

Public Document Pack



Business Efficiency Board

Wednesday, 20 November 2019 at
6.30 p.m.
Civic Suite, Town Hall, Runcorn

A handwritten signature in black ink that reads 'David Wall'.

Chief Executive

BOARD MEMBERSHIP

Councillor Martha Lloyd Jones (Chair)	Labour
Councillor Andrea Wall (Vice-Chair)	Labour
Councillor Ellen Cargill	Labour
Councillor Alan Lowe	Labour
Councillor Andrew MacManus	Labour
Councillor Tony McDermott	Labour
Councillor Ged Philbin	Labour
Councillor Norman Plumpton Walsh	Labour
Councillor Joe Roberts	Labour
Councillor Gareth Stockton	Liberal Democrats
Councillor John Stockton	Labour

Please contact Angela Scott on 0151 511 8670 or e-mail angela.scott@halton.gov.uk for further information.

The next meeting of the Board is on Wednesday, 8 January 2020

**ITEMS TO BE DEALT WITH
IN THE PRESENCE OF THE PRESS AND PUBLIC**

Part I

Item No.	Page No.
1. MINUTES	1 - 6
2. DECLARATION OF INTEREST	
Members are reminded of their responsibility to declare any Disclosable Pecuniary Interest or Other Disclosable Interest which they have in any item of business on the agenda, no later than when that item is reached or as soon as the interest becomes apparent and, with Disclosable Pecuniary interests, to leave the meeting during any discussion or voting on the item.	
3. DRAFT PROCUREMENT STRATEGY 2020-2023	7 - 24
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PART II

In this case the Board has a discretion to exclude the press and public and, in view of the nature of the business to be transacted, it is **RECOMMENDED** that under Section 100A(4) of the Local Government Act 1972, having been satisfied that in all the circumstances of the case the public interest in maintaining the exemption outweighs the public interest in disclosing the information, the press and public be excluded from the meeting for the following item of business on the grounds that it involves the likely disclosure of exempt information as defined in paragraphs 3 of Part 1 of Schedule 12A to the Act.

7. INTERNAL AUDIT PROGRESS REPORT	49 - 125
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In accordance with the Health and Safety at Work Act the Council is required to notify those attending meetings of the fire evacuation procedures. A copy has previously been circulated to Members and instructions are located in all rooms within the Civic block.

BUSINESS EFFICIENCY BOARD

At a meeting of the Business Efficiency Board held on Wednesday, 24 July 2019 at the Civic Suite, Town Hall, Runcorn

Present: Councillors M. Lloyd Jones (Chair), Wall (Vice-Chair), A. Lowe, MacManus, McDermott, Philbin, Joe Roberts, G. Stockton and J. Stockton

Apologies for Absence: Councillors E. Cargill and N. Plumpton Walsh

Absence declared on Council business: None

Officers present: I. Leivesley, A. Dalecki, A. Scott and S. Baker

Also in attendance: Helen Stevenson and Mark Heap (External Auditors, Grant Thornton)

**ITEMS DEALT WITH
UNDER DUTIES
EXERCISABLE BY THE BOARD**

BEB1 MINUTES

The Minutes of the meeting held on 27 March 2019 were taken as read and signed as a correct record.

BEB2 FRAUD AND CORRUPTION UPDATE REPORT

The Board considered a report of the Operational Director, Finance, which provided an update on the Council's anti-fraud and anti-corruption arrangements.

The Board was advised that the level of identified fraud in Halton remained relatively low compared to other authorities of a similar size and profile. The main areas of the Council's business thought to be susceptible to fraud and corruption were detailed in the report and included insurance claims; procurement; accounts; Council Tax discount/reduction schemes; business rates; adult social care financial assessments; direct payments; cash handling; electoral fraud; school admission application fraud; grant mechanisms to individuals and organisations; and blue badges and concessionary travel. Members were advised that the Local Government Transparency Code required the Council to publish data regarding its fraud arrangements, and this information was published on the Council's web

Action

site.

It was noted that the Council's Whistleblowing Policy allowed for employees, agency workers and contractors to raise concerns confidentially through a variety of channels. Three such complaints were received during 2018/19; these were detailed in the report with the outcomes alongside. In addition to this, the Council operated a confidential reporting system through which members of the public could submit concerns relating to fraud, misconduct or other issues. There had been a slight increase in the number of referrals in 2018/19, with a summary set out in the report. However, although there had been an increase, the number of referrals intended for the Department for Works and Pensions (DWP) had reduced by more than half, and this reduction was believed to be due to improvements which the Council had made to the online confidential reporting system.

It was reported that the Council was in the process of reviewing data matches from the 2018/19 National Fraud Initiative (NFI) exercise and the Business Rates pilot, operated by the Cabinet Office. Details of the areas to which data matches related, were set out in the report and it was noted that each match would be assessed and investigated if there was an indication that fraud had occurred.

A new electronic fraud management system had been introduced to aid in the investigation process and to ensure that fraud investigators remained compliant with the Police and Criminal Evidence Act. In April 2019, the Council commenced joint working with the DWP to jointly investigate frauds which involved DWP Benefits and Council Tax Relief. It was reported that since the new arrangement had commenced, four cases had been considered for joint working.

The Council had a comprehensive suite of linked policies relating to fraud. These policies, last considered and approved by the Board in November 2017, had been reviewed and some minor changes proposed. Each of these policies, attached to the report at Appendices A, B and C, were also contained in the Council's Constitution document.

RESOLVED: That

- 1) the report be noted; and
- 2) Council be recommended to endorse and adopt

Operational
Director - Finance

the proposed updates to the suite of anti-fraud related plans and policies.

(N.B. The following Councillors declared a Disclosable Other Interest in the following item of business for the reasons stated: Councillor John Stockton as a Governor of Castle View Primary School; Councillor Martha Lloyd Jones as a Governor of Brookvale Primary School)

BEB3 INTERNAL AUDIT ANNUAL REPORT 2018/19

The Board considered a report of the Divisional Manager, Audit, Procurement and Operational Finance, which summarised the work of Internal Audit during 2018/19, and presented an opinion on the effectiveness of the Council's overall risk management, control and governance procedures.

It was noted that the Public Sector Internal Audit Standards (PSIAS) required the Head of Internal Audit to deliver an annual audit opinion and report, which could be used to support the Annual Governance Statement.

In February 2018, the Business Efficiency Board approved an internal audit plan for 2018/19 with some amendments agreed during the course of the year. The overall opinion was included in the Internal Audit Annual Report, attached as a separate document at Appendix 1. The Annual Report included details of the evidence base which supported the opinion in the form of summary details of the audit assignments and the 'follow-up' audit assignments completed in year.

RESOLVED: That the Board notes and approves the Internal Audit Annual Report 2018/19.

BEB4 DRAFT ANNUAL GOVERNANCE STATEMENT 2018/19

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which sought approval of the draft Annual Governance Statement (AGS) for 2018/19.

It was noted that the AGS, attached to the report at Appendix 1, provided an overview of the governance framework in place for 2018/19. A key aspect of the AGS was the identification of areas where the Council's governance arrangements would need to be developed.

The report detailed the process followed in producing

the AGS; this was noted as being the same as in the previous year, being led by a group of Officers that had key roles in the maintenance and development of the Council's governance framework. Once approved, the AGS would be signed off by the Council Leader and the Chief Executive.

Strategic Director
- Enterprise,
Community and
Resources

RESOLVED: That the revised version of the Annual Governance Statement 2018/19 be approved.

BEB5 ANNUAL REVIEW OF CORPORATE RISK REGISTER 2019/20

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, on the updated Corporate Risk Register for 2018/19.

The Board was advised that the Council recognised its responsibility to manage both internal and external risks as a key component of good corporate governance. At Directorate level, arrangements were in place for the high risk mitigation measures on the Directorate Risk Registers to be reviewed and updated mid-year, in line with Directorate Business Plans. Progress was then reported to Management Team and Policy and Performance Boards.

It was reported that the Risk Control Measures had been reviewed and updated in line with current changes within the Authority and as proposed by managers and stakeholders. The risks had been grouped in order of priority, as set out in the report. The review included the introduction of a higher scoring risk matrix and the priority had been given to risks around people.

RESOLVED: That the update of actions be noted.

BEB6 2018/19 STATEMENT OF ACCOUNTS POSITION STATEMENT

The Board received a report of the Operational Director, Finance, which provided a position statement on the Council's 2018/19 Statement of Accounts.

The Statement of Accounts set out the Council's financial performance for the year in terms of revenue and capital spending and presented the year-end financial position as reflected in the balance sheet.

It was reported that due to a technical accounting issue, the External Auditor would be unable to publish an Audit Certificate or Opinion by 31 July 2019. It was noted

that Council Officers were working with the External Auditor to reach agreement on the issue. Appendix 1, attached to the report, provided detail on the technical accounting issue, together with an update on audit work completed to date and detail on the remaining scope of the audit.

The Board was advised that it was planned that the final audited Statement of Accounts would be reported to the next meeting of the Board in September 2019.

RESOLVED: That the External Auditor's Position Statement Report, attached to the report at Appendix 1, be noted.

BEB7 SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985

The Board considered:

- 1) whether Members of the press and public should be excluded from the meeting of the Board during consideration of the following item of business in accordance with Section 100A (4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business to be considered, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972; and
- 2) whether the disclosure of information was in the public interest, whether any relevant exemptions were applicable and whether, when applying the public interest test and exemptions, the public interest in maintaining the exemption outweighed that in disclosing the information.

RESOLVED: That as, in all the circumstances of the case, the public interest in maintaining the exemption outweighed that in disclosing the information, members of the press and public be excluded from the meeting during consideration of the following item of business in accordance with Section 100A(4) of the Local Government Act 1972 because it was likely that, in view of the nature of the business, exempt information would be disclosed, being information defined in Section 100 (1) and paragraph 3 of Schedule 12A of the Local Government Act 1972.

BEB8 INTERNAL AUDIT PROGRESS REPORT

The Board considered a report of the Divisional Manager, Audit, Procurement and Operational Finance, which provided Members with a summary of the internal audit work completed since the last progress report in March 2019. The report also highlighted matters relevant to the Board's responsibilities as the Council's Audit Committee.

It was noted that a total of 17 Internal Audit reports had been finalised since the last progress report, and this included audits from both 2018/19 and 2019/20 Audit Plans. An overall assurance opinion was provided for each audit engagement.

It was reported that work was well underway on the 2019/20 Audit Plan, with approximately 21.7% of the total planned days for the year being completed.

Work completed in Quarter 1 also included the annual audit undertaken for the Manchester Port Health Authority, which was reported directly to the Port Health Authority Board.

RESOLVED: That the update on progress against the 2019/20 Internal Audit Plan be received.

Meeting ended at 7.50 p.m.

REPORT TO:	Business Efficiency Board
DATE:	20 November 2019
REPORTING OFFICER:	Strategic Director – Enterprise, Community & Resources
SUBJECT:	Draft Procurement Strategy 2020-2023
PORTFOLIO:	Resources
WARD(S):	Borough-wide

1.0 PURPOSE OF REPORT

The Business Efficiency Board is responsible for overseeing the Council's procurement arrangements. This report seeks the Board's approval of the Draft Procurement Strategy 2020-2023 to replace the Council's current Procurement Strategy, which covered the period 2016-2019.

2.0 RECOMMENDATIONS:

That the Business Efficiency Board approves the Draft Procurement Strategy 2020-2023, as attached.

3.0 SUPPORTING INFORMATION

- 3.1 The Council's current Procurement Strategy covered the period 2016-2019 and the actions contained within it have been fully implemented. Consequently, an updated strategy has been developed and is attached as an appendix to this report.
- 3.2 The updated strategy has been developed taking account of the Local Government Association's 'National Procurement Strategy for Local Government in England 2018'. This is based around three key themes:
- Showing Leadership
 - Behaving Commercially
 - Achieving Community Benefits
- 3.3 The strategy is broadly structured around these three themes and consolidates the significant progress made in developing the Council's procurement arrangements following the implementation of the previous strategies.
- 3.4 The theme of 'Showing Leadership' relates to the engagement of councillors and management in the leadership and governance of Council procurement activity. Councillors set the Council's vision and strategic priorities and must therefore be satisfied that the procurement arrangements for their delivery are robust. Engagement of management is also important to ensure that they benefit from sound procurement advice, particularly at early stages of projects.

- 3.5 The theme of 'Behaving Commercially' relates to the way in which the Council can seek to extract value from its procurement activity, engaging with markets and potential suppliers by encouraging innovation and improving the management of contracts and suppliers. This is obviously important at a time of continuing financial pressures and the need to extract maximum value from the Council's spend with third parties.
- 3.6 The theme of 'Achieving Community Benefits' includes the wider value that can be achieved through attention to social value in designing and carrying out procurement activity. It provides an opportunity, at no extra cost, to improve economic, social and environmental outcomes that may not be directly related to the services being procured. This theme also addresses how the Council will help to provide opportunities to Small Medium Enterprises (SMEs), micro businesses and voluntary, community and social enterprises (VCSEs). This will build upon the previous work completed with the Chamber of Commerce assisting local businesses to register on The Chest and providing guidance on how to submit tenders.
- 3.7 A further fourth theme relating to 'Ensuring Governance' has also been included within the strategy. This relates to the need to maintain robust systems and procedures to ensure that procurement activity is undertaken with appropriate levels of control, probity and transparency and is compliant with the Council's own procurement rules and wider legislation.
- 3.8 In developing the strategy, account has been taken of the environment within which the Council operates; in particular:
- The continuing financial challenges faced by the Council and the important role that procurement can help play in helping deliver best value from the Council's spend with third parties;
 - Recognition of the increasing way in which the Council works with partners to deliver services, particularly across the Liverpool City Region, presenting further opportunities for collaboration in procurement and in helping to influence and shape local markets;
 - There has been a reduction in capacity across the organisation and within the Procurement team since the last strategy was approved. There is therefore an increased importance on developing the skills and knowledge of the procurement resource and ensuring that it is supported by appropriate systems and technologies so that it can continue to support the organisation effectively;
 - It is also recognised that the environment within which local government operates is fast-changing and that developments, such as Brexit, may require certain changes to the Council's procurement arrangements.
- 3.9 The draft strategy addresses each of the four key themes and sets out a range of practical planned actions that will further develop the Council's procurement arrangements. Progress in regard to those planned actions will be reported back to the Business Efficiency Board throughout the lifecycle of the strategy.

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

4.1 The updated strategy provides the Council with a clear and comprehensive approach to its procurement activity, which has been developed through an appraisal of best practice approaches, national guidance and local issues.

4.2 There are no financial implications arising directly from this report. However, adoption of the Draft Procurement Strategy will enable the Council to continue to work efficiently and effectively in securing value for money, maximising the benefits from third party spend and delivering cost effective services. The approach to procurement set out in the strategy is therefore a key element of the Council's Medium Term Financial Strategy.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Children and Young People in Halton

Effective procurement practice helps to realise cashable savings from the Council's influenceable spend. This contributes to a better use of resources and thereby contributes to the delivery of all the Council's priorities.

5.2 Employment, Learning and Skills in Halton

See 5.1 above

5.3 A Healthy Halton

See 5.1 above

5.4 A Safer Halton

See 5.1 above

5.5 Halton's Urban Renewal

See 5.1 above

6.0 RISK ANALYSIS

6.1 There are no risks resulting directly from this report. However, the adoption of the planned actions contained in the strategy will protect the Council from challenges to its procurement activities and help to secure value for money and better outcomes for the community of Halton.

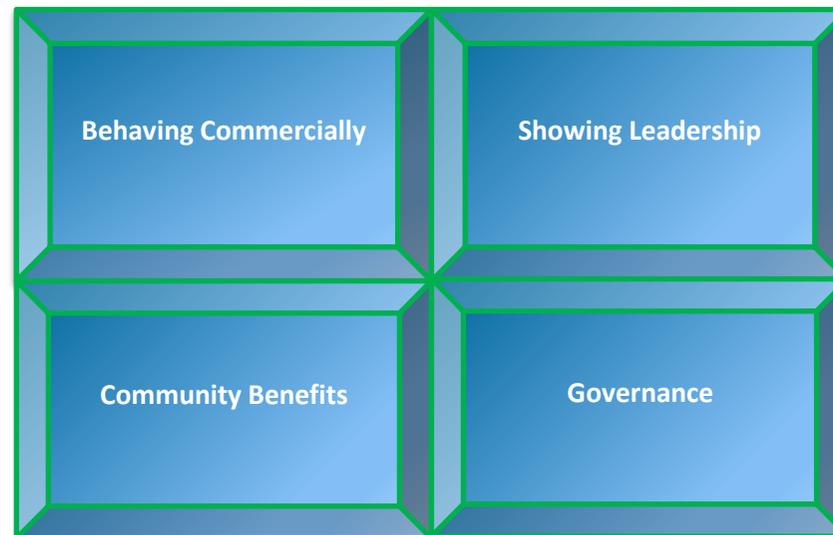
7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None

8.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

There are no background papers under the meaning of the Act.

Procurement Strategy 2020-2023



- 1.1 The importance of effective procurement in local government has never been greater. Demand for public services is increasing and the financial environment within which the Council operates continues to be very challenging. There are also further uncertainties on the horizon with Brexit and the forthcoming three-year Spending Review.
- 1.2 Procurement is integral to delivering commercially advantageous and innovative solutions to meet public expectations and in supporting delivery of both frontline and support services. It also plays a key role in ensuring the effective use of resources and is therefore essential to the delivery of the Council's corporate priorities.
- 1.3 In 2018/19 the Council's revenue spend was £87.1m across 1,725 different suppliers. Over two thirds of the Council's suppliers are Small Medium Enterprises (SMEs). £18.7m was spent with 286 Halton based suppliers, representing 22 per cent of total revenue spend. This demonstrates the importance and significance of the Council's procurement activity and the impact that it has on the local economy and the wider community of Halton.
- 1.4 The strategy has been developed with reference to The National Procurement Strategy for Local Government in England 2018, which focuses on three key themes:
 - Showing leadership
 - Behaving commercially
 - Achieving community benefits
- 1.5 The strategy also includes a further fourth theme relating to 'Ensuring Governance'. This relates to the need to maintain robust systems and procedures to ensure that procurement activity is undertaken with appropriate levels of control, probity and transparency and is compliant with the Council's own procurement rules and wider legislation.
- 1.6 This strategy sets out the Council's vision for procurement and the priorities for the next four years. Delivery of the strategy will support the continuous improvement and development of the Council's procurement function and therefore assist the achievement of the Council's corporate goals and objectives.

2.1 This strategy has been developed following the successful delivery of the 2016-2019 Procurement Strategy. This has put the Council in a strong position with efficient and innovative procurement arrangements that are firmly embedded. These arrangements include:

- A full category management approach embedded within the Procurement team providing knowledge, expertise and analysis of specific areas of spend, which is a key building block for effective procurement;
- Automated procurement processes and procedures that are employed and well understood across the Council;
- Visibility of all extensions and contract renewals, with procurement work plans aligned to frontline commissioned services and third party spend;
- Risk-based sourcing assessment embedded within the procurement process, with an ongoing commitment to spend above £1k being advertised via The Chest. This opens up markets to a wider range of potential suppliers, such as local companies, SMEs, micro-businesses and voluntary community social enterprises (VCSEs);
- Early engagement taking place between the procurement team and client departments to align pre-procurement activity and planning strategies. This helps to ensure that the most effective route to market is identified when considering the service needs and outcomes;
- Social value being routinely applied to procurement activity, where relevant and appropriate to do so, with established systems in place to monitor the delivery of social value commitments made by suppliers;
- Collaboration being well established across the Liverpool City Region, providing opportunities for greater efficiency and best use of resource in terms of procurement activity;
- Strong leadership and support for the procurement function. The Resources Portfolio Holder is the Council's Procurement Champion and the Business Efficiency Board provides member oversight of the Council's procurement arrangements. The

Strategic Director – Enterprise, Community & Resources also chairs the Liverpool City Region Procurement Efficiency Workstream.

2.2 With a sound foundation upon which to build, development of the 2020-2023 Procurement Strategy has been influenced by:

- The National Procurement Strategy for Local Government in England 2018 and its key themes of ‘leadership’, ‘behaving commercially’ and ‘driving community benefits’;
- The ongoing need to ensure that best value for money is obtained from planned strategic procurement activity at a time of continuing financial challenges;
- The recognition that there are benefits and opportunities offered by further collaboration with wider public sector partners;
- The need to continue to ensure that the Council’s procurement processes are efficient thereby allowing procurement activity to be supported by a reduced resource;
- The need for the Council’s procurement arrangements to be well governed and to respond to any potential changes required as a result of Brexit and other relevant legislation or developments.

- 3.1 The approach set out in this strategy is based around the following four key themes to further consolidate and develop the Council's procurement arrangements:

Theme 1: Showing Leadership

We will do this by:

- Using the skills and expertise of the Procurement team in contributing to reports to the Executive Board on procurement related decisions;
- Procurement planning and provision of support to client departments through early engagement;
- Developing working relationships with procurement partners, particularly across the Liverpool City Region;
- Engaging with the Council's strategic suppliers at local, regional and national level.

Theme 2: Behaving Commercially

We will do this by:

- Further developing collaboration with partner organisations, to identify new commercial opportunities through market shaping and shared working, particularly across the Liverpool City Region;
- Identifying and exploring revenue generating opportunities from procurement related activity;
- Identifying best route to market and most effective and efficient procurement procedure to optimise commercial opportunities;
- Maintaining visibility and forward planning of future pipeline procurement opportunities;
- Supporting client departments in developing the approach to contract management;
- Managing risk effectively through robust procurement contract documentation and procedures when awarding contracts.

Theme 3: Achieving Community Benefits

We will do this by:

- Continuing to explore opportunities for additional social and community benefits that can be delivered through procurement without increasing costs;
- Reviewing and developing the existing Social Value Framework and monitoring system;
- Adopting a robust approach to ethical and sustainability issues in the Council's supply chain; such as modern slavery, the national minimum wage and environmental issues;
- Operating procurement processes that encourage local SMEs, micro-businesses and VCSEs to compete for work and to benefit from the Council's spending.

Theme 4: Ensuring Governance

We will do this by:

- Keeping abreast of changes in the external environment and responding appropriately to changes in legislation and other external influences;
- Reviewing and maintaining Procurement Standing Orders and recommending updates to the Council's Constitution as required;
- Updating key stakeholders on developments and issues relating to procurement activity;
- Ensuring that the Procurement team maintains the necessary skills, capacity and capability to provide advice and guidance on procurement and commercial decisions.

- 4.1 The Appendix to this report provides an Action Plan that sets out the activities, developments and work to be undertaken to deliver the objectives of this strategy.
- 4.2 Delivery of the strategy will be led and co-ordinated by the Procurement team working with client departments and wider partner organisations.
- 4.3 Implementation of the planned actions contained within this strategy will help ensure that the Council continues to deliver modern, flexible, efficient and effective procurement activity that supports the Council in achieving its wider vision, aims and objectives.
- 4.4 Progress against the Procurement Strategy will be reported to the Business Efficiency Board throughout the lifecycle of the strategy.
- 4.5 The Procurement Strategy will be reviewed and updated as required on an annual basis.

Theme 1: Showing Leadership

Objective	Area of Focus	Planned Actions
Engaging Councillors and Senior Managers	Using the skills and expertise of the Procurement team in contributing to reports to be presented to the Executive Board on procurement related decisions	<ul style="list-style-type: none"> Continuing to engage with elected members and senior managers, championing the impact of good procurement practice
Working with Partners	Procurement planning and provision of support to client departments through early engagement	<ul style="list-style-type: none"> Aligning procurement work plans with the business needs of client departments Maintaining and improving engagement between the Procurement team and client departments
	Working with procurement partners across the Liverpool City Region	<ul style="list-style-type: none"> Continuing to develop and share knowledge to influence procurement activity across the Liverpool City Region Continuing to support programme management of, and participate in, the Liverpool City Region Procurement Workstream
Engaging Strategic Suppliers	Identifying and engaging the Council’s strategic suppliers at local, regional and national level	<ul style="list-style-type: none"> Engaging client departments and supporting supplier review meetings Identifying and engaging with common strategic suppliers within the Liverpool City Region and wider partners

Theme 2: Behaving Commercially

Objective	Area of Focus	Planned Actions
Creating Commercial Opportunities	Collaborating with partner organisations to identify new commercial opportunities through market shaping and shared working	Further developing partner relationships with: <ul style="list-style-type: none"> • Liverpool City Region – Heads of Procurement • LCR Combined Authority (CA) • CA Commissioning Lead – Adults Services • Other wider partner organisations
	Identifying and exploring revenue generating opportunities from procurement related activity	<ul style="list-style-type: none"> • Increasing spend via the Council’s card programme to generate rebate income • Exploring opportunities to increase participation in the Early Payment Scheme
	Identifying best route to market and most effective and efficient procurement procedure to optimise commercial opportunities	<ul style="list-style-type: none"> • Identifying compliant Frameworks open to the Council • Identifying the most appropriate procurement route and procedure in line with legislation

Objective	Area of Focus	Planned Actions
	Visibility and forward planning of future pipeline opportunities	<ul style="list-style-type: none"> • Identifying and communicating pipeline opportunities to client departments • Supporting client departments with pre-procurement planning • Facilitating early market engagement with the supply market
Managing Contracts and Relationships	Supporting client departments in developing the approach to contract management	<ul style="list-style-type: none"> • Including review meetings with suppliers within the terms and conditions of the contract • Analysing and identifying spend data to reduce 'off contract' spend • Utilising management information from suppliers to improve understanding of contract activity

Objective	Area of Focus	Planned Actions
Managing Strategic Risk	Managing risk effectively through robust procurement contract documentation and procedures when awarding a contract	<ul style="list-style-type: none"> • Reviewing contract documentation and procedures in line with changes to relevant legislation • Ensuring contract documentation includes robust clauses that include mobilisation and exit plans • Ensuring that all procurement documentation and guidelines are kept up to date • Applying risk-based sourcing to all opportunities published over £1,000

Theme 3: Achieving Community Benefits

Objective	Area of Focus	Planned Actions
Obtaining Social Value	Continuing to explore opportunities for additional social and community benefits that can be delivered through procurement without increasing costs	<ul style="list-style-type: none"> • Developing skills and knowledge within the Procurement team and client departments to improve and build Social Value outcomes into the procurement process • Strengthening relationships with suppliers to improve understanding of Social Value
	Reviewing and developing the Council's existing Social Value Framework and monitoring system	<ul style="list-style-type: none"> • Further developing the Council's approach to Social Value in line with regional and national best practice • Monitoring delivery of both financial and non-financial outcomes offered by suppliers
	Adopting a robust approach to ethical and sustainability issues in the Council's supply chain	<ul style="list-style-type: none"> • Engaging locally, regionally and nationally to develop learning and awareness of emerging best practice • Ensuring contract documentation is updated appropriately to reflect the Council's requirements in terms of ethical and sustainability issues

Objective	Area of Focus	Planned Actions
Engaging Local SME's, micro-businesses and VCSE's	Operating procurement processes that encourage local SMEs, micro-businesses and VCSE's to compete for work and to benefit from the Council's spending	<ul style="list-style-type: none"> • Including lots within contracts to make them more commercially attractive for local SME's, micro businesses and VCSE's • Publishing opportunities over £1,000 on The Chest and Contract Finder • Ensuring that the Council's procurement documentation and procedures are clear and simple making it easier for suppliers to bid for work • Updating the Council's webpages to assist businesses on registering on The Chest and to provide practical advice on bidding for work with the Council

Theme 4: Ensuring Governance

Objective	Area of Focus	Planned Actions
Responding to changes in the external environment	Keeping abreast of changes in the external environment and responding appropriately to changes in legislation and other external influences	<ul style="list-style-type: none"> • Updating procurement processes and documentation updated in line with relevant legislative changes • Ongoing review of the online procurement system to ensure that it reflects up to date procurement practice
	Reviewing and maintaining Procurement Standing Orders, recommending updates to the Council’s Constitution as required	<ul style="list-style-type: none"> • Reviewing and updating Procurement Standing Orders at least annually, including wider consideration of the Council’s financial regulations and budgetary control mechanisms
Being accountable	Updating key stakeholders on developments and issues relating to procurement activity	<ul style="list-style-type: none"> • Sharing intelligence to demonstrate progress on procurement activity • Providing regular updates to the Business Efficiency Board to share regarding progress against the Procurement Strategy

Appendix

ACTION PLAN

Objective	Area of Focus	Planned Actions
Maintaining capacity	Ensuring that the Procurement team maintains the necessary skills, capacity and capability to provide robust advice on procurement and commercial decisions	<ul style="list-style-type: none">• Providing opportunities to staff to maintain continuous professional development• Developing commercial acumen for the team• Reviewing and maintaining the expertise and capacity required to deliver effective procurement activity

REPORT TO: Business Efficiency Board

DATE: 20 November 2019

REPORTING OFFICER: Operational Director, Finance

PORTFOLIO: Resources

SUBJECT: 2018/19 Statement of Accounts Progress

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 The purpose of this report is to provide an update on the latest position regarding the external audit of the Council's 2018/19 Statement of Accounts. Grant Thornton will attend the meeting to present their progress report which is provided in the Appendix.

2.0 RECOMMENDED: That the External Auditor's progress report presented in the Appendix, be noted.

3.0 BACKGROUND

3.1 The Statement of Accounts sets out the Council's financial performance for the year in terms of revenue and capital spending and presents the year-end financial position as reflected in the balance sheet.

3.2 Due to a number of technical accounting issues the External Auditor is still not yet in a position to publish the audit certificate or opinion on the 2018/19 Statement of Accounts. Work continues to reach agreement on outstanding issues. It is likely that amendments will be required to the 2018/19 draft Statement of Accounts together with restated accounts for 2017/18.

3.3 The Council published a notice on 31 July 2019 with reasons why it had not yet been able to publish the final Statement of Accounts.

3.4 The Appendix provides a report from the External Auditor which gives further details regarding the technical accounting issues which are still subject to audit.

3.5 It is planned the final audited Statement of Accounts will be reported to Business Efficiency Board in January 2020. In accordance with the Accounts and Audit Regulations 2015 the Council will then publish the final Statement of Accounts together with relevant audit certificate as soon as reasonably practicable following the certificate date.

3.6 The External Auditor will report on findings of the Value for Money conclusion at the same time as reporting on the final certificate for the Statement of Accounts.

4.0 IMPLICATIONS FOR THE COUNCIL’S PRIORITIES

4.1 Children and Young People in Halton

There are no specific implications for any of the Council’s priorities.

4.2 Employment, Learning and Skills in Halton

See 4.1

4.3 A Healthy Halton

See 4.1

4.4 A Safer Halton

See 4.1

4.5 Halton’s Urban Renewal

See 4.1

5.0 RISK ANALYSIS

The Accounts and Audit Regulations require that the Statement of Accounts is certified by the External Auditor and published by 31 July 2019 or as soon as is reasonable practicable thereafter. As required the Council published a notice on 31 July 2019 with reasons why it had not yet been able to publish the final Statement of Accounts.

6.0 EQUALITY AND DIVERSITY ISSUES

There are no equality and diversity issues arising from this report.

7.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

Document	Place of Inspection	Contact Officer
Accounts and Audit Regulations 2015	Kingsway House Kingsway Widnes	Steve Baker Divisional Manager, Revenues and Financial Management
Code of Practice on Local Authority Accounting in the UK 2018/19	Kingsway House Kingsway Widnes	Steve Baker Divisional Manager, Revenues and Financial Management

Audit Progress Report 2018/19 Final Accounts

Halton Borough Council
Year ending 31 March 2019

November 2019



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Introduction

Mark Heap

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This paper provides the Business Efficiency Board with a report on progress in delivering our responsibilities as Halton Borough Council's 2018/19 external auditors.

Members of the Business Efficiency Board can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications. Click on the Grant Thornton logo to be directed to the website www.grant-thornton.co.uk.

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Progress at November 2019

Financial Statements Audit

At the July meeting of the Business Efficiency Board we reported our progress with respect to the audit of the Council's 2018/19 accounts. In particular, we referred to the fact that we had some outstanding queries on the audit, and that officers were helping us to address these. Since then we have been progressing the audit but there remain some issues which we are continuing to work with officers to resolve. These are as follows:

Mersey Gateway Bridge – accounting arrangements

The Council has engaged independent technical advice on the accounting entries required to reflect an appropriate valuation of the Mersey Gateway Bridge and associated liability. Officers have now provided amended entries for the financial statements and we are currently considering these in conjunction with our own PFI specialists. Material amendments are likely to be required to revise the fair value of the asset and associated liability in line with the underlying costs of construction.

When preparing the 2018/19 accounts the Council continued with the policy adopted in 2017/18 of applying a single 30 year life to the whole of the Mersey Gateway Bridge when calculating its depreciation charge. Officers are now considering whether it is more appropriate to give different lives to different components within the Mersey Gateway Bridge, therefore depreciating different components at different rates to reflect true deterioration of individual construction elements. Officers are working to identify the significant components and relevant componentisation policy with a view to applying a more accurate depreciation charge.

Property, plant and equipment (PPE) – land and building (L&B) valuations

PPE assets are required to be revalued according to a five year programme of revaluations. At the same time, the Council is required to satisfy itself that there are no material differences affecting those assets which have not been valued during the year in line with the programme. Officers have provided us with a detailed analysis of those assets not subject to valuation since 1 April 2015. This analysis identified a significant proportion (over £100m out of the total £165m net book value) of assets not covered by the rolling programme of revaluations in the last four years, as conducted by the valuer. Officers are currently assessing the position and working with Property Services to provide additional assurance that the value of those assets not covered have not altered significantly since 2015 and therefore are not materially misstated.

Grants received in advance

We have been in discussion with the Council on the treatment of both capital and revenue grants received in advance as included in the Balance Sheet. The Code requires that where there are no outstanding conditions attached to a grant then it should be recognised through the income and expenditure account and transferred to an earmarked reserve. There are certain grants in the Council's Balance Sheet where this treatment does not appear to have been applied.

We have worked with the Council to complete additional testing on both revenue grants (£46,167,000) and capital grants (£29,893,000) to identify the conditions outstanding with respect to the main grants. This additional work arose due to matters arising from our initial sample testing in this area. We have identified a number of grants where there appear to be no specific conditions outstanding and are currently in discussion with officers as to any resulting restatements which may be required in the financial statements. The amendments may require prior year restatements and a third balance sheet to reflect the position.

Pensions

We have completed our work to examine the updated Local Government pensions calculations and disclosures within the amended financial statements arising from the McCloud legal ruling. We have raised a query with respect to the "nil unfunded liabilities" (discretionary payments for early retirees within both the LG and teachers' schemes). Officers are currently assessing the position.

Progress at November 2019

Financial Statements Audit

Other disclosures and amendments

We have raised a number of disclosure changes required to ensure the financial statements are presented in line with the Code. We will check the overall revisions made to the financial statements when all significant outstanding issues on the audit have been resolved.

Restated financial statements

It is likely that extensive amendments will be required to ensure that the accounts are not materially misstated; this may include prior period adjustments. We will be reviewing our audit fee in the context of this position to reflect the extent of additional work which has been carried out on this audit. We will update members about this matter upon completion of our audit. No variations will be made to the fee without discussion with officers and all fee variations are required to be submitted to PSAA for prior approval.

REPORT TO: Business Efficiency Board

DATE: 20 November 2019

REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources

PORTFOLIO: Resources

SUBJECT: External Audit Update Report

WARDS: Borough wide

1.0 PURPOSE OF THE REPORT

1.1 The purpose of the report is for the Council's external auditors, Grant Thornton, to update the Board on progress made in delivering their responsibilities as the Council's external auditors and to provide a summary of emerging national issues and developments which may be relevant to the work of the Board.

2.0 RECOMMENDATION: That the report shown in the appendix, be noted.

3.0 SUPPORTING INFORMATION

Grant Thornton will attend the meeting to present the report shown in the Appendix.

4.0 POLICY IMPLICATIONS

None

5.0 FINANCIAL IMPLICATIONS

5.1 There are no financial implications arising directly from this report.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

None.

6.2 Employment, Learning and Skills in Halton

None.

6.3 A Healthy Halton

None.

6.4 A Safer Halton

None.

6.5 Halton's Urban Renewal

None.

7.0 RISK ANALYSIS

This report is for information only. There are no risks arising from it.

8.0 EQUALITY AND DIVERSITY ISSUES

There are no equality and diversity issues arising from this report.

9.0 LIST OF BACKGROUND PAPERS UNDER SECTION 100D OF THE LOCAL GOVERNMENT ACT 1972

None under the meaning of the Act.

Audit Progress Report and Sector Update

Halton Council
Year ending 31 March 2020

November 2019



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Introduction

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This paper provides the Business Efficiency Board with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Business Efficiency Board can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grant-thornton.co.uk..

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at November 2019

Financial Statements Audit

We are progressing the delivery of the 2018/19 financial statements audit and have included a separate detailed progress report setting out the position. There are a number of significant areas we are currently working on with the Council as noted in the report.

We will begin our planning for the 2019/20 audit in 2020 alongside the completion of the 2018/19 financial statements audit. We will then issue a detailed audit plan, setting out our proposed approach to the audit of the Council's financial statements.

We will agree the timing of our 2019/20 interim audit with finance staff. Our interim fieldwork will include:

- Updated review of the Council's control environment
- Updated understanding of financial systems
- Review of Internal Audit reports on core financial systems
- Early work on emerging accounting issues and other technical areas
- Early substantive testing

The target date for issuing our audit report on the financial statements is 31 July 2020. We will report our work in the Audit Findings Report.

Value for Money

The scope of our work is set out in the guidance issued by the National Audit Office. The Code requires auditors to satisfy themselves that; "the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources".

The guidance confirmed the overall criterion as: "in all significant respects, the audited body had proper arrangements to ensure it took properly informed decisions and deployed resources to achieve planned and sustainable outcomes for taxpayers and local people".

The three sub criteria for assessment to be able to give a conclusion overall are:

- Informed decision making
- Sustainable resource deployment
- Working with partners and other third parties

Details of our initial risk assessment to determine our approach will be included in our Audit Plan.

We will report our work in the Audit Findings Report and aim to give our Value For Money Conclusion by the statutory accounts publication date of 31 July 2020.

Progress at November 2019 (Cont.)

Other areas

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions. The certification work for the 2018/19 claim is in progress and will be completed by the 30 November deadline. We will report our findings to the Business Efficiency Board in our Certification Letter at the next scheduled meeting.

Meetings

We hold regular meetings with - and continue to be in discussions with - finance staff regarding technical issues in the accounts and other emerging developments.

Events

We provide a range of workshops and publications to support the Council. Your officers are invited to our annual Financial Reporting Workshops which aim to help ensure that members of your Finance Team are up to date with the latest financial reporting requirements for local authority accounts.

Further details of the publications that may be of interest to the Council are set out in our Sector Update section of this report.

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2019/20 is the second year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We are currently reviewing the impact of these changes on both the cost and timing of audits. We will discuss this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, before communicating fully with the Business Efficiency Board.

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and local government financial reporting.

Audit Deliverables

2018/19 Deliverables	Planned Date	Status
Audit Findings Report The Audit Findings Report will be drafted on completion of the 2018/19 financial statements audit	July 2019	In progress
Auditors Report This is the opinion on your financial statement, annual governance statement and value for money conclusion.	July 2019	To be issued 2020
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2019	To be issued 2020
2019/20 Deliverables	Planned Date	Status
Fee Letter Confirming audit fee for 2019/20.	April 2019	Complete
Accounts Audit Plan We are required to issue a detailed accounts audit plan to the Business Efficiency Board setting out our proposed approach in order to give an opinion on the Council's 2019-20 financial statements.	March 2020	Not yet due
Interim Audit Findings We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.	March 2020	Not yet due
Audit Findings Report The Audit Findings Report will be reported to the July Business Efficiency Board.	July 2020	Not yet due
Auditors Report This is the opinion on your financial statements, annual governance statement and value for money conclusion.	July 2020	Not yet due
Annual Audit Letter This letter communicates the key issues arising from our work.	August 2020	Not yet due

Sector Update

Councils are tackling a continuing drive to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider NHS and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

CIPFA – CFO confidence survey

In July, the Chartered Institute of Public Finance and Accountancy (CIPFA) reported the results of their annual confidence survey.

The survey found that the majority of local government finance officers have lost confidence in their future financial positions over the last year.

Seventy per cent of respondents said they were either slightly less or much less confident in their financial position this year compared to 2018-19.

The survey also found that 68% said they were either slightly less or much less confident in their ability to deliver services in 2020-21. Sixty-two per cent expressed equal confidence in their financial position for 2019-20 as they had last year.

CIPFA found that the area of greatest pressure for top tier authorities was children's social care, with the number of authorities rating it as the biggest pressure rising by six percentage points.

For districts the greatest pressures were housing, cultural services and environmental services.

Rob Whiteman, CIPFA chief executive, said: "Local government is facing greater demand pressures than ever before, with particularly pressures in adults' and children's social care and housing. Local authorities also lack certainty about their future financial positions, so it's unsurprising to see confidence on the decline.

"We have repeatedly pointed out that local government is in need of a sustainable funding solution, but meeting this demand requires more than pennies and pounds. The sector as a whole must come together to address the challenges of effective service delivery."

CIPFA's survey received a total of 119 responses from authorities in the UK - 56 top tier authorities, 47 English districts, 12 Scottish authorities, and 4 Welsh authorities.

On the same theme, a Local Government Association (LGA) survey, also reported in July, found that almost two-thirds of councils believe cash for services like adult social care, child protection and preventing homelessness will dry up by 2024-25.

The survey got responses from 141 of the 339 LGA member councils in England and Wales.

It also found that 17% of councils were not confident of realising all of the savings they had identified this year (2019-20).

The LGA said that councils needed a guarantee they will have enough money to meet growing demand pressures in particular in adult social care, children's services, special educational needs, homelessness support and public health.



MHCLG – Independent probe into local government audit

In July, the then Communities secretary, James Brokenshire, announced the government is to examine local authority financial reporting and auditing.

At the CIPFA conference he told delegates the independent review will be headed up by Sir Tony Redmond, a former CIPFA president.

The government was “working towards improving its approach to local government oversight and support”, Brokenshire promised.

“A robust local audit system is absolutely pivotal to work on oversight, not just because it reinforces confidence in financial reporting but because it reinforces service delivery and, ultimately, our faith in local democracy,” he said.

“There are potentially far-reaching consequences when audits aren’t carried out properly and fail to detect significant problems.”

The review will look at the quality of local authority audits and whether they are highlighting when an organisation is in financial trouble early enough.

It will also look at whether the public has lost faith in auditors and whether the current audit arrangements for councils are still “fit for purpose”.

On the appointment of Redmond, CIPFA chief executive Rob Whiteman said: “Tony Redmond is uniquely placed to lead this vital review, which will be critical for determining future regulatory requirements.

“Local audit is crucial in providing assurance and accountability to the public, while helping to prevent financial and governance failure.”

He added: “This work will allow us to identify what is needed to make local audit as robust as possible, and how the audit function can meet the assurance needs, both now and in the future, of the sector as a whole.”

In the question and answer session following his speech, Brokenshire said he was not looking to bring back the Audit Commission, which appointed auditors to local bodies and was abolished in 2015. MHCLG note that auditing of local authorities was then taken over by the private, voluntary and not-for-profit sectors.

He explained he was “open minded”, but believed the Audit Commission was “of its time”.

Local authorities in England are responsible for 22% of total UK public sector expenditure so their accounts “must be of the highest level of transparency and quality”, the Ministry of Housing, Local Government and Communities said. The review will also look at how local authorities publish their annual accounts and if the financial reporting system is robust enough.

Redmond, who has also been a local authority treasurer and chief executive, is expected to report to the communities secretary with his initial recommendations in December 2019, with a final report published in March 2020. Redmond has also worked as a local government boundary commissioner and held the post of local government ombudsman.



National Audit Office – Code of Audit Practice

The Code of Audit Practice sets out what local auditors of relevant local public bodies are required to do to fulfill their statutory responsibilities under the Local Audit and Accountability Act 2014. 'Relevant authorities' are set out in Schedule 2 of the Act and include local councils, fire authorities, police and NHS bodies.

Local auditors must comply with the Code of Audit Practice.

Consultation – New Code of Audit Practice from 2020

Schedule 6 of the Act requires that the Code be reviewed, and revisions considered at least every five years. The current Code came into force on 1 April 2015, and the maximum five-year lifespan of the Code means it now needs to be reviewed and a new Code laid in Parliament in time for it to come in to force no later than 1 April 2020.

In order to determine what changes might be appropriate, the NAO is consulting on potential changes to the Code in two stages:

Stage 1 involves engagement with key stakeholders and public consultation on the issues that are considered to be relevant to the development of the Code.

This stage of the consultation is now closed. The NAO received a total of 41 responses to the consultation which included positive feedback on the two-stage approach to developing the Code that has been adopted. The NAO state that they have considered carefully the views of respondents in respect of the points drawn out from the [Issues paper](#) and this will inform the development of the draft Code. A summary of the responses received to the questions set out in the [Issues paper](#) can be found below.

[Local audit in England Code of Audit Practice – Consultation Response \(pdf – 256KB\)](#)

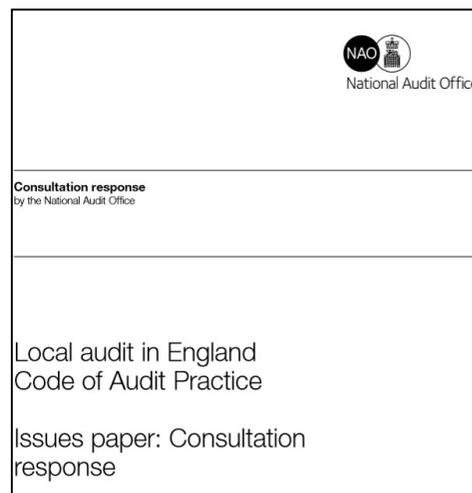
Stage 2 of the consultation involves consulting on the draft text of the new Code. To support stage 2, the NAO has published a consultation document, which highlights the key changes to each chapter of the draft Code. The most significant changes are in relation to the Value for Money arrangements. Rather than require auditors to focus on delivering an overall, binary, conclusion about whether or not proper arrangements were in place during the previous financial year, the draft Code requires auditors to issue a commentary on each of the criteria. This will allow auditors to tailor their commentaries to local circumstances. The Code proposes three specific criteria:

- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services;
- Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness: how the body uses information about its costs and performance to improve the way it manages and delivers its services.

The consultation document and a copy of the draft Code can be found on the NAO website. The consultation is open until 22 November 2019. The new Code will apply from audits of local bodies' 2020-21 financial statements onwards.

Link to NAO webpage for the Code consultation:

<https://www.nao.org.uk/code-audit-practice/code-of-audit-practice-consultation/>



Local Government Association – Profit with a purpose – delivering social value through commercial activity

The Local Government Association (LGA) report 'Profit with a purpose' focuses on some of the practicalities of how councils can deliver social value through their commercial activity.

Through 'key questions' to ask, the guidance supports councils to face the challenge of how to undertake commercial activity and achieve greater value for the public purse in ways that better meet society's needs and outcomes for people and communities.

In addition, the publication features a number of short case studies highlighting some of the innovative commercial practice already achieving results for communities.

The LGA comments that the best approaches ensure the generation of social value is the primary factor driving commercial activity; from the initial decision to develop a commercial vision to how the approach is developed, and implemented, councils which are pulling ahead ensure social value is placed centre stage.

The guidance starts with an overview of what the LGA understands by 'profit with a purpose', the guidance explores different types of social value and the role of councils in driving social value alongside their commercial ambition.

The guidance then looks at how consideration and delivery of social value should be practically considered when deciding on whether to embark on commercial activity, the need for social value to be prioritised alongside financial return and the key questions councils should consider when embarking on a commercial initiative.

Following on from this, there are specific chapters on; embedding social value in governance of alternative service delivery vehicles, the role of procurement in contracting services that deliver social value and finally how to contract and performance manage social value through your service providers.

Each chapter outlines the factors that need to be considered and the 'key questions' councils should be asking themselves.

In addition, a number of short case studies are provided to highlight some of the innovative commercial practice already achieving results for communities.

The report can be downloaded from the LGA website:

<https://www.local.gov.uk/profit-purpose-delivering-social-value-through-commercial-activity>



Profit with a purpose

Delivering social value through commercial activity

MHCLG – Brexit preparations

Councils should be fully prepared to leave the European Union by the end of October, the Communities and Local Government Secretary announced on 3 August as he ramped up preparations.

Mr Jenrick thanked councils for all the work they have already done, but said they must step up vital preparations and committed £20 million for councils across England to prepare for delivering Brexit on 31 October, whatever the circumstances.

He has asked each council to designate a Brexit lead to work with central government and oversee teams in every community who will work with stakeholders in their area to plan intensively for Brexit.

The new funding comes in recognition of the central role councils will play to make sure their residents are ready for Brexit, and is expected to support a range of activity including communications, training and the recruitment of staff.



The Secretary of State said:

“From Whitehall to town halls – everyone needs to be ready to fulfil our democratic mandate to leave the European Union by the end of October.

Local government has a vital role in helping to make Brexit a success and it is absolutely right that together we intensify preparations in every community.

And to do this successfully I have asked every council to appoint a Brexit lead to work with government. We’ll be providing £20 million for councils to support the major step up in preparations.

I want all of us – central and local government – to be fully prepared for leaving the EU on 31 October whatever the circumstances. I know that we can achieve this, by continuing to work side by side with renewed national focus and intensity.”



Public Accounts Committee – Local Government Governance and Accountability

The Public Accounts Committee has found that the Government has not done enough to ensure that, at a time when local authority budgets are under extreme pressure, governance systems are improved.

The Ministry of Housing, Communities & Local Government (the Department) is responsible for: ensuring that this framework contains the right checks and balances, and changing the system if necessary. The Secretary of State also has powers to intervene in cases of perceived governance failure. The framework includes: officers with statutory powers and responsibilities; internal checks and balances such as audit committees and internal audit; and external checks and balances such as external audit and sector-led improvement overseen by the Local Government Association. These arrangements represent a significant reduction in the level of central oversight in recent years following the government's decision to abolish the Audit Commission and the Standards Board for England as part of a broader reform of local audit, inspection and reporting.

The Public Accounts Committee report summary notes “Local authorities have a good overall track record with governance arrangements generally robust across the sector, and there is evidence that local authority governance compares favourably to that of the health sector. However, this is not universal and in some authorities governance is under strain, as funding reduces and responsibilities and exposure to commercial pressures change. We are worried to hear about audit committees that do not provide sufficient assurance, ineffective internal audit, weak arrangements for the management of risk in local authorities’ commercial investments, and inadequate oversight and scrutiny. This is not acceptable in the more risky, complex and fast-moving environment in which local authorities now operate.

The Department has been reactive and ill-informed in its approach to oversight of the local governance system. However, the Department has now recognised that the network of bodies with responsibility for the local governance framework is fragmented and lacking the leadership needed to drive change. Encouragingly, the Department has now committed to enhancing its oversight role and producing a proactive work programme to deliver this change. We urge the Department to ensure that this activity leads to concrete actions and outcomes on a timely basis. When a local authority fails this has a significant impact on local people and the Department has a responsibility to work with local government to ensure that problems are caught early and that it can pinpoint at-risk councils. Since the abolition of the Audit Commission and other changes culminating in the Local Audit and Accountability Act 2014 there is no central assessment of value for the money, which means the Department's work is fundamental.”

The report makes five conclusions, with associated recommendations:

- 1) The Department is not yet providing effective leadership of the local governance system.
- 2) The Department does not know why some local authorities are raising concerns that external audit is not meeting their needs.
- 3) The Department lacks reliable information on key governance risks, or relies on weak sources of information, meaning it has no way of pinpointing the at-risk councils.
- 4) The Department's monitoring is not focused on long-term risks to council finances and therefore to services.
- 5) There is a complete lack of transparency over both the Department's informal interventions in local authorities with financial or governance problems and the results of its formal interventions.

The Government response is available on the website below:

<https://www.parliament.uk/documents/commons-committees/public-accounts/Gov-response-to-Public-Accounts-on-the-93-98-reports.pdf>



By virtue of paragraph(s) 3 of Part 1 of Schedule 12A
of the Local Government Act 1972.

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