within the Old Hall Street Learning Quarter. To include identifying whether there is the potential to create a one stop Job Shop facility, similar to the Coventry model.</li> <li>• Complete and promote the Springfield Brewery campus development</li> <li>• Review and enhance the city's wider learning and cultural offer to residents and visitors at key civic venues e.g. the art gallery, library and archives</li> <li>• Undertake a feasibility study into the viability of a creative industries, creative learning and performing arts facility in the city centre</li> <li>• Ensure all new regeneration schemes adopt the Wolverhampton Procurement charter particularly in relations to creating employment and apprenticeship opportunities</li> </ul> | <p>Keren Jones, CWC</p> <p>University of Wolverhampton<br/>Keren Jones, CWC</p> <p>University of Wolverhampton</p> <p>Paul Lakin, CWC</p> | <p>December 2016</p> <p>2018</p> <p>October 2016</p> <p>October 2016</p> <p>Ongoing</p> |

#### Measures (to be developed)

- £millions secured, or in the pipeline, for city centre education and learning schemes

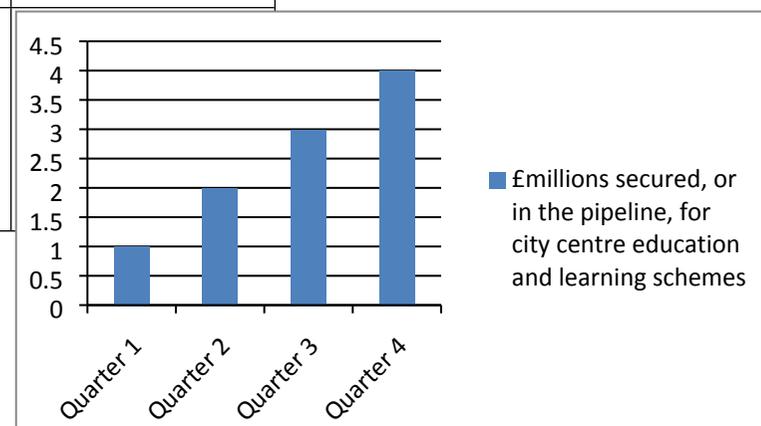
#### Outcomes:

- A phased plan of development for the education, learning and training offer in the city centre
- Identification of community 'spokes' that will signpost customers to the city centre based employment support e.g. the proposed Job Shop. To include schools, community organisations running job clubs, social landlords.
- Buy-in and commitment from local employers to collaborate with the providers

## LB 1 Monitoring: Capitalise on city centre regeneration programmes to enhance the learning offer

| Activity  | Progress last report | Progress this report | Direction of travel | Completion target date | Completed (date) | Date updated | Notes |
|---|----------------------|----------------------|---------------------|------------------------|------------------|--------------|-------|
| A detailed feasibility study into an expanded City Centre Learning Campus within the Old Hall Street Learning Quarter. Inc. identifying whether there is the potential to create a one stop Job Shop facility |                      |                      |                     | December 2016          |                  |              |       |
| Complete and promote the Springfield Brewery campus development   |                      |                      |                     | 2018                   |                  |              |       |
| Review and enhance the city's wider learning and cultural offer to residents and visitors at key civic venues   |                      |                      |                     | October 2016           |                  |              |       |
| feasibility study into the viability of a creative industries, creative learning and performing arts facility in the city centre  |                      |                      |                     | October 2016           |                  |              |       |
| All new regeneration schemes adopt the Wolverhampton Procurement charter particularly in relation to creating employment and apprenticeship opportunities   |                      |                      |                     | Ongoing                |                  |              |       |

| Key   |                               |
|---|-------------------------------|
|  | Behind target                 |
|  | On target                     |
|  | In progress                   |
|  | Completed                     |
|  | Performance slipping          |
|  | Performance on track          |
|  | Performance stable/ no change |



**LB 2: Retain home grown talent**

Lead officer and organisation: Angela McKeever, Head of Skills, City of Wolverhampton Council (CWC)

**Partners: University of Wolverhampton**

| <b>Activities:</b>  | <b>By:</b>         | <b>Date completed</b> |
|---|--------------------|-----------------------|
| <ul style="list-style-type: none"><li>Learn from and implement best practice around the development of and retention of creative technical skills amongst young people including graduate retention through the Urbact Gen Y City project</li></ul> | Heather Clark, CWC | TBC                   |

**Measures (to be developed)**

**Outcomes:**

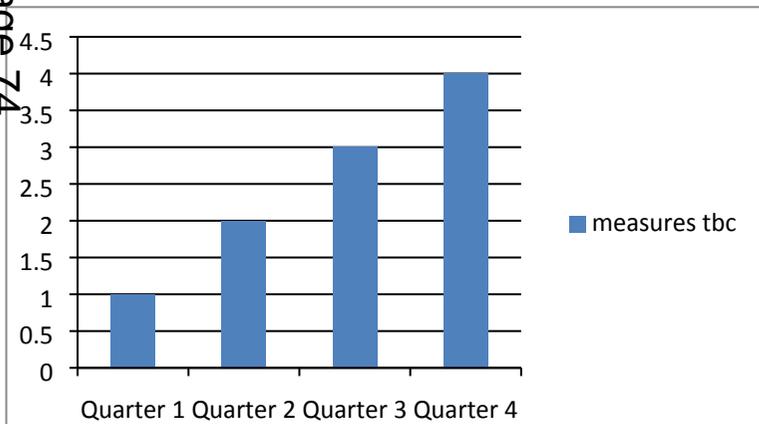
-

## LB 2 Monitoring: Retain home grown talent

| Activity  | Progress last report | Progress this report | Direction of travel | Completion target date | Completed (date) | Date updated | Notes  |
|---|----------------------|----------------------|---------------------|------------------------|------------------|--------------|--|
| Learn from and implement best practice around the development of and retention of creative technical skills amongst young people including graduate retention through the URBACT Gen Y City project |                      |                      |                     | TBC                    |                  |              | Wolverhampton hosting Urbact workshop 27 – 29 September 2016 |

| Key   |                               |
|---|-------------------------------|
|   | Behind target                 |
|   | On target                     |
|   | In progress                   |
|   | Completed                     |
|  | Performance slipping          |
|  | Performance on track          |
|  | Performance stable/ no change |

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### Key partners

- University of Wolverhampton
- City of Wolverhampton College
- City of Wolverhampton Council
- National Careers Service
- Training providers
- Voluntary sector
- Black Country Talent Match
- Yoo Recruit
- Schools
- Businesses

***Insert map of the city centre and learning establishments***

## The West Midlands Combined Authority and Black Country Local Enterprise Partnership

The West Midlands Devolution Agreement is critical to the delivery of this plan. In particular the phased approach to devolving the 19+ adult skills budget, with full devolution from 2018-9, with two incremental steps:

- Developing outcome agreements with providers in 2016/7
- Scope to vary block allocations to providers in 2017/8

The table below sets out the emerging Combined Authority’s aspirations around the Skills and Employment agenda

|  |   |
|--|---|
| <p><b>Sector skills strategies</b></p> <p>We will engage with businesses to develop employer-led sector skills strategies for our transformational and enabling sectors. These strategies will:</p> <ul style="list-style-type: none"> <li>• Inform the contents of the overall strategy and underpin our use of the devolved 19+ adult skills budget;</li> <li>• Enable us to design and commission bespoke provision</li> <li>• Inform action to enable the provision and take-up of apprenticeships.</li> </ul> | <p><b>Managing the devolved 19+ adult skills budget</b></p> <p>We will give priority to analysis and policy development in order to manage the devolved budget, with an initial focus on the development of outcome agreements with providers in 2016-17. This work will pull together:</p> <ul style="list-style-type: none"> <li>• The impact of the post-16 Area Reviews;</li> <li>• Our analysis of the provider landscape</li> <li>• Detailed analysis of the learner population, including travel to learn patterns.</li> </ul> |
| <p><b>Co-design employment support</b></p> <p>Our approach to the co-design of the programme will be informed by:</p> <ul style="list-style-type: none"> <li>• a review of the learning from the local initiatives currently under way across the CA area;</li> <li>• findings from our work on public service reform, including the Mental Health Commission.</li> </ul>  | <p><b>Business and schools</b></p> <p>We will use the clout and scale of the CA to deliver a “charter for young people” on careers advice and guidance, including work experience, mentoring and teacher placements.</p>  |

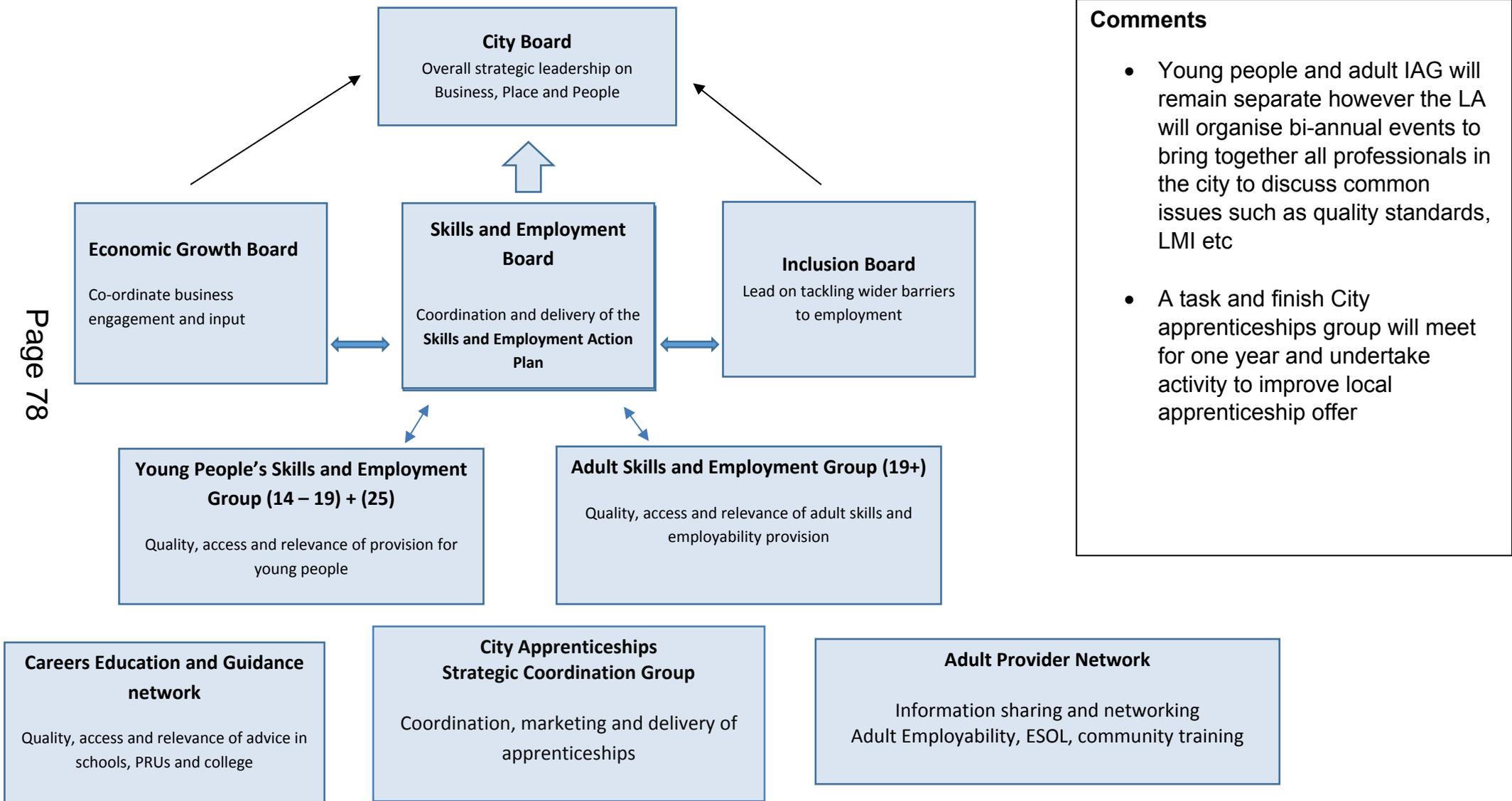
### **Taking the Wolverhampton Skills and Employment Action Plan forward**

The City Board is responsible for overseeing the delivery of the Wolverhampton City Strategy. Membership of the City Board is drawn from the key civic organisations in the City, including the University, the City Council, the Hospital Trust, the College, the West Midlands Police Service, with co-opted members drawn from business and the voluntary sector.

A new Skills and Employment Board, reporting to the main City Board will be the main governance and reporting mechanism..

***See below for revised City Partnership structure***

**Diagram 2 Draft proposed City Partnership structure**



**Comments**

- Young people and adult IAG will remain separate however the LA will organise bi-annual events to bring together all professionals in the city to discuss common issues such as quality standards, LMI etc
- A task and finish City apprenticeships group will meet for one year and undertake activity to improve local apprenticeship offer

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# Audit and Risk Committee

19 September 2016

**Report title** Internal Audit Update – Quarter 1

**Accountable director** Mark Taylor, Finance

**Accountable employee(s)** Peter Farrow      Head of Audit  
Tel      01902 554460  
Email      [peter.farrow@wolverhampton.gov.uk](mailto:peter.farrow@wolverhampton.gov.uk)

**Report to be/has been considered by** Not applicable

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## Recommendations for noting:

The Committee is asked to note:

1. The contents of the latest internal audit update as at the end of quarter one.

## **1.0 Purpose**

- 1.1 The purpose of this report is to update the Committee on the progress made against the 2016/17 audit plan and to provide information on recent work that has been completed.

## **2.0 Background**

- 2.1 The internal audit update report as at 30 June 2016 (quarter one) contains details of the matters arising from audit work undertaken so far this year. The information included in the report will feed into, and inform the overall opinion in our annual internal audit report issued at the year end. It also updates the Committee on various other activities associated with the internal audit service.

## **3.0 Progress, options, discussion, etc.**

- 3.1 Quarterly internal audit update reports will continue to be presented to the Committee throughout the year.

## **4.0 Financial implications**

- 4.1 There are no financial implications arising from the recommendations in this report. (GE/02092016/G)

## **5.0 Legal implications**

- 5.1 There are no legal implications arising from the recommendations in this report. (TS/01092016/B)

## **6.0 Equalities implications**

- 6.1 There are no equalities implications arising from the recommendations in this report.

## **7.0 Environmental implications**

- 7.1 There are no environmental implications arising from the recommendations in this report.

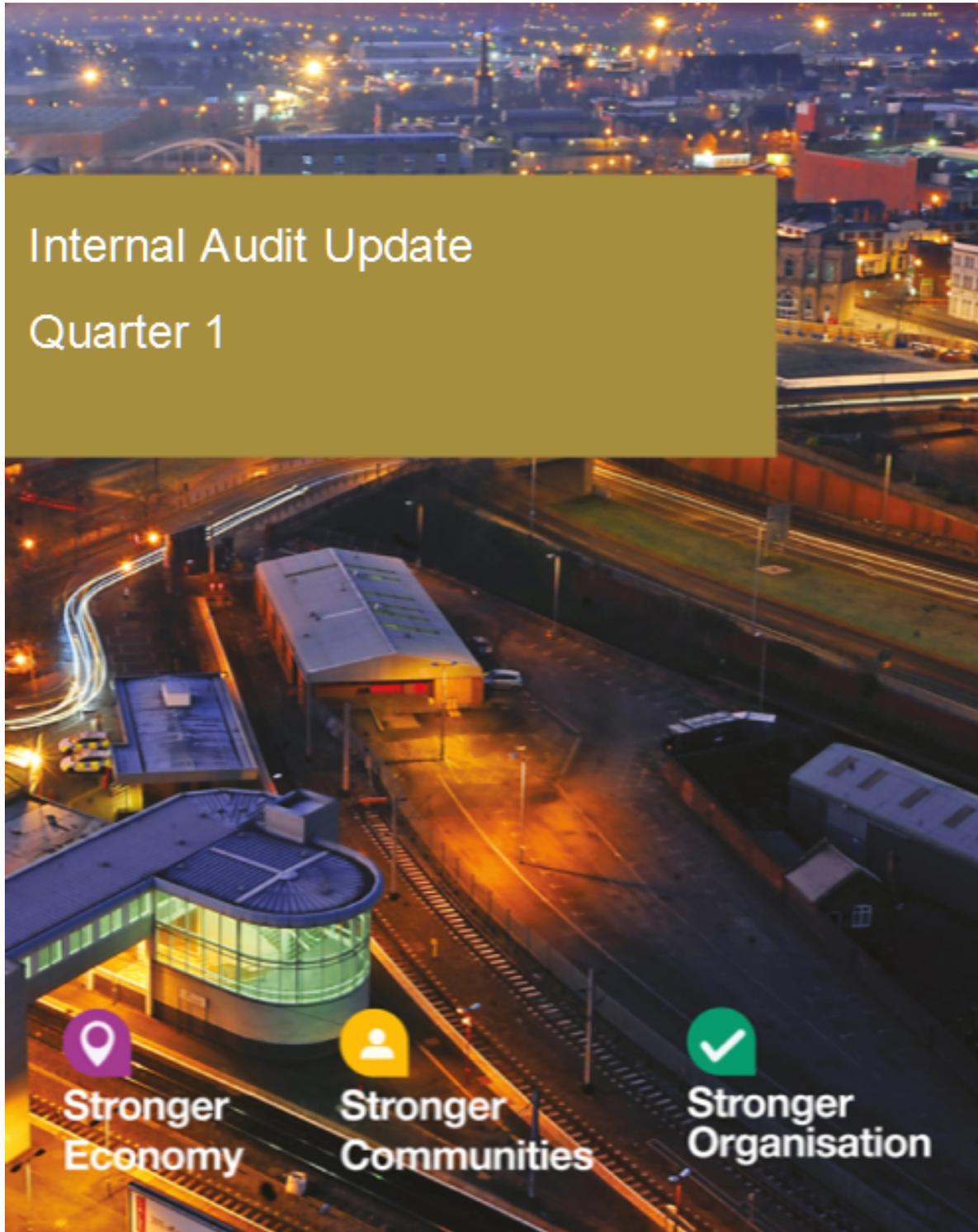
## **8.0 Human resources implications**

- 8.1 There are no human resources implications arising from the recommendations in this report.

## **9.0 Corporate landlord implications**

- 9.1 There are no corporate landlord implications arising from the recommendations in this report.

## **10.0 Schedule of background papers - None**



## 1 Introduction

The purpose of this report is to bring the Audit and Risk Committee up to date with the progress made against the delivery of the 2016/17 internal audit plan.

The Audit and Risk Committee has a responsibility to review the effectiveness of the system of internal controls and also to monitor arrangements in place relating to corporate governance and risk management arrangements. Internal audit is an assurance function which provides an independent and objective opinion to the organisation on the control environment, comprising risk management, control and governance. This work update provides the committee with information on recent audit work that has been carried out to assist them in discharging their responsibility by giving the necessary assurances on the system of internal control.

The information included in this progress report will feed into, and inform our overall opinion in our internal audit annual report issued at the year end. Where appropriate each report we issue during the year is given an overall opinion based on the following criteria:

| Limited  | Satisfactory   | Substantial   |
|--|--|---|
| There is a risk of objectives not being met due to serious control failings. | A framework of controls is in place, but controls need to be strengthened further. | There is a robust framework of controls which are applied continuously. |

### Year on year comparison

10 pieces of audit work have been completed so far in the current year, where an audit opinion has been provided. A summary of the audit opinions given, with a comparison over previous years, is set out below:

| Opinion      | 2016/17<br>(@ Q1) | 2015/16 | 2014/15 |
|--------------|-------------------|---------|---------|
| Substantial  | 10                | 13      | 7       |
| Satisfactory | -                 | 35      | 29      |
| Limited      | -                 | 14      | 12      |

2 *Summary of audit reviews completed*

The following audit reviews were completed by the end of the first quarter of the current year.

| Auditable area  | AAN Rating | Recommendations |       |       |       |                 | Level of assurance |
|---|------------|-----------------|-------|-------|-------|-----------------|--------------------|
|   |            | Red             | Amber | Green | Total | Number accepted |                    |
| Phoenix Nursery School  | Medium     | -               | -     | 1     | 1     | 1               | Substantial        |
| St Thomas' CE Primary School  | Medium     | -               | -     | 2     | 2     | 2               | Substantial        |
| Holy Trinity Catholic Primary School  | Medium     | -               | -     | 2     | 2     | 2               | Substantial        |
| Castlecroft Primary School  | Medium     | -               | -     | 2     | 2     | 2               | Substantial        |
| St Michael's CE Aided Primary School  | Medium     | -               | -     | 4     | 4     | 4               | Substantial        |
| The Braybrook Centre  | Medium     | -               | -     | 4     | 4     | 4               | Substantial        |
| The Orchard Centre  | Medium     | -               | -     | 2     | 2     | 2               | Substantial        |
| Midpoint Centre   | Medium     | -               | -     | 4     | 4     | 4               | Substantial        |
| Fleet Management Accounts Payable Process   | Medium     | -               | 1     | 5     | 6     | 6               | Substantial        |
| FutureSpace Governance Assurance 2016/17  | High       | -               | -     | 3     | 3     | 3               | Substantial        |
| 2016/17 Annual Certification of Senior Officers Remuneration and Officers earning over £50K | N/A*       | -               | -     | -     | -     | -               | N/A*               |

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**Key:**  
 AAN Assessment of assurance need.  
 \* One-off piece of work undertaken by request or certification/non-risk based reviews etc. – therefore an audit opinion may not always be provided/required.

### 3 *On-going assurance where no report is issued*

We provide on-going assurance throughout the year in the following areas:

#### *Equal Pay*

A member of the audit team is embedded in the project to provide advice on project governance and management of risks associated with the management of equal pay claims. Audit assurance is also provided around the calculation of settlement offers and the payment of claims.

#### *Information Governance*

We have a member of the team who sits on the Council's Information Governance Board.

#### *Digital Transformation Programme (DTP)*

We also have a member of the involved in this programme which covers the Customer Engagement Platform, Master Data Management, and Business Intelligence projects. During the lifecycle of the programme we provide on-going advice on the governance of the programme and management of associated risks. We have also provided on-going support in respect of user acceptance testing in respect of each of the programme's projects.

#### *Corporate Projects/Programmes*

We also have representation on the Council's Corporate Review Group. The group is responsible for reviewing and approving the initiation all of the Council's proposed programmes and projects. The group also provides assurance that all programmes and projects are managed in accordance with the Council's corporate project management approach.

#### *Pay Strategy*

Finally, we have representation on the Council's Pay Strategy Board. The purpose of the board is to ensure that all requests in respect pay and grading is approved in accordance with the Council's Collective Agreement for NJC employees.

#### *Counter Fraud Activities*

We continue to investigate all allegations of suspected fraudulent activity, during the year. Details of these have will be presented to the Audit and Risk Committee in a separate report, along with details of initiatives put in place in order to both raise awareness of, and tackle fraud across the Council.

### 4 *Audit reviews underway*

There were a number of other reviews underway as at 30 June 2016 and these will be reported upon in later update reports.

### 5 *Any key issues arising from our work completed in Q1*

The first quarter of the year was relatively quiet, with much of the resource focussed upon closing down the 2015/16 work. Therefore, there are no reports or issues of particular significance to raise at this point in time.



# Audit and Risk Committee

19 September 2016

**Report Title**                      Audit Services – Counter Fraud Update

**Accountable Director**              Mark Taylor, Finance

**Accountable employee(s)**      Peter Farrow                      Head of Audit  
Tel                                      01902 554460  
Email                                  peter.farrow@wolverhampton.gov.uk

**Report to be/has been considered by**      Not applicable

## Recommendations for noting:

The Committee is asked to note:

1. The contents of the latest Audit Services Counter Fraud Update.

## **1.0 Purpose**

- 1.1 The purpose of this report is to provide Members with an update on current counter fraud activities undertaken by Audit Services.

## **2.0 Background**

- 2.1 The cost of fraud to local government is estimated at £2.1 billion a year. This is money that could be used for local services.
- 2.2 The Counter Fraud Unit was set up within Audit Services, in response to the increased emphasis being placed upon both fraud prevention and detection by the Department for Communities and Local Government.

## **3.0 Progress, options, discussion, etc.**

- 3.1 At the last meeting of the Audit and Risk Committee in July 2016, it was agreed that regular updates on the progress the Council was making in tackling fraud would continue to be brought before the Committee.

## **4.0 Financial implications**

- 4.1 There are no financial implications arising from the recommendation in this report.  
[GE/02092016/O]

## **5.0 Legal implications**

- 5.1 Investigations by the Counter Fraud Unit may have legal implications depending upon what action is taken or decided against in respect of those investigations.  
[TS/01092016/F]

## **6.0 Equalities implications**

- 6.1 There are no equalities implications arising from this report.

## **7.0 Environmental implications**

- 7.1 There are no environmental implications arising from this report.

## **8.0 Human resources implications**

- 8.1 There are no human resources implications arising from this report.

## **9.0 Corporate landlord implications**

- 9.1 There are no corporate landlord implications arising from the implications in this report.

## **10.0 Schedule of background papers**

- 10.1 None.

## Counter Fraud Update @ August 2016

CITY OF  
WOLVERHAMPTON  
COUNCIL



**Stronger  
Economy**



**Stronger  
Communities**



**Stronger  
Organisation**

## 1 Introduction

The counter fraud agenda is one that continues to hold significant prominence from Central Government who are promoting a wide range of counter fraud activities. The purpose of this report is to bring the Audit Committee up to date on the counter-fraud activities undertaken by the Counter Fraud Unit within Audit Services.

The Council is committed to creating and maintaining an environment where fraud, corruption and bribery will not be tolerated. This message is made clear within the Authority's Anti-Fraud and Corruption Policy, which states: "The Council operates a zero tolerance on fraud, corruption and bribery whereby all instances will be investigated and the perpetrator(s) will be dealt with in accordance with established policies. Action will be taken to recover all monies stolen from the Council."

## 2 The Counter Fraud Unit

The Counter Fraud Unit, which sits within Audit Services, is continuing to develop and lead in raising fraud awareness across the Council and in promoting an anti-fraud culture. The team carries out investigations into areas of suspected or reported fraudulent activity and organises a series of Council wide pro-active fraud activities, including the targeted testing of areas open to the potential of fraudulent activity. The team maintains the Council's fraud risk register, conducts raising fraud awareness seminars and holds fraud surgeries. In addition, they lead on the Cabinet Office's National Fraud Initiative (NFI) exercise.

## 3 Counter Fraud Update

### *Counter Fraud Plan*

The latest status of progress against the counter fraud plan is shown at Appendix 1

### *Whistleblowing Policy*

Whistleblowing is the term used when someone who works in an organisation raises a concern that could threaten customers, colleagues, the public or the organisation's own reputation. Audit Services manages the Council's Whistleblowing Policy and ensures any concerns raised are investigated. Key issues resulting from investigations are reported to the Audit and Risk Committee as part of the regular Investigations Update.

At the last Audit and Risk Committee meeting details of an annual review of the Whistleblowing Policy and Procedure, were reported. While 78% of those who responded were aware of the Whistleblowing Policy, a number of comments received suggested that employees should be made more aware of the Whistleblowing Policy, an action that was endorsed by the Committee. Therefore, in July 2016 the news item below appeared on City People which highlighted to employees of the Council details of the Whistleblowing Policy.



## Committee consider results of Whistleblowing Policy survey

Published on 13/07/2016

At last week's Audit and Risk Committee meeting, the results of a recent employee survey on the Council's Whistleblowing Policy and Procedure was presented.

This identified that while the majority of employees were aware of the policy, a limited number of employees were uncertain of where it could be found.

Councillor Craig Collingswood, the Chair of the Audit and Risk Committee said "As a confident and capable Council, I am pleased that we have a strong whistleblowing process in place should anyone feel the need to raise a concern, and employees can be assured that any such concerns will be addressed in a fair and transparent manner. Following on from the results of the survey, I have asked Audit Services to raise the profile of the policy through a series of activities, including City People".

Mark Wilkes, the Council's Counter Fraud Lead Officer responded: "We will use City People as the first of a number of planned activities, including arranging further raising fraud awareness seminars, drop-in surgeries and e-learning in order to help promote this policy. I would remind all employees that the Policy is available on the Council's [Policy Portal](#) and [website](#). To help anyone wishing to raise a concern a new online [whistleblowing reporting](#) facility has recently been added to the website".

He went on to say: "Information relating to wider fraud and corruption issues has also been extensively revised on the Council's [website](#). A new menu has been created which provides links to information and advice about all the key areas of fraud and corruption that may unfortunately impact on the Council. The information can be accessed by anyone and there is also a facility to report frauds online. Information is also provided about fraud types along with details of the Council's counter fraud activities."

The council website also provides links and contact details for the [Department of Work and Pensions \(DWP\)](#) in connection with housing benefit fraud and Wolverhampton Homes in connection with tenancy fraud.

### *National Anti-Fraud Network Intelligence Notifications*

The National Anti-Fraud Network (NAFN) issues regular alerts which provide information on fraud attempts, trends and emerging threats. The information provided in the alerts has been notified to NAFN by other local authorities from across the country. These alerts are checked to the Council's systems to verify whether there have been any instances at Wolverhampton. Since July 2016 there have been six alerts issued by NAFN, of those one impacted on a supplier used by the Council. The alert involved a fraudulent request to change bank mandate details from a legitimate organisation into their own bank account; however, the Council had not been subject to any fraudulent activity.

Another common fraud identified involved fraudsters hacking into phone systems and dialling premium / overseas numbers whilst the organisation is closed. This is particularly common at schools during holiday periods. A message below has been added to the Schools online bulletin.

## **School Bulletin**

*City of Wolverhampton*

*Issue No. 78 (21.07.16)*

### **PBX and Dial Through Fraud Affecting Schools**

Summary: The National Fraud Intelligence Bureau have issued this alert to provide knowledge and prevention advice to help schools protect themselves from PBX and dial through fraud.

#### **What is PBX Fraud?**

Private Branch Exchange (PBX) is a telephone switching system that connects internal telephones, as well as connecting them to the Public Switched Telephone Network (PSTN), Voice over Internet Protocol (VoIP) providers and Session Initiation Protocol (SIP) Trunks. The PBX will often allow access to voice messaging systems.

PBX/dial-through fraud occurs when hackers target these systems from the outside and use them to make a high volume of calls to premium rate or overseas numbers to generate a financial return. **The losses involved can be high, especially when they are made during times that a school may be closed, for example the summer holidays.**

*National Fraud Initiative*

The Counter Fraud Unit co-ordinates the investigation of matches identified by the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Where matches are identified the ensuing investigations may detect instances of fraud, over or underpayments, and other errors. A match does not automatically mean there is a fraud. Often there is another explanation for a data match that prompts bodies to update their records and to improve their systems. The latest NFI exercise commenced during January 2015 and the current outcomes are shown below.

| Description   | Previous value (£) | Current value (£) |
|---|--------------------|-------------------|
| Housing benefit claimants to student loans                  | 53,272             | 53,272            |
| Housing benefits claimants to pensions                      | 8,420              | 8,420             |
| Housing benefits claimants to in country immigration        | 42,224             | 42,224            |
| Housing benefits claims to internal housing benefits claims | 7,038              | 7,038             |
| Housing benefits claims to external housing benefits claims | 21,272             | 21,272            |
| Waiting list to housing tenants                             | 18,000             | 18,000            |
| Waiting list to housing benefit claimants                   | 0                  | 23,000            |
| Housing benefit claimants to council tax reduction          | 208                | 208               |
| Council tax to electoral register                           | 579                | 579               |
| <b>Total</b>  | <b>151,013</b>     | <b>174,013</b>    |

Action is being taken to recover the value of the fraud and error wherever possible.

Since June 2015 the Department of Works and Pensions (DWP) has been responsible for investigating Housing Benefit matches where fraud has occurred. Investigators at the DWP have been granted access to the NFI matches and have continued to investigate and take appropriate action where fraud has been proven. The results are included above.

**New Single Person Discount Matching Exercise**

During July 2016 the Council received the results of the latest Council Tax data match to the updated Electoral Register. There were 4,614 initial matches plus a further 102 Council Tax rising 18 data matches\*. For this exercise a new approach is being adopted. Following an initial review approximately 4,000 of the matches will be sent to a credit reference agency to further validate whether there is evidence that more than one eligible person is living at a property. Action will be taken where it is identified that ineligible Council Tax discounts are being claimed.

\*Rising 18's are young people who have had the date that they become 18 years of age recorded on the Electoral Registration system. Once a person reaches 18 years of age, subject to certain exemptions, a household may no longer be eligible to receive single person discount.

### *CIPFA's Annual Fraud and Corruption Tracker Report 2016*

During April 2015 the Council's Counter Fraud Unit submitted the completed annual fraud and error survey response to the Chartered Institute of Public Finance Accountants (CIPFA's). The information contained in the survey was used to produce the national Fraud and Corruption Tracker report (Appendix 3). The report identified that In 2015/16, an estimated 77,000 fraud cases worth £271m were detected or prevented by local authorities. Housing scams amounted to the highest value fraud type with 3,842 totalling £148.4m. Council tax fraud, such as falsely claiming the single occupancy discount, was the most common fraud type with 47,747 cases detected with a total value of £22.4m.

The report highlights a number of emerging risks. The number of fraud cases involving Right to Buy increased from 526 in 2014/15 to 870 in 2015/16. This risk is set to increase as the scheme is rolled out to housing associations in the coming year.

Procurement fraud, such as overcharging and falsely billing for goods and services, was also highlighted as a growing threat. The number of reported cases saw an increase from 114 cases in 2014/15 to 623 cases in 2015/16.

CIPFA recommend that local authorities work together to pool resources and information.

The key survey results for Wolverhampton were:

#### *Comparison of the last two Surveys*

|  | 2014/15 |           | 2015/16 |           |
|--|---------|-----------|---------|-----------|
| Type of fraud and/or error   | Cases   | Value £   | Cases   | Value £   |
| <b>Housing benefit</b> – resulting in a caution, administrative penalty or prosecution.<br>(Fraud investigation became the responsibility of the DWP from 1 June 2015) | **187   | £651,000  | 9       | £40,000   |
| <b>Tenancy sub-letting</b> (Wolverhampton Homes) – Illegal subletting of properties  | 18      | *£324,000 | 16      | *£288,000 |
| <b>Other tenancy fraud</b> (Wolverhampton Homes) – fraudulent application, succession, abandonment or non-occupation   | 46      | *£828,000 | 38      | *£684,000 |
| <b>Right to buy</b> (Wolverhampton Homes)  | 1       | £26,000   | 1       | £35,000   |
| <b>Council tax discount</b> – single person discount as a result of fraud or error   | ***0    | £0        | 931     | £230,000  |
| <b>Council tax reduction scheme</b>  | 69      | £26,000   | 7       | £4,600    |
| <b>Personal Budgets</b>  | 0       | £0        | 1       | £1,800    |
| <b>Debt fraud</b> – 10 x credit card chargebacks   | 1       | £2,000    | 10      | £2,400    |
| <b>Payroll</b> – claiming for excessive hours  | 2       | £0        | 2       | £3,000    |

\* Based on the NFA average cost of £18,000 to house a family for a year.

\*\* From 1 June 2015 the DWP became responsible for investigating Housing Benefit Matches.

\*\*\* Neither the Northgate or NFI SPD exercises were completed during 2014/15.

Action is taken to attempt to recover the value of the fraud and/or error where appropriate.

### *Fraud Data Warehouse*

As reported previously, Birmingham City Council has been operating a data warehouse for a number of years.

**Data warehouse:** storing data sets from across organisations and used for data matching purposes in order to identify and prevent potential fraud.

For the last five years their data warehouse has been used to hold tenancy data provided by 15 organisations including Wolverhampton Homes. The Council has been invited to participate in an initiative to expand the scope of the warehouse to include data which can be used to detect other types of fraud, starting with Council Tax fraud. To enable the data to be shared a data sharing agreement has been signed following review by the Council's Legal and Information Governance Teams. The extraction and transfer of Council Tax data through a secure web site will then take place on a regular basis. Further details of the progress made will be brought before the Committee as it becomes known.

### *Partnership Working*

As part of the partnership arrangements with Sandwell Metropolitan Borough Council the Fraud Team at Sandwell continues to assist in the implementation of the Council's Counter Fraud Plan. This work began in September 2015 and has involved carrying out investigations, addressing National Fraud Initiative matches and hosting fraud awareness seminars and surgeries. This joint approach will see an increase in shared information, working practices and the introduction of new counter fraud initiatives.

### *Fraud Risk Register*

The Counter Fraud Unit maintains the Council's fraud risk register. The register is used to help identify areas for testing and also to inform future audit assurance plans by focusing on the areas with the 'highest' risk of fraud. The latest fraud risk register is included at Appendix 2.

### *Midland Fraud Group*

This group consists of fraud officers from across the Midland's local authorities. The purpose of the group is to identify and discuss the outcome of initiatives being used to tackle fraud. At the last meeting in May 2016, topics discussed included Anti-Money Laundering checks, data warehouses, data matching, risk registers and current trends and cases of interest.

*Counter Fraud Plan Update*

| Issue  | Action  | Timescale  |
|--|---|--|
| Raising counter fraud awareness across the Council   | Develop and deliver Fraud Awareness seminars  | Seminars completed December 2015 and January 2016  |
|  | Develop on line fraud training for staff.   | To be refreshed early 2017   |
|  | Work with Workforce Development to develop and promote fraud training.  | Fraud seminars and surgeries promoted through City People<br><br>On-going use of online training package |
|  | Establish measures for assessing the level of employee fraud awareness.   | Early 2017   |
|  | Hold fraud surgeries to enable staff to report areas of suspected fraud.  | Fraud surgeries undertaken in December 2015  |
|  | Use various forms of media to promote fraud awareness across the council including City People, the intranet and the internet.  | Fraud seminars and surgeries promoted through City People  |
|  | In conjunction with the external provider Intec develop a fraud information and reporting App for use by the public.  | Under development  |
|  | Work closely with Wolverhampton Homes and seek opportunities to promote joint fraud awareness.  | On-going   |
| Work with national, regional and local networks to identify current fraud risks and initiatives. | Maintain membership of the National Anti-Fraud Network (NAFN).  | On-going   |
|  | Participate in the Cabinet Office's National Fraud Initiative (NFI) data matching exercises. Acting as key contact for the council, the West Midlands Pension Scheme and Wolverhampton Homes. | On-going   |
|  | Complete the annual TEICCAFI and CIPFA fraud surveys.   | CIPFA Survey completed April 2016<br>TEICCAF survey to be completed later in 2016                        |
|  | Investigate opportunities to develop the use of NFI real time and near real time data matching.   | Used for Housing Waiting Lists – Summer 2016   |
|  | Participate in CIPFA's technical information service.   | On-going   |
|  | Maintain membership of the Midlands Fraud Group.  | On-going – next meeting September 2016   |

| Issue  | Action   | Timescale   |
|--|--|---|
|  | Attend external fraud seminars and courses.  | On-going  |
| Assess the counter fraud strategy against best practice                  | Complete national fraud self-assessments, for example:   |   |
|  | <ul style="list-style-type: none"> <li>New CIPFA Code of Practice</li> </ul>   | June 2015 (the last time required)  |
|  | <ul style="list-style-type: none"> <li>The European Institute for Combatting Corruption And Fraud TEICCAF's- Protecting the English Public Purse</li> </ul>  | Annually  |
|  | <ul style="list-style-type: none"> <li>Department for Communities and Local Government – ten actions to tackle fraud against the council.</li> </ul>   | On-going  |
|  | <ul style="list-style-type: none"> <li>Consideration of fraud resilience toolkit</li> </ul>  | On-going  |
| Identify and rank the fraud risks facing the council                     | Manage the council's fraud risk register to ensure key risks are identified and prioritised.   | On-going  |
|  | Develop measures of potential fraud risk to help justify investment in counter fraud initiatives.  | On-going  |
|  | Seek opportunities to integrate the fraud risk register with other corporate risk registers and also the Audit Services Audit Plan   | On-going  |
| Work with other fraud investigation teams at the council                 | Develop good communication links between the Counter Fraud Unit, Wolverhampton Homes, and Audit Services.  | Corporate Fraud Group established   |
|  | Maintain an overview of the progress made with the tenancy data sharing agreement between Wolverhampton Homes and Birmingham City Council.   | On-going  |
|  | Establish a fraud data sharing agreement between Wolverhampton Council and Birmingham City Council.  | Signed July 2016  |
| Work with external organisations to share knowledge about frauds?        | Establish formal joint working relationships with external bodies, for example Police, Health Service and Immigration Enforcement.   | A number of joint investigations were completed with the Police during 2015/16. |
| Participate in external initiatives and address requests for information | Implement industry best practice as identified in reports produced by external bodies, for example; The TEICCAFI Annual Protecting the Public Purse report and the National Fraud Initiative report. | Annual/on-going   |
|  | Encourage Service Areas to participate in initiatives to identify cases of fraud.  | Corporate Fraud Group established   |
|  | Look for opportunities to use analytical techniques such as data matching to identify frauds perpetrated   | On-going  |

| Issue  | Action   | Timescale  |
|--|--|--|
|  | across bodies, for example other councils.   |  |
|  | Undertake a programme of proactive target testing.   | On-going   |
|  | Respond to external requests for information or requests to take part in national initiatives.   | On-going   |
| All cases of reported fraud are identified, recorded and investigated in accordance with best practice and professional standards. | Work with Service Areas to develop methods of recognising, measuring and recording all forms of fraud.   | Corporate Fraud Group established                                |
|  | Manage and co-ordinate fraud investigations across the council.  | On-going   |
|  | Implement and update the council's portfolio of fraud related policies in response to changes in legislation.  | Latest version approved at Audit and Risk Committee – March 2016 |
|  | Where appropriate take sanctions against the perpetrators of fraud either internally in conjunction with Human Resources and Legal Services or externally by the Police. | On-going   |
| Ensure responsibility for counter fraud activities is included in Partnership agreements with external bodies.                     | Embed responsibility for counter fraud activities in partnership agreements with the council's strategic partners.   | On-going   |
|  | Partnership agreements to include the council's rights of access to conduct fraud investigations.  | On-going   |
| Provide the opportunity for employees and members of the public to report suspected fraud.   | Manage and promote the Whistleblowing Hotline and record all reported allegations of fraud.  | City People article – July 2016                                  |
|  | Promote and hold fraud surgeries that provide the opportunity for staff to discuss any potential fraudulent activity at the council.                                     | Fraud surgeries undertaken in December 2015                      |
|  | Seek other methods of engaging with employees and the public to report fraud.  | On-going – for example through the council's internet site       |
|  | Where appropriate ensure allegations are investigated and appropriate action taken.  | On-going   |
|  | Work with and develop procedures for carrying out investigations with other service areas for example Human Resources, Legal Services and Wolverhampton Homes.           | Corporate Fraud Group established                                |
| Inform members and senior officers of counter fraud activities.  | Report quarterly to the Audit Committee on the implementation of Counter Fraud initiatives and the progress and outcome of fraud investigations.                         | On-going   |

*Fraud Risk Register @ August 2016*

| Themes               | Potential fraud type  | Risk rating |
|----------------------|---|-------------|
| Housing Tenancy      | Subletting for profit, providing false information to gain a tenancy, wrongful tenancy assignment and succession, failing to use the property as the principle home, right to buy. This risk is managed by Wolverhampton Homes. | Red         |
| Council Tax          | Fraudulently claiming for discounts and exemptions such as the single persons discount and Local Council Tax Support Schemes.   | Red         |
| Personal Budgets     | Falsely claiming that care is needed, carers using direct payments for personal gain, carers continuing to receive direct payments after a person dies, duplicate applications submitted to multiple councils.                  | Red         |
| Welfare Assistance   | Fraudulent claims.  | Amber       |
| Procurement          | Collusion (employees and bidders), false invoices, overcharging, inferior goods and services, duplicate invoices.   | Amber       |
| Business Rates       | Evading payment, falsely claiming mandatory and discretionary rate relief, empty property exemption, charity status.  | Amber       |
| Payroll              | 'ghost' employees, expenses, claims, recruitment.   | Amber       |
| Blue Badge           | Fraudulent applications, use and continuing to receive after a person dies.   | Amber       |
| Electoral            | Postal voting, canvassing.  | Amber       |
| Schools              | School accounts, expenses, procurement, finance leases.   | Amber       |
| Theft                | Theft of council assets including cash.   | Green       |
| Insurance            | Fraudulent and exaggerated claims.  | Green       |
| Manipulation of data | Amending financial records and performance information.   | Green       |
| Bank Mandate Fraud   | Fraudulent request for change of bank details.  | Green       |
| Grants               | False grant applications, failure to use for its intended purpose.  | Green       |
| Bribery              | Awarding of contracts, decision making.   | Green       |
| Money Laundering     | Accepting payments from the proceeds of crime.  | Green       |

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# fraud and corruption tracker

Summary Report 2016



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## Foreword

Numerous reports and publications have been written to help organisations fight fraud. The reports raised awareness of fraud prevention, detection and deterrence activity across the sector and enabled local authorities to benchmark their responsiveness against other organisations facing similar risks and set best practice.

This report gives a national picture of fraud, bribery and corruption in the UK's public sector and the actions being taken to prevent it. It summarises the results of a survey carried out among authorities in England, Scotland, Wales and Northern Ireland by the CIPFA Counter Fraud Centre. The survey is supported by the National Audit Office (NAO), National Crime Agency (NCA) and Local Government Association (LGA). This is the second survey of this type conducted by the CIPFA Counter Fraud Centre and has given us the opportunity to look for achievements, trends and emerging threats in the sector.

This report will appeal to all areas of the public sector, including local authorities, health and the emergency services and will:

- help organisations understand where fraud losses could be occurring
- provide a guide to the value of detected and prevented fraud loss
- help senior leaders understand the value of anti-fraud activity
- assist operational staff to develop pro-active anti-fraud plans.

The survey was supported by:



## The CIPFA Counter Fraud Centre

The CIPFA Counter Fraud Centre, launched in July 2014, was created to fill the gap in the UK counter fraud arena following the closure of the National Fraud Authority (NFA) and the Audit Commission, and the subsequent transfer of benefit investigations to the Single Fraud Investigation Service (SFIS), run by the Department for Work and Pensions (DWP). The CIPFA Counter Fraud Centre leads and co-ordinates the fight against fraud and corruption across public services in providing a one-stop-shop for thought leadership, counter fraud tools, resources and training.

Fraud often knows no limit or boundary and thus it is CIPFA's intention to better equip public sector organisations in the future, through widening the scope of the survey to assist agencies locally and inform the national picture.



## Summary

Since the closure of the Audit Commission there has been no requirement for local authorities to report fraud committed against them. CIPFA recognises that each pound lost to fraud represents a loss to the public purse and reduces the ability of local government bodies to provide services to people who need them. CIPFA's Counter Fraud Centre was set up to help the public sector develop cost-effective counter fraud arrangements and runs an annual survey to create a national picture of the amount, and types, of fraud carried out against public sector organisations.

This is the second CIPFA Counter Fraud and Corruption Tracker (CFaCT) report. The survey gathered data from across the UK and included:

- local authorities
- police and crime commissioners
- transport authorities
- fire and rescue authorities
- waste authorities
- public agencies.

### Results from the 2016 survey:

- The largest area of growth in fraud investigation is in procurement. Investigations in this area went up by five times in the year.
- Business rates continue to be an area of concern with right to buy becoming an emerging risk, particularly in London.
- Respondents reported the number of non-benefit investigators has increased by nearly 50% since the 2014/15 report. Organisations with a limited counter fraud capability may not have completed the survey.
- 10% of organisations who responded have no dedicated counter fraud service.
- What is perceived as a high risk area for fraud varies across the country and by organisation.
  - Non-local authority respondents (eg police, fire and rescue services, and passenger executives) reported that their top three areas of fraud risk were:
    - procurement
    - expenses
    - manipulation of data.
  - Local authority respondents noted their largest fraud risk areas as:
    - council tax
    - housing procurement.
- CIPFA estimates that over £271m worth of fraud has been detected or prevented within the public sector in 2015/16.
- CIPFA estimates a total of 77,000 cases were investigated in 2015/16 across the UK, representing an average value of £3,500 per case.
- 56% of respondents had access to a financial investigation resource which allowed them to recover money from convicted fraudsters. Respondents recovered £18.4m through proceeds of crime investigations.
- The highest number of investigations covered council tax fraud (61%) with an estimated value loss of £22.4m. The highest value gained from investigations was in the area of housing fraud and totalled £148.4m.
- Respondents told us that their biggest issues in countering fraud were:
  - having the capacity to identify fraud risk and investigate allegations
  - having effective fraud risk assessment and management
  - barriers to data sharing.

## Recommendations

CIPFA recommends the following:

- Public sector organisations should carry out fraud assessments regularly and have access to appropriately qualified counter fraud resources to help mitigate the risks and effectively counter any fraud activity.
- All organisations should undertake an assessment of their current counter fraud arrangements.
- In line with the Fighting Fraud and Corruption Locally Board suggestion, local authorities should examine and devise a standard and common methodology for measuring fraud and corruption. Once it has been agreed, local authorities should use the measure to estimate levels of fraud and corruption.
- It is as important to prevent fraud that has no direct financial interest, such as data manipulation and recruitment, as it is high value fraud
- Organisations should develop joint working arrangements where they can with other counter fraud professionals and organisations.
- Public bodies should continue to raise fraud awareness in the procurement process, not only in the tendering process but also in the contract monitoring element
- Authorities should ensure that anti-fraud measures within their own insurance claims processes are fit for purpose and that there is a clear route for investigations into alleged frauds to be undertaken.

# Introduction

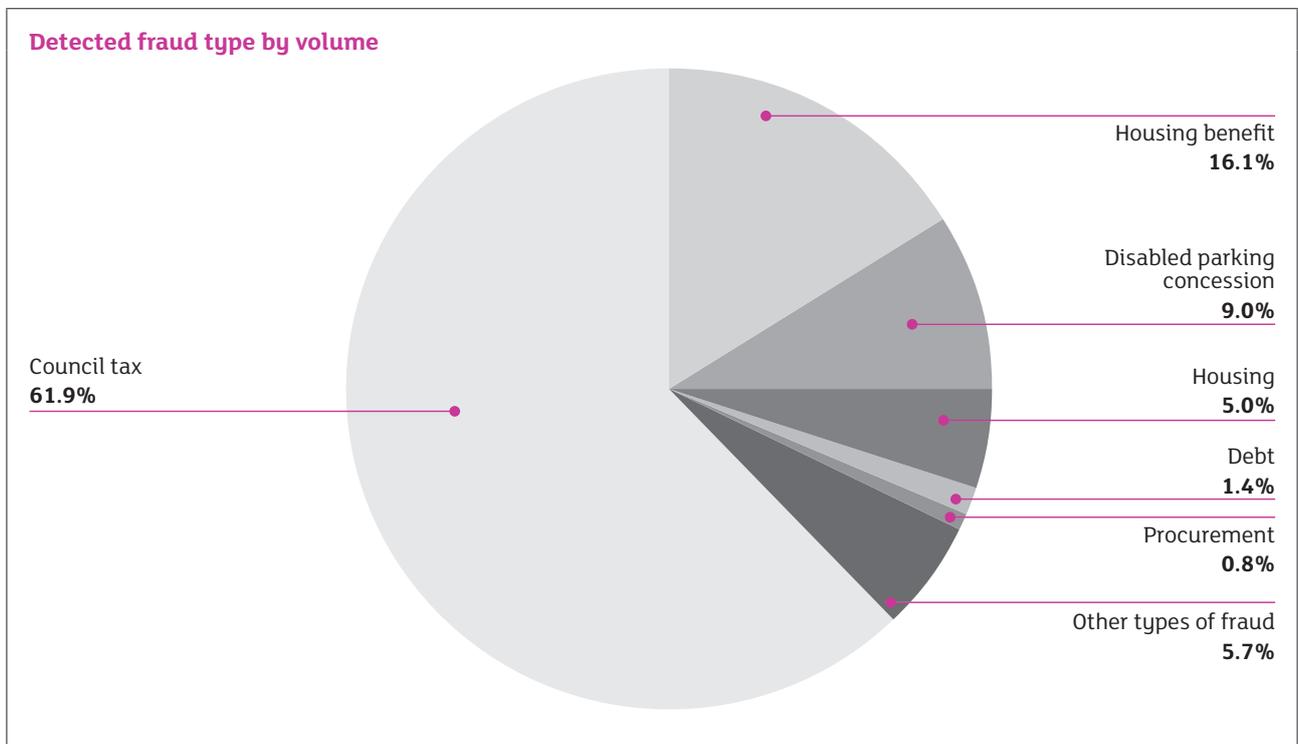
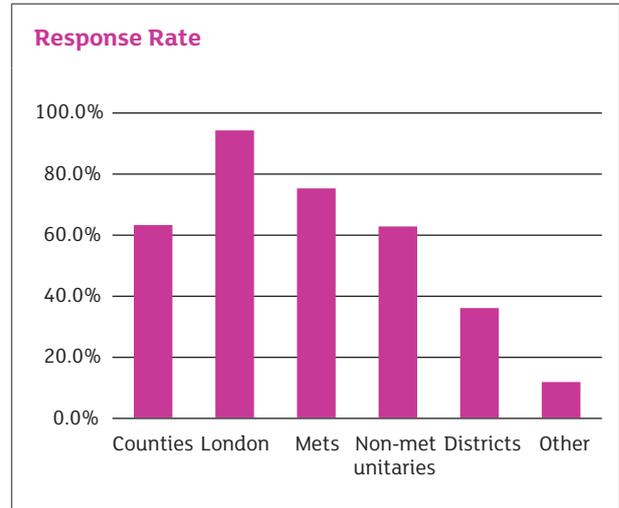
This report is based on the findings of the CIPFA Fraud and Corruption Tracker (CFaCT) survey 2016 and identifies and focuses on types of fraud activity common in the public sector such as procurement, housing and expenses.

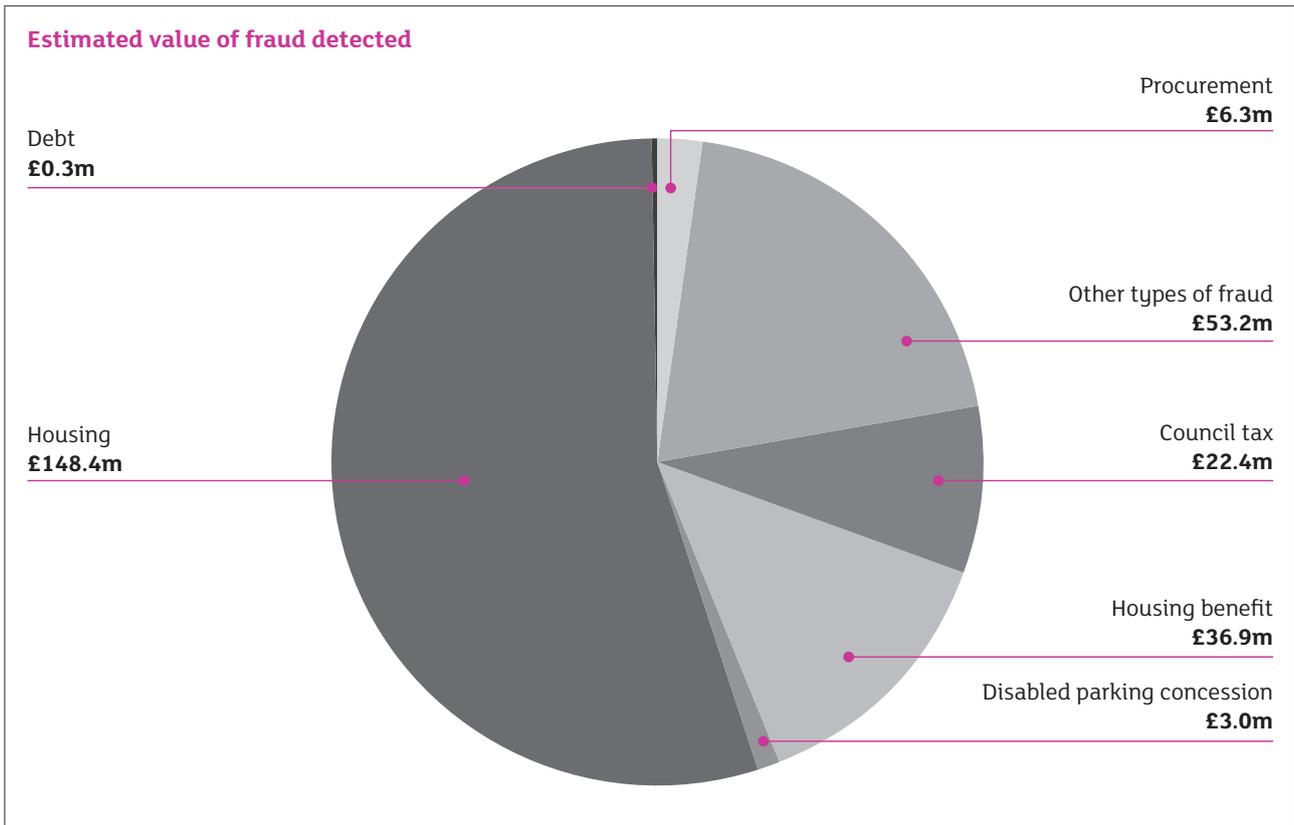
Fraud is an ongoing problem and this report seeks to examine the extent of the problem and recognise public sector organisations whose activity to tackle fraud has resulted in successes, either in the areas of prevention or detection. While it focuses on frauds specifically experienced in local authorities, many types of fraud discussed can be experienced by any organisations.

The CFaCT survey received a spread of results across all regions. We received a good response, particularly from London boroughs. The low response from district authorities could be due to the fact that larger fraud risks are managed at county level. District councils were also the most likely not to have access to a counter fraud function.

It is important to note that the measurement of the value of fraud loss has varied between authorities within several areas. For example, with regard to mandate fraud some organisations record the loss prevented and others record nothing at all.

Below are the response rates for the CFaCT survey:





## Main types of fraud

### Council tax

The area of council tax includes investigations in the following areas:

- council tax single person discount
- council tax reduction support
- other types of council tax fraud, eg other exemptions, discounts or evasion.

Council tax fraud represents the highest number of fraud cases reported by local authorities. According to respondents, 59 local authorities responsible for the collection of council tax undertook no investigations into the area of single person discounts. Of those authorities that did carry out council tax single person discount reviews, there is a wide variance in the number of cases recorded as fraud. There are three reasons for this:

1. Local authorities identify exceptions as a result of data matching exercises but do not undertake formal investigations in each matter.
2. Local authorities consider council tax single person discount fraud risk sits within their revenues department as a compliance issue rather than within their counter fraud teams.

3. Local authorities investigate specific cases of fraud as they are referred.

Local authorities are required to undertake local risk assessments and identify the most efficient way in which to mitigate high volume, low value fraud risk. Local authorities should consider carefully whether examining 2,500 exceptions:

- a. indicates a weakness in controls
- b. is a good use of the counter fraud resource
- c. is an issue that would be most efficiently managed within the authority's revenues department.

Many councils retain links with local DWP investigators to help with investigations into council tax reduction fraud. Such links can prove important to investigations in other areas, including housing and social care frauds, where social security fraud may also be involved.

Single person discount, council tax reduction and other types of council tax fraud combined represent an estimated 47,747 cases and £22.4m in detected and prevented fraud.

### Council tax fraud breakdown

|       | Volume of cases | Value of cases |
|-------|-----------------|----------------|
| SPD   | 37,053          | £14.8m         |
| CTR   | 8,830           | £5.6m          |
| Other | 1,864           | £2.0m          |
| Total | 47,747          | £22.4m         |

### Housing benefit

Fraud within the housing benefit scheme includes all deliberate and dishonest actions to obtain money to which the applicant was not entitled, including failure to report changes that would affect the amount of money paid.

Although local authorities are no longer responsible for the investigation of housing benefit fraud, it was still recognised as one of the top three risks for local authorities. Although the DWP has responsibility for the investigation of alleged fraud, it is the local authority's responsibility to collect any overpaid benefit. This generates a cost and risk for the authority.

### Case study – Oldham Council

Oldham Council worked with DWP to create the Single Fraud Investigation Service (SFIS) as part of a 'pilot' National Programme. One of the key requirements of the pilot was to capture results in order to:

- inform the creation of the National Programme
- ensure that staff involved were sufficiently supported to allow a smooth transition
- develop an appropriate and responsive retained corporate counter fraud team.

In July 2014, the council was one of the first of five pilot authorities to transfer responsibility for the investigation of benefit fraud to the newly created SFIS. The council also retained some of the benefit investigators in order to develop a corporate counter fraud team to respond to alleged frauds committed against the council and help mitigate fraud risks faced by the council.

Audit and counter fraud managers created an in-house team with the skills to meet the current and future needs of the council. The two key areas being:

- recognising any residual risk to the council following the transfer of benefit fraud to SFIS, and developing effective processes for cases involving claims for CTR and the role of the retained council team
- determining the appropriate and adequate level of resources for the retained team to meet demand and to continue to deliver a professional service in accordance with the agreed professional and technical quality standards.

The council's fraud team worked together with the SFIS around council tax fraud and the referral of potential housing benefit fraud cases. Both parties met other relevant agencies on a weekly basis to conduct local joint anti-fraud initiatives.

As a result of the SFIS the fraud team exceeded expectations and achieved three times more cases than in previous years and identified overpayments totalling £375,000.

**£22.4m:**  
the estimated total of council tax fraud detected and prevented in 2015/16

According to respondents the number of housing benefit frauds investigated in 2014/15 was 12,989 cases and involved a loss value of £56.9m. The number of detected frauds reported in the CFaCT this year was 2,791 with a loss value of £8.3m. This is to be expected with the transfer of housing benefit fraud investigation now completely transferred to the DWP. However, 50 councils still saw benefit fraud as the largest risk area to the authority since the financial loss of benefit fraud is still borne by councils once the investigation is complete.

### Housing and tenancy fraud

This category of fraud includes subletting, abandonment, housing application fraud, succession and right to buy fraud. There are three key points:

- In some areas of the country there is greater demand for housing and this increases the prevalence of fraud. Thus London boroughs identified housing fraud as their highest fraud risk. Even some inner London boroughs face a greater risk than boroughs in the suburbs. The housing application process and proactive exercises such as tenancy audits help mitigate fraud risk.
- The value of right to buy fraud is higher in London than it is in other parts of the UK due to the overall cost of housing.
- There is a large variance in the values attributed to losses in the housing sector recorded within the survey. While any loss figure attached to council property is notional and does not have a tangible cash value, there is clearly a value in this type of investigation.

According to the survey, councils record the income lost to housing fraud according to different values. They ranged from being equal to a notional cost of replacing a property to the average cost for keeping a family in bed and breakfast accommodation for a year. Other councils recorded a loss based on the premise that each illegal sublet continues for a period of three years and simply multiplied an annual figure by three.

With regard to placing a value on the right to buy fraud cases, most local authorities would claim a representative or notional saving of the value of the discount. This is a common sense approach, but does not represent the saving to the local authority with regard to the prevention of the sale. A right to buy fraud is not solely a fraud in regard to the application, but a fraud discovered as a *result* of the application. For example, a local authority tenant applies to purchase a property and it transpires they have been illegally subletting.

The Fighting Fraud and Corruption Locally Board has recommended that a working group should produce a standard methodology for measuring fraud and corruption within local authorities. This methodology would be used to estimate levels across the UK.

Some local authorities, with and without housing stock, undertook investigations in the areas of temporary accommodation and private sector leasing. Some also undertook investigations for other social housing providers (eg housing associations). Where investigations were undertaken, local authorities either charged the housing associations for the delivery of the investigation by way of an hourly rate or in return for the nomination rights in the event that a property is recovered.

During 2014/15 the highest number of housing and tenancy cases reported was in subletting, followed by a mixture of housing fraud types such as succession and abandonment. While registering the lowest number of cases in this category, right to buy was listed as an emerging risk by many local authorities. With the increase in publicity in this area and the substantial discounts available it is an attractive offer for the fraudster as well as the legitimate tenant. This is a potential area of risk for housing associations in the future as the right to buy scheme is rolled out.

### Housing fraud breakdown

|                | Volume of cases (est) | Value of cases (est) |
|----------------|-----------------------|----------------------|
| Right to buy   | 870                   | £63,100              |
| Illegal sublet | 1,220                 | £46,000              |
| Other*         | 2,283                 | £112,800             |

\*Other includes tenancy frauds that are neither right to buy or illegal sublet, and may include succession and false applications.

**1,220:**  
the number of cases of subletting investigated during 2015/16

**£148.4m:**  
the estimated value loss from investigated housing fraud during 2015/16

## Case study – London Borough of Croydon

In 2015 the London Borough of Croydon worked with the United States Secret Service (USSS) to investigate an allegation against one of their tenants, Ms B. The allegation received through the local authority's online fraud referral service suggested that the tenant had been subletting their council house and had been living in the US for the last ten years.

The tenancy had been ongoing since 2003 when Ms B, registering as a lone parent with two children, submitted a housing benefit claim. Following the allegation Croydon's fraud team made enquiries and discovered that the children had not been registered for school or nursery in the borough, bar one short period. The current residents of the property included the woman's brother who admitted during interview that his sister lived in the US. The locks on the property were changed and although requests for the keys were made by the tenant's brother these requests were not complied with.

Utilising contacts developed at the Croydon Fraud and Enforcement Forum the local authority was able to contact the USSS and following the enquiry they confirmed that Ms B was living in the US at the address provided in the original referral.

Evidence from the USSS was offered to the court and on 16 December 2015 the order for possession was made with immediate effect.

### Disabled parking (Blue Badge)

The Blue Badge is a Europe-wide scheme allowing holders of the permit to parking concessions which are locally administered. In 2014/15 the number of cases reported was 2,545 and the value attributed to this loss by local authorities was £1.0m. The figure has increased to 4,331 in 2015/16.

The value attributed to disabled parking by most authorities is a notional one, since in most cases it is impossible to calculate the actual loss. As with other types of fraud, local authorities calculate the value in different ways and for some authorities the value of parking is greater than others. Value is attributed based on the parking charges within an authority but there is no direct financial recovery to be made from the identification of a Blue Badge fraud. In the event that a Blue Badge misuse is identified it is often prosecuted and the individual fined (which is paid to the court). The prosecuting authority is also awarded costs, however, these costs often do not meet the full cost of the investigation and prosecution.

Some local authorities invest more counter fraud resource in the investigation of disabled parking abuse than others, and not all councils attribute a value to the fraud or misuse. Some councils do not use investigators to look into allegations of Blue Badge fraud and 38 authorities recorded no cases of fraud in this category.

The misuse of Blue Badge is not a high value loss to most local authorities and in most cases there is no recovery to be made. However, the misuse of disabled parking can cause difficulties to disabled users who need the spaces and there is therefore value in the investigation.

### Debt

Debt fraud includes fraudulently avoiding a payment of a debit to an organisation, excluding council tax discount. There were 975 cases investigated, however they represent a small portion of financial loss at £0.2m.

**4,331:**  
the number of disabled parking cases  
in 2015/16

London boroughs identified housing  
fraud as their highest fraud risk

## Other types of fraud

This section outlines some potentially high fraud risk areas. These risks are higher in some geographic locations and some organisations than others.

### Social care and no recourse to public funds

Social care and welfare assistance was one of the highest types of 'other frauds' reported. In 2014/15, 287 cases of detected fraud in social care were reported and welfare assistance totalled 104 cases. Welfare assistance fraud was identified as one of the top three risks that local authorities were facing. This year CIPFA split the welfare assistance category to include adult social care, child social care and 'no recourse to public funds' (whereby someone can have permission to live in the UK but not to claim benefits, tax credits or housing assistance). Respondents reported that 233 cases of 'no recourse to public funds' had been investigated. There were 229 cases within the other welfare categories with the largest number in adult social care (194).

While it looks like social care fraud has increased, this could be in part due to the increase in investigators.

While 'no recourse to public funds' fraud presents a significant fraud risk to local authorities, it is primarily to be found in London, southeast England and larger metropolitan boroughs.

Several local authorities who identified that 'no recourse to public funds' was a risk have undertaken pro-active anti-fraud exercises in this area, including visiting recipients of the funds and undertaking fraud awareness exercises with those responsible administering the scheme.

### Procurement fraud

This includes any fraud associated with the false procurement of goods and services for an organisation by an internal or external person(s) or organisations in the 'purchase to pay' or post contract procedure, including contract monitoring.

Procurement fraud often involves significant sums of money and is recognised as a considerable fraud risk across all public sector organisations.

There can be sizeable difficulties in measuring the value of procurement fraud since it is seldom the total value of the contract but an element of the contract involved. The value of the loss especially post award can be as hard to measure, but equally significant.

During 2014/15, 60 cases of identified procurement fraud were reported. In this year's survey the number of cases increased by five times to 353 cases. We have used this figure to estimate that there could be as many as 623 cases totalling £6.3m across the UK annually.

CIPFA recommends that public bodies continue to raise fraud awareness in the procurement process, not only in the tendering process but also in the contract monitoring element. This area can be particularly difficult to enforce especially where there have been efficiency savings made in the area of contract monitoring.

### Insurance claims

This fraud includes any insurance claim that is proved to be false, made against the organisation or the organisation's insurers. Respondents identified insurance fraud as the single biggest area for insider fraud with 39 cases being investigated during the year. Four respondents identified insurance as an emerging fraud risk.

In 2014/15, CIPFA estimated the number of detected cases was 237 across the UK. This year the figure has risen to 422 cases and the average loss value is £14,600. CIPFA would recommend that organisations ensure that anti-fraud measures within their own insurance claims processes are fit for purpose and that there is a clear route for investigations into alleged frauds to be undertaken.

**353:**  
the number of procurement fraud cases reported in 2015/16 – five times more than the previous year.

**£14,600:**  
the average loss value to an insurance fraud case

### **Economic and voluntary sector (grant fraud)**

Frauds in this area relate to the false application or payment of grants or financial support to any person and any type of agency or organisation. There were 28 cases investigated in 2014/15 but only 10 cases were investigated in 2015/16. It is possible that there is less funding for this type of activity within the sector, but we would suggest organisations realise that there is a risk in this area. Four organisations noted that grant fraud was an area of high risk, including a police authority and a passenger executive.

#### **Grant fraud is defined by Action Fraud as:**

*“Fraud relating to public funding and grants happens when individuals, organisations (including businesses and charities) or organised criminal groups claim public funding or grants that they are not eligible for. Fraudulent claims could be made to a number of public organisations for example local authorities, the Lottery Commission, European Union and the Student Loans Company.”<sup>1</sup>*

#### **The fraud falls into two broad categories including:**

**Insider fraud** – related to the identification of the needs of the deliverable, the specification of the project and the monitoring of the project, this can be the result of a lack of declarations of interest.

**Delivery fraud** – the organisation delivering the work claims to have delivered outcomes or services that it has not. This can be caused by poor governance arrangements in the organisation and/or a lack of monitoring on behalf of the awarding authority. This can be exacerbated by restrictions with regard to rights of audit of the grant funding organisation.

It is often difficult to measure outcomes in relation to the work of grant funded organisations. A high volume of low value grants can exaggerate the risk because it is simply not proportionate to undertake monitoring at a level that might find fraud.

Mazars LLP investigated an organisation on behalf of a grant awarding client. The organisation had received a grant to run a community event with public performances and a contract had been agreed.

Investigations undertaken by Mazars found that the organisation had posted video footage of previous events on YouTube as part of its proof of delivery. In addition, the organisation supplied bank statements, invoices and a licence allowing public performances. The investigation found that all the documents supplied had

been fabricated, including bank statements, invoices and a licence allowing public performances.

### **Manipulation of data (financial or non-financial)**

The most common frauds within the manipulation of data relate to employees changing data in order to indicate better performance than actually occurred and staff removing data from the organisation, it also includes individuals using their position to change and manipulate data fraudulently or in assisting or providing access to a family member or friend. We estimate, based on the figures supplied to us, that across the UK there have been 34 cases of this type of fraud. However, it can be the case that this type of fraud does not receive the attention it requires for two reasons:

1. it is difficult to attach a value to data therefore it is hard for public bodies to report a success; of the eight cases that were reported in the CFaCT none had a value attached to it
2. there can be a reputational risk to the organisation, as a result some organisations can be less keen to investigate or report investigations in this area.

### **Pensions and investments funds pensions fraud**

This includes all fraud relating to pension payments, including but not limited to failure to declare changes of circumstances, false documentation, or continued payment acceptance after the death of a pensioner. The estimated national value was £1.1m; no cases involved employees or councillors.

### **Investments fraud**

There was only one case of investment fraud reported this year, but it was valued at over £200,000. There were 11 reported in 2014/15. We are not aware of any significant changes during the year that would have had this effect.

### **Payroll**

This includes inputting ‘ghost employees’ and manipulating payroll data. The number of cases detected in 2014/15 was 137, and this has dropped to 39 in 2015/16. We have estimated that 172 cases of fraud occurred across the UK during 2015/16 representing a loss value of £400,000.

### **Expenses fraud**

Respondents reported 35 cases, which is a drop from 56 in 2014/15. Based on this information we estimate a value loss of £500,000 across the UK for expenses fraud.

Non-council public authorities completing the survey identified expenses fraud as one of their top risks.

<sup>1</sup> [www.actionfraud.police.uk/types\\_of\\_fraud](http://www.actionfraud.police.uk/types_of_fraud). Action Fraud is a national fraud hotline run by the City of London Police

### Recruitment fraud

This includes false CVs, job histories, qualifications, references or referees. The number of cases detected in 2014/15 was 80. In 2015/16 CIPFA estimates the number of recruitment fraud cases across the UK to be 218, with an estimated loss value of £0.9m. As mentioned with regard to other types of fraud it can be very difficult to measure the cost of recruitment fraud. It would carry implications including reputational damage, the costs of further recruitment and investigations into the motives behind the fraud.

### Business rates

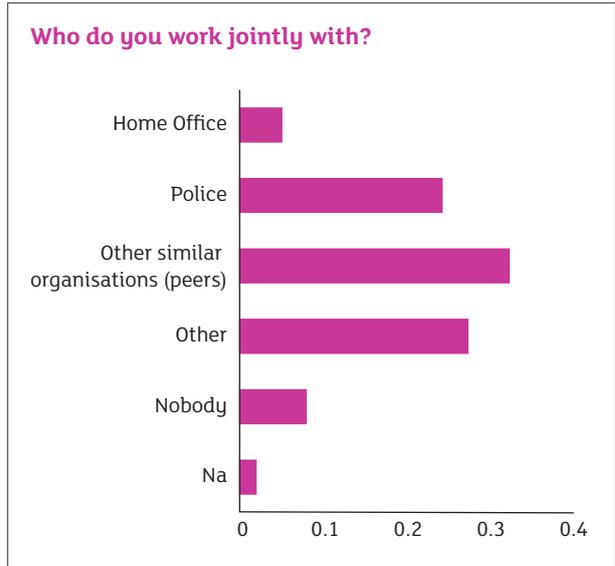
Fraud in the area of business rates appeared as an emerging risk in the 2014/15 report. This year 29 local authorities considered this type of fraud to be a high risk. We have estimated that there could be £4.6m of fraud across the UK in the area of business rates.

### Serious and organised crime

It is important that the public sector understands the nature and scale of fraud and corruption if it is to put forward its best defence. In a time when fraud and corruption threats are sophisticated and organised criminals are becoming ever more resilient, it is crucial that the public sector understands the full extent of the threat and sees patterns and future issues. As part of this survey the Home Office requested CIPFA's help in establishing the true picture of serious and organised fraud across the UK.

Working jointly is an area recognised both by survey respondents and the Home Office as being important in order to combat serious and organised fraud. The chart 'who do you work jointly with?' shows that most survey respondents do work together with other organisations. Those that do not should consider whether there is scope within their anti-fraud arrangements to do so.

**“Organised fraud often cross local authority boundaries and investigations tend to be complex, requiring the deployment of specialist resources, such as computer forensics or surveillance capability. Such resources are expensive and expertise needs to be constantly used to maintain effectiveness).” FFCL, 2016**



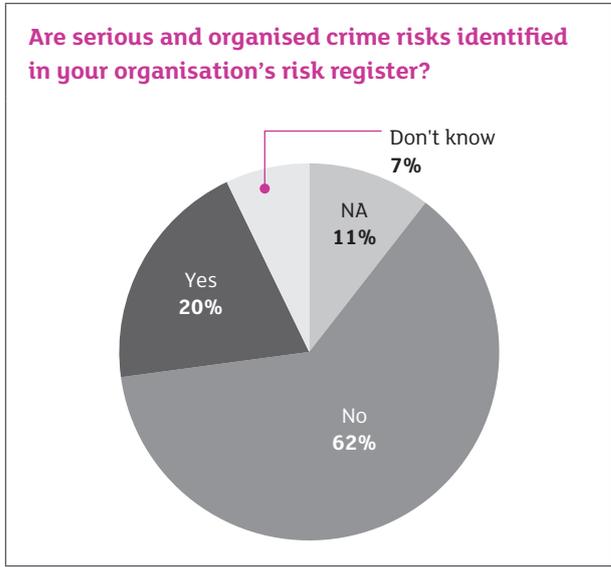
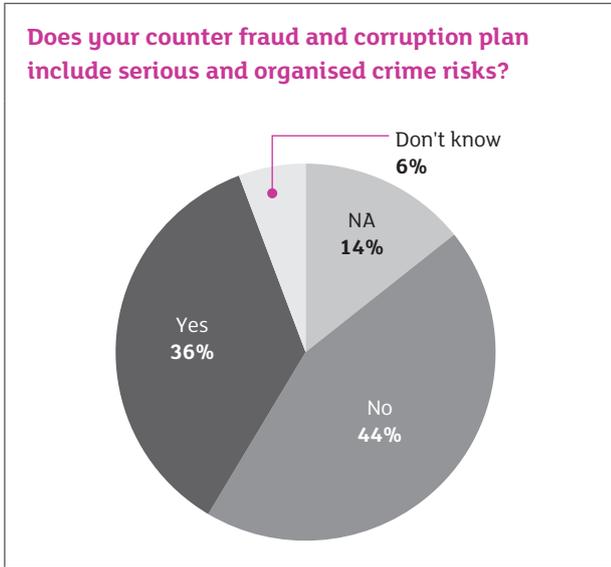
In addition we asked whether organisations shared data and found that over 85% did share data both internally and externally.

We asked organisations when they last had their counter fraud and corruption plan approved by their organisations, most responded that it was within the last year, although 11% of organisations either did not know or did not have a counter fraud and corruption plan approved. CIPFA recommends that all organisations have a counter fraud and corruption plan approved by the organisation annually.



We asked respondents to tell us whether their counter fraud and corruption plans include serious and organised crime risks. While 44% do not include this risk in their plans, 36% do cover it and 20% were unable to say.

In addition, we asked if organisations had considered serious and organised crime in their risk register. We found that most had not, with only 20% confident of their inclusion.



**85%:**  
percentage of respondents that share data both internally and externally

## Collaborative working – the London Boroughs of Tower Hamlets and Redbridge approach

The corporate anti-fraud team at the London Borough of Tower Hamlets worked with the London Borough of Redbridge, the police and the DWP to investigate a serious and organised fraud that involved a claim for housing benefit and tax credit totaling £1.6m.

As part of a subsequent prosecution, three of the ringleaders of the organised crime unit were prosecuted and received combined jail sentences totaling over 12 years for facilitating false applications for benefits and providing false documents allowing benefits to be claimed.

As claims began to increase the assessment process identified other behaviours that appeared concerning, including the speed at which applicants were able to provide full documentation after only a few days of arriving in UK. The corporate anti-fraud team within Tower Hamlets undertook a systematic examination of each aspect of the claim including:

- Home Office verification
- school attendance records
- contacting letting agents
- checking council tax payments
- Companies House
- business rates
- trading Standards.

This examination identified links to claims being paid by the London Borough of Redbridge, both boroughs then worked in collaboration to produce information for the police and the DWP's National Fraud lead.

The bringing together of both local and central government investigators and service delivery meant the results were effectively managed. Every investigation involved necessary and extensive research and applications containing fictitious pay slips and employment documents that were facilitated by unscrupulous fake employers were identified.

The impact of this collaborative approach was:

- shared investigation costs
- use of other organisations' intelligence
- ability to bring the facilitators to court, not just the applicants who played a small part in the fraud
- the identification of the total loss to the public purse and therefore an appropriate level of asset recovery
- totality of sentencing.

## Whistleblowing

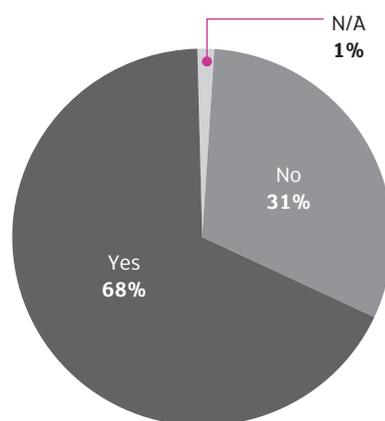
Whistleblowing is the popular term used when someone who works in or for an organisation raises a concern about a possible fraud, crime, danger or other serious risk that could threaten customers, colleagues, shareholders, the public or the organisation's own reputation.

All organisations told us they have a whistleblowing policy and just over half reviewed this policy on an annual basis (see chart).

CFaCT respondents reported a total of 505 whistleblowing cases, made in line with *PAS 1998:2008 Whistleblowing Arrangements Code of Practice* (PAS 1998:2008)<sup>2</sup>. This represents disclosures in all areas, not just in regard to suspected fraudulent behaviours.

As an early warning system, whistleblowing arrangements can help alert organisations to various elements of risk that could threaten customers, colleagues, shareholders, the public or the organisation's own reputation. Organisations should therefore ensure that whistleblowing processes are reviewed regularly in accordance with PAS 1998:2008.

**Do those responsible for governance annually review your whistleblowing arrangements in line with PAS 1998:2008?**



<sup>2</sup> [http://wbhelpline.org.uk/wp-content/uploads/2012/07/PAS1998\\_Whistleblowing1.pdf](http://wbhelpline.org.uk/wp-content/uploads/2012/07/PAS1998_Whistleblowing1.pdf)

## Counter fraud and corruption resources

The landscape of fraud for the public sector has changed significantly over the last year with leaner operations, and for local authorities the introduction of the DWP's SFIS has seen a workload shift. Our survey asked a number of questions about those involved in countering fraud.

Responses to the survey showed:

- 44 organisations have no dedicated counter fraud resource or consider it not applicable
- the number of FTE investigation staff has increased year on year since 2013/14 and organisations are planning for a further increase in the number of investigation staff
- the number of planned non-benefit investigators during 2014/15 has been exceeded. This may show that some organisations have realised the value of investing resources in this area.

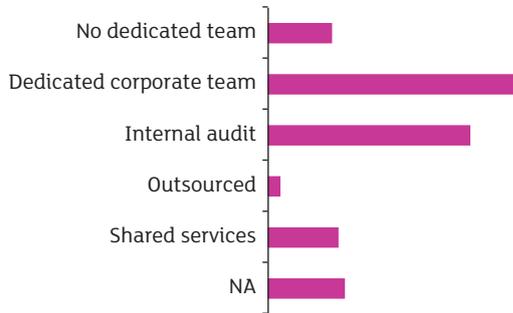
While it is not essential for all organisations to have a dedicated counter fraud function, CIPFA suggests it is important that organisations have a fraud response

plan that enables allegations of fraud to be investigated effectively by skilled and professional investigators.<sup>3</sup>

We asked respondents to the survey about the type of counter fraud and corruption resources they had access to and found that there was a variety of responses. Each organisation must make its own decision on the level and type of resource required in order to carry out its duties with regard to countering fraud, however CIPFA feels is essential that those involved in the counter fraud function are professionally qualified.

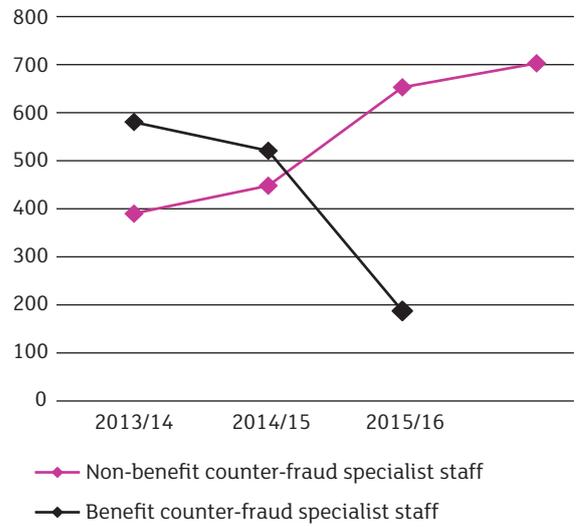
<sup>3</sup> See the CIPFA Code of Practice on Managing the Risk of Fraud and Corruption [www.cipfa.org/services/counter-fraud-centre/code-of-practice](http://www.cipfa.org/services/counter-fraud-centre/code-of-practice)

**Description of counter fraud and corruption resource?**



The chart on the right shows that the number of counter fraud staff has increased over the last three years and that the level of resource will continue to increase during the year ahead. It is likely that those organisations who completed the survey are those with a strong commitment to anti-fraud and are therefore those more likely to be investing in that area.

**Counter fraud staff in the public sector (FTE) at 31 March each year**



**Case study – Manchester City Council**

Care packages and other associated welfare related benefits can involve high value payments over the course of a year. A social worker became suspicious that an individual in receipt of support funding had overstated their level of need. A subsequent investigation by counter fraud specialists from the council and the DWP identified a number of irregularities resulting in overpayments in excess of £100,000. The suspect no longer receives personal budget funding or disability living allowance and the case has been referred to the Crown Prosecution Service.

Originally produced in the Fighting Fraud and Corruption Locally Strategy

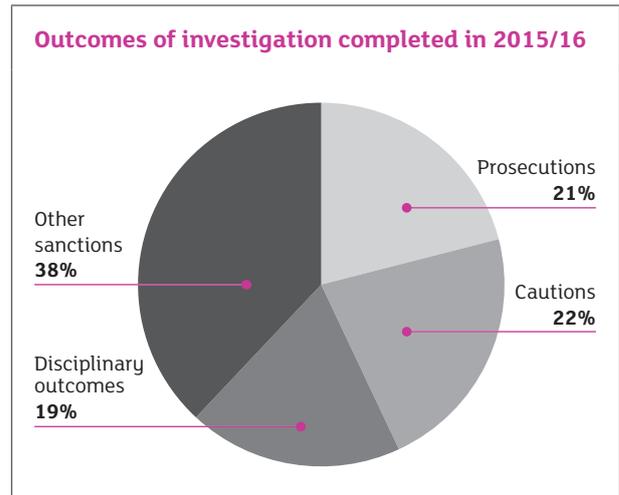
## Sanctions

In the 2014/15 survey report we recorded the number of prosecutions undertaken by different authorities such as the Crown Prosecution Service (CPS) or in-house teams. This year we examined the number of outcomes recorded by organisations.

In the chart:

- prosecutions include both in-house and CPS prosecutions
- cautions relate to a verbal warning given in circumstances where there is enough evidence to prosecute, but it is felt that it is not in the public interest to prosecute in that instance
- disciplinary outcomes relate to the number of instances where as a result of an investigation by a fraud team disciplinary action is undertaken, or where a subject resigns during the disciplinary process
- other sanctions include the imposition of fines or other penalties by the organisation.

The chart gives details of outcomes excluding housing benefit fraud, and shows that where fraud is found a wide range of disposals are considered.



## Fighting Fraud and Corruption Locally

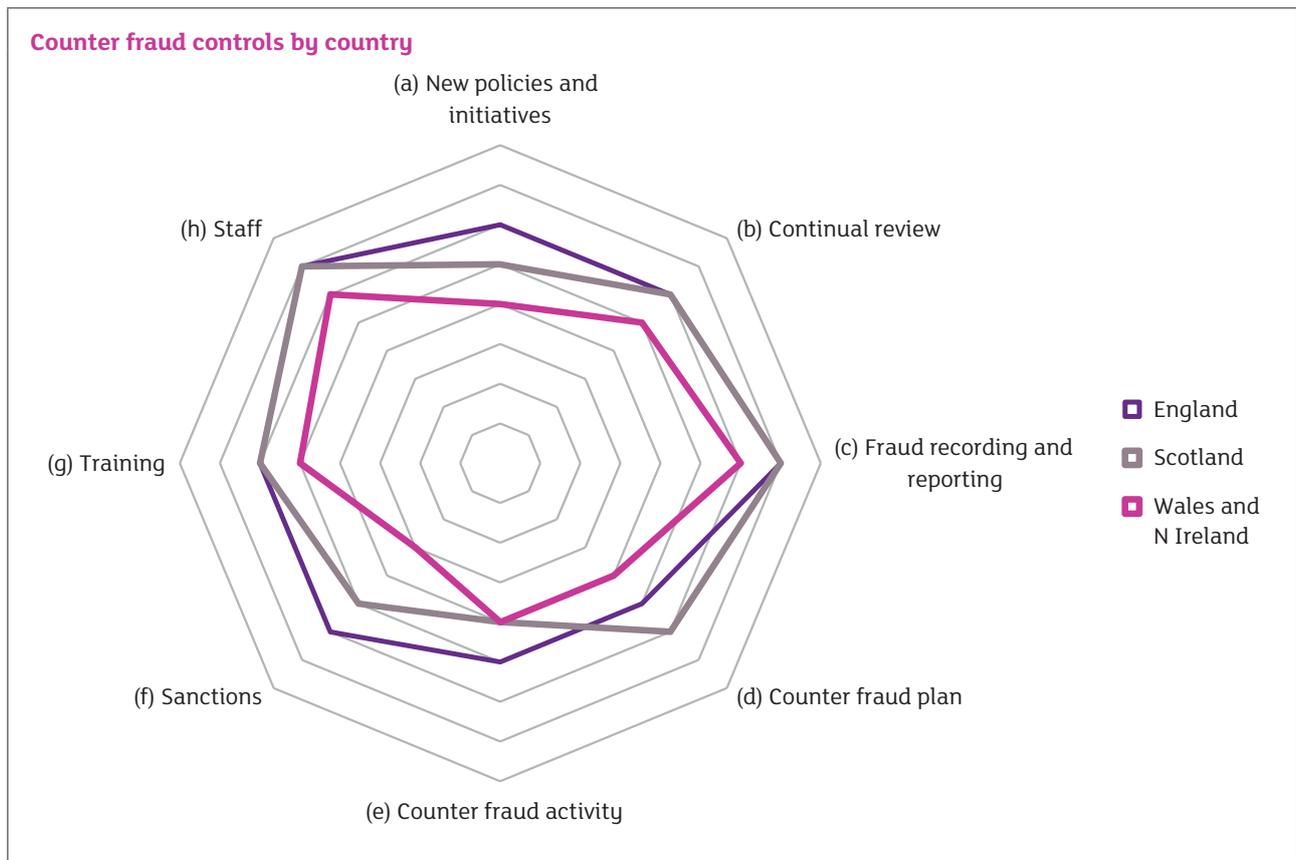
The production and implementation of the *Fighting Fraud and Corruption Locally (FFCL) strategy* is overseen by the FFCL Board, which includes representation from key stakeholders. The *FFCL strategy 2016–2019* was developed by local authorities and counter fraud experts and is the definitive guide for local authority leaders, chief executives, finance directors and all those with governance responsibilities.

The strategy includes practical steps for fighting fraud, shares best practice and brings clarity to the changing anti-fraud and corruption landscape.

The CIPFA Counter Fraud Centre drafted the strategy on behalf of the FFCL board. Development of the strategy is informed, in part, by the response to the CFaCT survey, which asks specific questions with regard to the way fraud is dealt with within organisations.

The chart below shows the responses to these questions by country. There was a small sample return from Scotland and all responses given are based on each organisation's own self-assessment of their position.

We would note that those who have completed the survey are likely to be those who have invested in their counter fraud functions and are currently delivering services in this area. The response may be different among those organisations who did not complete the survey.



## Emerging areas

Last year we asked respondents to tell us where they saw emerging risk areas. Respondents included procurement, organisational change, personal budgets and cyber fraud as areas of potential concern.

We did not ask a question specifically about emerging trends in the 2015/16 CFaCT survey. However, there were some areas that organisations felt were of growing concern. Procurement was seen as an emerging trend in 2014/15 and we saw an increase in cases from 60 to 353 over the year. Within the survey right to buy fraud cases have increased by over 50%. Given the continued discount and the lack of affordable housing this could create conditions that encourage fraud. This could be a particular issue in London where the cost of housing is higher than in other parts of the UK.

Fraud in the area of business rates appeared as an emerging risk in the 2014/15 report. This year 29 local authorities considered this type of fraud to be a high risk.

Personal budgets and direct payments were covered by adult social care and children's social care this year.

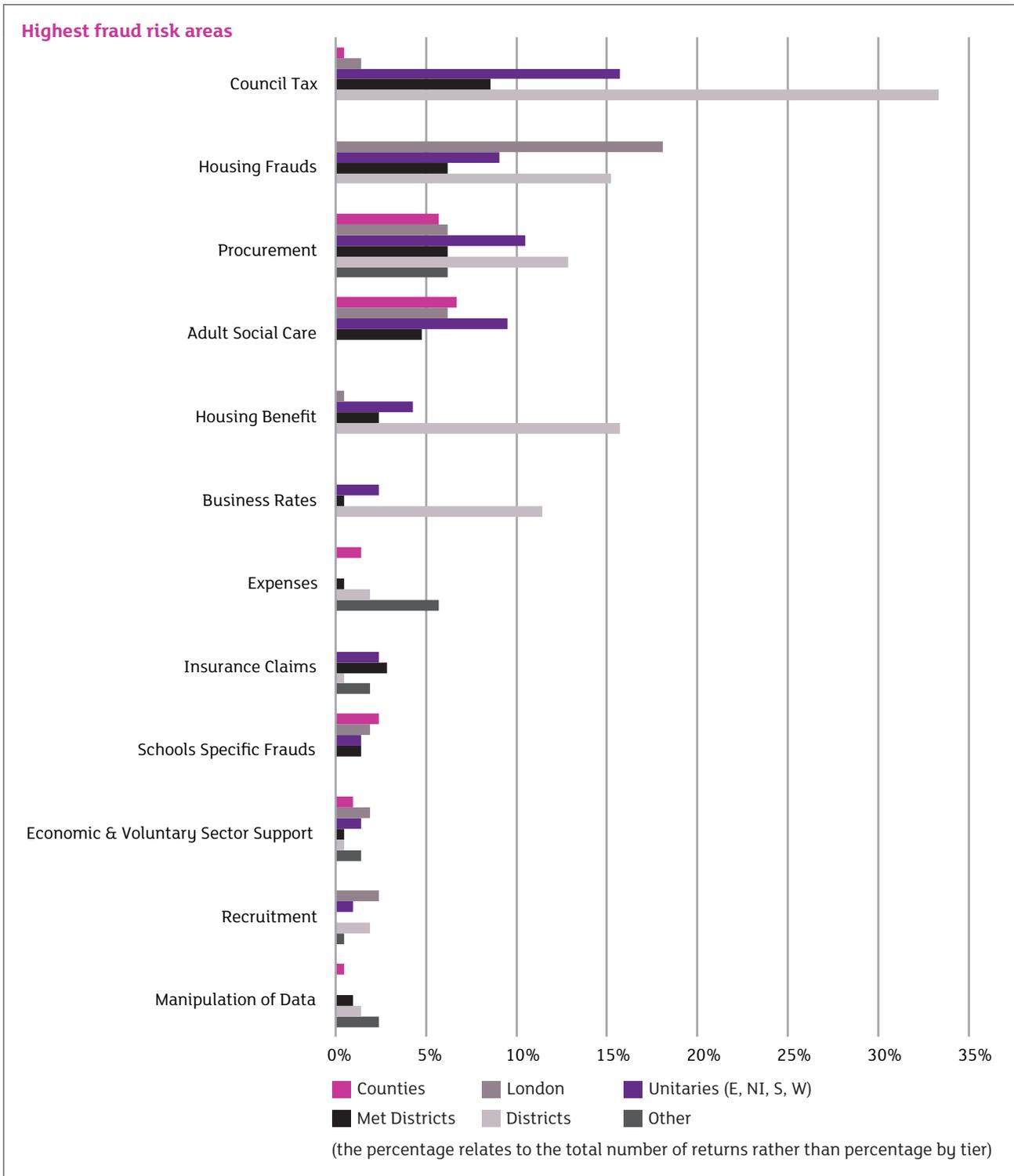
In 2014/15 there were 287 cases reported, which has decreased to 215 in 2015/16. It is clear from responses that the fraud risk in social care is not diminishing, however better controls in some aspects may be having an effect.

### Highest fraud risk

This year at the request of the Home Office we asked respondents to identify the highest risks to their organisation. Respondents told us their highest risks were:

- council tax
- housing
- procurement
- adult social care and housing benefit.

Answers varied significantly by organisation and a more detailed response can be seen in the chart overleaf.



**What do you perceive as the three highest fraud risks areas for your organisation?**

We asked respondents to tell us what they perceived as the three most significant areas that need to be addressed to effectively tackle the risk of fraud and corruption in their organisation.

As with the 2014/15 survey, the biggest issues in countering fraud remain the same:

- having the capacity to identify fraud risk and investigate allegations
- having effective fraud risk assessment and management
- barriers to data sharing.

## Financial investigation

Financial investigators are those professionally accredited for the purpose of recovering assets in accordance with the Proceeds of Crime Act 2002 (POCA). Nearly half of respondents to the survey (44%) had no access to financial investigation resource, while 56% did have access.

Organisations told us that they have been awarded £27.5m by courts through POCA (excluding housing benefit/council tax benefit) over the last three years. Of this money, respondents told us that a total of £18.4m has been recovered.

The CFaCT found that some authorities have collected more during the year than has been awarded. This is because some older cases are now coming to fruition and that the complex nature of cases means recovery can be delayed. Unsurprisingly, people whose assets are being confiscated are often keen to protect them.

The National Audit Office (NAO) notes that “in practical terms only a very small proportion of criminal gains can ever be confiscated. This is because much crime is not reported, criminal gains are often disposed of quickly or transferred out of reach, and many criminals are determined to keep as much as they can regardless of the sanctions made against them. In practice, therefore, confiscating assets often requires law enforcement officers to show skill, determination and persistence.”<sup>4</sup>

<sup>4</sup> *Confiscation Orders: Progress Review* (NAO, 2016)

### Case study – London Borough of Newham

While investigating an issue with planning permission OneSource, on behalf of the London Borough of Newham, recovered an amount after taking the defendant to a confiscation hearing.

Mr C had requested planning permission to convert a retail office into a vehicle workshop, car sales and MOT testing centre and despite permission being refused he had gone ahead with the work. During the conversion process Mr C ignored an enforcement notice requiring him to stop and was therefore taken to court to appear at a confiscation hearing.

It was calculated that Mr C’s criminal benefit from the offence was over £196,000 and his available assets were calculated as £829,000. At the confiscation hearing the judge made the following order:

- £500 fine
- £50 victim surcharge
- £4,456 costs to be paid within 28 days, with 14 days’ imprisonment in default
- confiscation order made in the sum of £196,341.49 (based on the benefit figure).

The defendant was given six months to pay or face two and a half years in prison.

Recovery in cases like this is relatively easy as most defendants are commercial landlords and have property they can realise rather than face prison.

CIPFA would like to thank all the organisations that completed the survey along with those that helped by distributing the survey or contributing case studies, including:

- Charlie Adan, Babergh and Mid Suffolk District Councils
- Association of Local Authorities' Treasurer Societies
- Norma Atlay, North Hertfordshire District Council
- Nigel Aurelius, Torfaen County Borough Council
- Chris Buss, London Borough of Wandsworth
- County Chief Auditor Network
- Alan Finch, Local Government Association
- Alison Griffin, London Borough of Bexley
- Local Authority Financial Investigators Forum
- Local Government Association
- London Borough of Croydon
- London Borough of Tower Hamlets
- Margaret Lee, Essex County Council
- Mazars
- Graeme McDonald, Solace
- Ian O'Donnell, London Borough of Ealing
- Oldham Borough Council
- oneSource
- Brian Roberts, Leicestershire County Council
- Mike Suarez, Cheshire East Council
- Society of District Council Treasurers
- Society of London Treasurers
- Solace
- South West London Fraud Partnership
- Brian Taylor, Scottish Government
- Donald Toon, National Crime Agency
- Huw Vaughan Thomas, Wales Audit Office
- Chris West, Coventry City Council
- Duncan Whitfield, London Borough of Southwark
- Peter Turner, London Borough of Bromley

## Appendix 1

The table below lists the types of fraud reported in the survey, an extrapolated figure estimating the number of cases across the UK based on the cases reported in the survey and an estimate of the cost incurred in 2015/16. We also give an estimated value per case.

| Types of fraud                        | Fraud cases   | % of the total | Value £m     | % of the total value | Average £'000 |
|---------------------------------------|---------------|----------------|--------------|----------------------|---------------|
| Council tax                           | 47,747        | 61.90%         | 22.4         | 8.30%                | 0.47          |
| Housing benefit                       | 12,429        | 16.10%         | 36.9         | 13.60%               | 2.97          |
| Disabled parking concession           | 6,931         | 9.00%          | 3.0          | 1.10%                | 0.43          |
| Housing                               | 3,842         | 5.00%          | 148.4        | 54.70%               | 38.63         |
| Other fraud                           | 1,855         | 2.41%          | 13.1         | 4.83%                | 7.07          |
| Debt                                  | 1,079         | 1.40%          | 0.3          | 0.10%                | 0.28          |
| Procurement                           | 623           | 0.80%          | 6.3          | 2.30%                | 12.24         |
| Business rates                        | 447           | 0.58%          | 4.6          | 1.70%                | 10.34         |
| Insurance claim                       | 422           | 0.55%          | 6.2          | 2.27%                | 14.59         |
| Adult social care                     | 331           | 0.43%          | 2.9          | 1.06%                | 8.69          |
| No recourse to public funds           | 276           | 0.36%          | 9.6          | 3.55%                | 34.89         |
| Recruitment                           | 218           | 0.28%          | 0.9          | 0.34%                | 4.25          |
| Pensions                              | 180           | 0.23%          | 1.1          | 0.42%                | 6.34          |
| School fraud                          | 180           | 0.23%          | 0.9          | 0.34%                | 5.12          |
| Payroll                               | 172           | 0.22%          | 0.4          | 0.16%                | 2.52          |
| Mandate                               | 149           | 0.19%          | 11.7         | 4.30%                | 78.41         |
| Expenses                              | 59            | 0.08%          | 0.5          | 0.18%                | 8.31          |
| Welfare assistance                    | 42            | 0.05%          | 0.0          | 0.00%                | 0.19          |
| Manipulation of data                  | 34            | 0.04%          | na           | na                   | na            |
| Children's social care                | 34            | 0.04%          | 0.3          | 0.12%                | 9.35          |
| Economic and voluntary sector support | 30            | 0.04%          | 1.7          | 0.62%                | 56.17         |
| Investments                           | 1             | 0.00%          | 0.2          | 0.08%                | 208.00        |
|                                       | <b>77,081</b> |                | <b>271.4</b> |                      |               |

## Survey approach

CIPFA has applied care and diligence to create this picture of fraudulent activity across the UK's public sector.

CIPFA has grouped various fraud areas together rather than give a figure as a whole. For example, council tax includes single person discount and council tax reduction.

The 2016 CFaCT survey assessed all authorities on the themes in the *Fighting Fraud and Corruption Locally (FFCL) strategy*. This aims to help the public sector tackle fraud and corruption and ultimately prevent losses. The FFCL Board also put forward specific questions to be included in the survey to help measure the effectiveness of the initiatives in the strategy. The suggestions in this report, therefore, reflect, endorse and illustrate the long-term agreement between the FFCL Board and CIPFA. We hope that all respondents to the survey were challenged by these questions and have helped them consider where assessments of counter fraud activity would be best focused.

As recommended in the UK Anti-Corruption Plan, the CIPFA Counter Fraud Centre has developed close relationships with the National Crime Agency, the Home Office, and the City of London Police. The survey contains questions pertinent to informing future work in relation to joint working and serious and organised crime.

Due to the wide group of respondents CIPFA has not extrapolated the data, in particular in areas where there may be geographical bias. For example, 'no recourse to public funds' fraud had a high prevalence in the southern authority results returned, with a 97% return for London local authorities.

We have sought to encourage all organisations to complete this survey so that they can benefit from considering their own response to fraud risk, both financial and reputational. We recognise that it is easier for organisations who have a counter fraud function to complete the survey and that this may affect the results. It is important that organisations consider their fraud risk and we hope that this survey will help them in this regard and that they will contribute in future years.





# CIPFA COUNTER FRAUD CENTRE

## Subscribe

To subscribe to the CIPFA Counter Fraud Centre, which gives you access to the tools, alerts and resources needed to combat fraud in the public services, please complete the application form on our website.

## Training

Dates for our Accredited Counter Fraud Specialist and Accredited Counter Fraud Technician are now available for 2017. Both qualifications are accredited by the University of Portsmouth's Counter Fraud Professional Accreditation Board and are ideal for those wanting to strengthen their team skills, gain a professional qualification or build a new career in fraud.

## Whistleblowing e-learning

An accessible, interactive e-learning course for staff on whistleblowing and why it is important.

[www.cipfa.org/services/counter-fraud-centre/e-learning/whistleblowing-elearning](http://www.cipfa.org/services/counter-fraud-centre/e-learning/whistleblowing-elearning)

## Anti-bribery and corruption e-learning

An accessible, engaging e-learning package designed to help organisations strengthen their bribery and corruption defences.

[www.cipfa.org/services/counter-fraud-centre/e-learning/bribery-and-corruption-elearning](http://www.cipfa.org/services/counter-fraud-centre/e-learning/bribery-and-corruption-elearning)



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# Audit and Risk Committee

19 September 2016

|  |                      |                                   |
|--|----------------------|-----------------------------------|
| <b>Report title</b>                        | Payment Transparency |                                   |
| <b>Accountable director</b>                | Mark Taylor, Finance |                                   |
| <b>Originating service</b>                 | Audit                |                                   |
| <b>Accountable employee(s)</b>             | Peter Farrow         | Head of Audit                     |
|  | Tel                  | 01902 554460                      |
|  | Email                | peter.farrow@wolverhampton.gov.uk |
| <b>Report to be/has been considered by</b> | Not applicable       |                                   |

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## Recommendations for noting:

The Committee is asked to note:

1. The Council's current position with regards to the publication of all its expenditure.

## **1.0 Purpose**

1.1 This report is to update the Committee on the Council's current position with regards to the publication of all its expenditure.

## **2.0 Background**

2.1 The latest position on the Council's payment transparency activity is as follows:

- Following the introduction of Agresso, the Council now publishes its own spend data, instead of using a third party.
- The data is available on the Council's internet site under Transparency and Accountability (payments to suppliers) and is updated monthly.
- In addition, to the spend to date, the site also includes spend for the financial years from 2011.
- Since last reported to the Audit Committee in July 2016, there have been no requests for information from the public (as an 'armchair auditor').

## **3.0 Progress, options, discussion**

3.1 We will continue to report back to the Audit and Risk Committee on the details of any 'armchair auditor' requests the council receives.

## **4.0 Financial implications**

4.1 There are no financial implications arising from the recommendation in this report. (GE/0209/2016/M)

## **5.0 Legal implications**

5.1 There are no legal implications arising from the recommendation in this report. (TS/01092016/C)

## **6.0 Equalities implications**

6.1 There are no equalities implications arising from the recommendation in this report.

## **7.0 Environmental implications**

7.1 There are no environmental implications arising from the recommendation in this report.

## **8.0 Human resources implications**

8.1 There are no human resources implications arising from the recommendation in this report.

**9.0 Corporate landlord implications**

9.1 There are no corporate landlord implications arising from the recommendation in this report.

**10.0 Schedule of background papers - None**

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# Audit and Risk Committee

19 September 2016

|  |   |   |
|--|---|---|
| <b>Report title</b>                        | CIPFA Audit Committee Update – Issue 20 |   |
| <b>Accountable director</b>                | Mark Taylor, Finance                    |   |
| <b>Originating service</b>                 | Audit                                   |   |
| <b>Accountable employee(s)</b>             | Peter Farrow<br>Tel<br>Email            | Head of Audit<br>01902 554460<br><a href="mailto:peter.farrow@wolverhampton.gov.uk">peter.farrow@wolverhampton.gov.uk</a> |
| <b>Report to be/has been considered by</b> | Not applicable                          |   |

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## Recommendations for noting:

The Committee is asked to note:

1. The contents of the latest CIPFA Audit Committee Update, Issue 20 – CIPFA survey on Audit Committees 2016.

## **1.0 Purpose**

1.1 CIPFA issue regular briefings for audit committee members in public sector bodies. Their aim is to provide members of audit committees with direct access to relevant and topical information that will support them in their role.

## **2.0 Background**

2.1 The latest edition of these briefings covers the results of the 2016 CIPFA survey on Audit Committees.

## **3.0 Progress, options, discussion**

3.1 Further CIPFA updates will be brought before the Audit Committee, as and when they are published.

## **4.0 Financial implications**

4.1 There are no financial implications arising from the recommendation in this report. (GE/02092016/P)

## **5.0 Legal implications**

5.1 There are no legal implications arising from the recommendation in this report. (TS/01092016/D)

## **6.0 Equalities implications**

6.1 There are no equalities implications arising from the recommendation in this report.

## **7.0 Environmental implications**

7.1 There are no environmental implications arising from the recommendation in this report.

## **8.0 Human resources implications**

8.1 There are no human resources implications arising from the recommendation in this report.

## **9.0 Corporate landlord implications**

9.1 There are no corporate landlord implications arising from the recommendation in this report

## **10.0 Schedule of background papers**

### **10.1 CIPFA Audit Committee Update – Issue 20**

This document contains some information which is copyrighted and cannot be made readily available. However, to comply with the spirit of the Freedom of Information Act, should you require details of the report it may be possible to give you access to certain information. If you wish to do that, please contact the accountable employee as detailed above.

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# Audit and Risk Committee

19 September 2016

|  |   |  |
|--|---|--|
| <b>Report title</b>                        | Audit and Risk Committee – Knowledge and Skills Framework |  |
| <b>Accountable director</b>                | Mark Taylor, Finance                                      |  |
| <b>Originating service</b>                 | Audit   |  |
| <b>Accountable employee(s)</b>             | Peter Farrow<br>Tel<br>Email                              | Head of Audit<br>01902 554460<br>peter.farrow@wolverhampton.gov.uk |
| <b>Report to be/has been considered by</b> | Not applicable  |  |

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## Recommendation(s) for action or decision:

The Committee is asked to:

1. Commence the next stage of the Committee's self-assessment exercise by completing and returning the knowledge and skills framework checklist before the next Audit and Risk Committee meeting.

## **1.0 Purpose**

- 1.1 The Chartered Institute of Public Finance and Accountancy (CIPFA) in their Audit Committees – Practical Guidance for Local Authorities, recommend that an Audit Committee should carry out a regular review of its performance and effectiveness, alongside a number of other self-assessment activities. The first stage of such an exercise was completed in 2015 and was based on a self-assessment of good practice checklist. The second stage of the exercise includes the completion of a knowledge and skills framework.

## **2.0 Background**

- 2.1 This self-assessment exercise forms part of a three stage review, which in line with CIPFA's Audit Committees – Practical Guidance for Local Authorities, includes the following activities:

### **Self-assessment exercise**

This exercise has already been completed.

### **Members' knowledge and skills framework**

Following the above self-assessment exercise, copies of the framework are now being provided to the Committee for completion. Once they have been completed and returned, the results will be summarised and reported back to the Committee at a future meeting.

### **Evaluating the effectiveness**

Once the above framework exercise has been completed, a more detailed "evaluating the effectiveness of the committee" exercise will be undertaken at a later meeting.

## **3.0 Progress, options, discussion, etc.**

- 3.1 This exercise is taking place in three stages. Following each stage, the results will be summarised and presented at the next meeting. The results will also help drive a more structured future training programme.

## **4.0 Financial implications**

- 4.1 There are no financial implications arising from the recommendations in this report. (GE/02092016/E)

## **5.0 Legal implications**

- 5.1 There are no legal implications arising from the recommendations in this report. (TS/01092016/E)

## **6.0 Equalities implications**

- 6.1 There are no equalities implications arising from the recommendations in this report.

**7.0 Environmental implications**

7.1 There are no environmental implications arising from the recommendations in this report.

**8.0 Human resources implications**

8.1 There are no human resources implications arising from the recommendations in this report

**9.0 Corporate landlord implications**

9.1 There are no corporate landlord implications arising from the recommendations in this report.

**10.0 Schedule of background papers – Audit Committee: Knowledge and skills framework**

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Audit and Risk Committee Members: Knowledge and Skills Framework

Member ..... Date .....

Core areas of knowledge

| Knowledge Area                              | Details of core knowledge required  | How the Audit and Risk Committee member is able to apply the knowledge   | Committee Member ranking (score between 5 = strong to 1 = minimal) |
|---|---|--|--|
| Organisational knowledge                    | An overview of the governance structures of the authority and decision-making processes. Knowledge of the organisational objectives and major functions of the authority  | This knowledge will be core to most activities of the Audit and Risk Committee including review of the Annual Governance Statement, internal and external audit reports and risk registers                     |  |
| Audit and Risk Committee role and functions | An understanding of the Audit and Risk Committee's role and place within the governance structures. Familiarity with the committee's terms of reference and accountability arrangements. Knowledge of the purpose and role of the Audit Committee | This knowledge will enable the Audit and Risk Committee to prioritise its work in order to ensure it discharges its responsibilities under its terms of reference and to avoid overlapping the work of others. |  |
| Governance                                  | Knowledge of the six principles of the CIPFA/SOLACE Good Governance Framework and the requirements of the Annual Governance Statement (AGS). Knowledge of the local code of governance  | The committee will plan the assurances it is to receive in order to adequately support the AGS. The committee will review the AGS and consider how the authority is meeting the principles of good governance. |  |

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|  |  |   |  |
|--|--|---|--|
| Internal audit   | <p>An awareness of the key principles of the <i>Public Sector Internal Audit Standards</i> and the <i>local Government Application Note</i>.</p> <p>Knowledge of the arrangements for delivery of the internal audit service in the authority and how the role of the head of internal audit is fulfilled.</p>   | <p>The Audit and Risk Committee has oversight of the internal audit function and will monitor its adherence to professional internal audit standards. The Audit and Risk Committee will review the assurances from internal audit work and will review the risk-based audit plan.</p> <p>The committee will also receive the annual report, including an opinion and information on conformance with professional standards.</p> <p>In relying on the work of internal audit, the committee will need to be confident that professional standards are being followed.</p> |  |
| <p>Financial management and accounting</p> <p style="writing-mode: vertical-rl; transform: rotate(180deg);">Page 142</p> | <p>Awareness of the financial statement that a local authority must produce and the principles it must follow to produce them.</p> <p>Understanding of good financial management principles.</p> <p>Knowledge of how the organisation meets the requirements of the role of the chief financial officer, as required by the <i>CIPFA Statement on the Role of the Chief Financial officer in Local Government</i>.</p> | <p>Reviewing the financial statements prior to publication asking questions.</p> <p>Receiving the external audit report and opinion on the financial audit.</p> <p>Reviewing both external and internal audit recommendations relating to financial management and controls.</p> <p>The Audit and Risk Committee should consider the role of the CFO and how this is met when reviewing the AGS.</p>  |  |
| External Audit   | <p>Knowledge of the role and functions of the external auditor and who currently undertake this role.</p> <p>Knowledge of the key reports and assurances that external audit will provide.</p> <p>Knowledge about arrangements for the appointment of auditors and quality monitoring undertaken.</p>  | <p>The Audit and Risk Committee should meet with the external auditor regularly and receive their reports and opinions.</p> <p>Monitoring external audit recommendations and maximising benefit from audit process.</p> <p>The Audit and Risk Committee should monitor the relationship between the external auditor and the authority and support the delivery of an effective service.</p>  |  |

|                           |  |   |  |
|---------------------------|--|---|--|
| Risk management           | <p>Understanding of the principles of risk management, including linkage to good governance and decision making.</p> <p>Knowledge of the risk management policy and strategy of the organisation.</p> <p>Understanding of risk governance arrangements, including the role of members and of the Audit and Risk Committee.</p> | <p>In reviewing the AGS, the committee will consider the robustness of the authority's risk management arrangements and should also have awareness of the major risks the authority faces.</p> <p>Keeping up to date with the risk profile is necessary to support the review of a number of Audit and Risk Committee agenda items, including the risk-based internal audit plan, external audit plans and the explanatory foreword of the accounts. Typically, risk registers will be used to inform the committee.</p> <p>The committee should also review reports and action plans to develop the application of risk management practice.</p> |  |
| Counter-fraud             | <p>An understanding of the main areas of fraud risk the organisation is exposed to.</p> <p>Knowledge of the principles of good fraud risk management practice.</p> <p>Knowledge of the organisation's arrangements for tackling fraud.</p>   | <p>Knowledge of fraud risks and good fraud risk management practice will be helpful when the committee reviews the organisation's fraud strategy and receives reports on the effectiveness of that strategy.</p> <p>An assessment of arrangement should support the AGS and knowledge of good fraud risk management practice will support the Audit and Risk Committee member in reviewing that assessment.</p>   |  |
| Values of good governance | <p>Knowledge of the Seven Principles of Public Life.</p> <p>Knowledge of the authority's key arrangements to uphold ethical standards for both members and staff.</p> <p>Knowledge of the whistleblowing arrangements in the authority.</p>  | <p>The Audit and Risk Committee member will draw on this knowledge when reviewing governance issues and the AGS.</p> <p>Oversight of the effectiveness of whistleblowing will be considered as part of the AGS. The Audit and Risk Committee member should know to whom concerns should be reported.</p>  |  |

*Specialist Knowledge that adds value to the Audit Committee*

| Knowledge area  | Details of supplementary knowledge   | How the Audit and Risk Committee member is able to add value to the committee   | Committee Member ranking (score between 5 = strong to 1 = minimal) |
|---|--|---|--|
| Accountancy   | Professional qualification in accountancy  | More able to engage with the review of the accounts and financial management issues coming before the committee.<br>Having an understanding of the professional requirements and standards that the finance function must meet will provide helpful context for discussions of risks and resource issues.<br>More able to engage with the external auditors and understand the results of audit work. |  |
| Internal audit  | Professional qualification in internal audit.  | This would offer in-depth knowledge of professional standards of internal audit and good practice in internal auditing.<br>The committee would be more able to provide oversight of internal audit and review the output of audit reports.  |  |
| Risk management   | Risk management qualification.<br>Practical experience of applying risk management.<br>Knowledge of risks and opportunities associated with major areas of activity. | Enhanced knowledge of risk management will inform the committee's oversight of the development of risk management practice.<br>Enhanced knowledge of risks and opportunities will be helpful when reviewing risk registers.   |  |
| Governance and legal  | Legal qualification and knowledge of specific areas of interest to the committee, for example constitutional arrangements, data protection or contract law.          | Legal knowledge may add value when the committee considers areas of legal, risk or governance issues.   |  |
| Service knowledge relevant to the functions of the organisation | Direct experience of managing or working in a service area similar to that operated by the authority. Previous Scrutiny Committee experience.                        | Knowledge of relevant legislation, risks and challenges associated with major service areas will help the Audit and Risk Committee to understand the operational context.   |  |
| Programme and project management                                | Project management qualifications or practical knowledge of project management principles.   | Expert knowledge in this area will be helpful when considering project risk management or internal audit reviews.   |  |

|                              |  |  |  |
|------------------------------|--|--|--|
| IT systems and IT governance | Knowledge gained from management or development work in IT | Knowledge in this area will be helpful when considering IT governance arrangements or audit reviews of risks and controls. |  |
|------------------------------|--|--|--|

### Core Skills

| Skills   | Key elements  | How the Audit and Risk Committee member is able to apply the skill   | Committee Member ranking (score between 5 = strong to 1 = minimal) |
|--|---|--|--|
| Strategic thinking and understanding of materiality        | Able to focus on material issues and overall position, rather than being side-tracked by detail   | When reviewing audit reports, findings will include areas of higher risk, or materiality to the organisation, but may also contain more minor errors or control failures. The Audit and Risk Committee member will need to pitch its review at an appropriate level to avoid spending too much time on detail.   |  |
| Questioning and constructive challenge                     | Able to frame questions that draw out relevant facts and explanations. Challenging performance and seeking explanation while avoiding hostility or grandstanding. | The Audit and Risk Committee will review reports and recommendations to address weaknesses in internal control. The Audit and Risk Committee member will seek to understand the reasons for weaknesses and ensure a solution is found.   |  |
| Focus on improvement                                       | Ensuring there is a clear plan of action and allocation of responsibility   | The outcome of the Audit and Risk Committee will be to secure improvements to the governance, risk management or control of the organisation, including clearly defined actions and responsibilities. Where errors or control failures have occurred, then the Audit and Risk Committee should seek assurances that appropriate action has been taken. |  |
| Able to balance practicality against theory                | Able to understand the practical implications of recommendations to understand how they might work in practice.   | The Audit and Risk Committee should seek assurances that planned actions are practical and realistic.  |  |
| Clear communication skills and focus on the needs of users | Support the use of plain English in communications, avoiding jargon, acronyms, etc  | The Audit and Risk Committee will seek to ensure that external documents such as the Annual Governance Statement and the explanatory foreword to the accounts are well written for a non-expert audience.  |  |

|                           |  |   |  |
|---------------------------|--|---|--|
| Objectivity               | Evaluate information on the basis of evidence presented and avoiding bias or subjectivity.   | The Audit and Risk Committee will receive assurance reports and review risk registers. There may be differences of opinion about the significance of risk and the appropriate control responses and the committee member will need to weigh up differing views. |  |
| Meeting management skills | Chair the meeting effectively: summarise issues raised, ensure all participants are able to contribute, focus on the outcome and actions from the meeting. | These skills are essential for the Audit and Risk Committee chair to help ensure that meetings stay on track and address the items on the agenda. The skills are desirable for all other members.   |  |

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