

Public Document Pack



Audit and Governance Board

Wednesday, 29 September 2021 at 6.30
p.m.
Council Chamber - Town Hall, Runcorn

A handwritten signature in black ink, appearing to read 'David W R', written over a light grey rectangular stamp.

Chief Executive

BOARD MEMBERSHIP

Councillor Rob Polhill (Chair)	Labour
Councillor Alan Lowe (Vice-Chair)	Labour
Councillor John Bradshaw	Conservative
Councillor Ellen Cargill	Labour
Councillor Eddie Jones	Labour
Councillor Tony McDermott	Labour
Councillor Ged Philbin	Labour
Councillor John Stockton	Labour
Councillor Andrea Wall	Labour
Councillor Pamela Wallace	Labour
Councillor Louise Whitley	Labour

Please contact Gill Ferguson at gill.ferguson@halton.gov.uk or Ann Jones ann.jones@halton.gov.uk for further information.

The next meeting of the Board is on Wednesday, 24 November 2021

**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	
<p>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.</p>	
3. STANDARDS MATTERS	7 - 19
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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.

8. INTERNAL AUDIT PROGRESS REPORT	95 - 195
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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.

AUDIT AND GOVERNANCE BOARD

At a meeting of the Audit and Governance Board held on Wednesday, 7 July 2021 at the Council Chamber - Town Hall, Runcorn

Present: Councillors Polhill, A. Lowe (Vice-Chair), J. Bradshaw, E. Cargill, Jones, McDermott, Philbin, J. Stockton, Wallace and Whitley

Apologies for Absence: Councillor Wall

Absence declared on Council business: None

Officers present: E. Dawson, I. Leivesley, M. Murphy, A. Dalecki, A. Jones and M. Reaney

Also in attendance: Michael Green – Grant Thornton

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

AGB1 MINUTES

Action

The Minutes of the meeting held on 24 March 2021 were taken as read and signed as a correct record.

AGB2 INTERNAL AUDIT ANNUAL REPORT

The Board considered a report of the Divisional Manger – Audit, Procurement and Operational Finance, which summarised the work completed by Internal Audit during 2020/21, which included an opinion on the effectiveness of the Council's overall risk management, control and governance processes.

The Public Sector Internal Audit Standards (PSIAS) required the Head of Internal Audit to deliver an annual audit opinion and report that could be used to inform the Annual Governance Statement (the *Internal Audit Annual Report 2020/21* was appended to the report).

It was noted that despite the obvious challenges faced during this year and the resulting changes to planned work, it was the view of the Head of Internal Audit that sufficient audit work was completed during the year to be able to form an overall opinion. It was reported that the

Council's risk management, control and governance processes that were in place during 2020/21 were considered to be adequate and had operated effectively during the year.

RESOLVED: That the Board approves the Internal Audit Annual Report.

AGB3 ANTI FRAUD AND CORRUPTION UPDATE

The Board received a report of the Operational Director – Finance, which provided an update on developments in regard to the Council's anti-fraud and corruption activity.

The report provided Members with:

- A commentary on the fraud risk landscape;
- A summary of the fraud investigations from 2020/21;
- A summary of the HR related investigations from 2020/21;
- A summary of the whistleblowing complaints received and action taken;
- An update on the National Fraud Initiative;
- Details of fraud investigation related information reported under the Transparency code;
- Details of ongoing and planned anti-fraud work; and
- Details of the review of the Council's suite of anti-fraud related plans and policies.

Members were advised that with regards to the last item, these plans and policies were previously presented to the Business Efficiency Board for review and approval in July 2020. Following a further review they were still considered fit for purpose, with two changes to note – the renaming of the Board to *Audit and Governance* and a minor update to Section 8 of the Whistleblowing Policy. Copies of all documents were attached at Appendices A, B, C, D, and E.

RESOLVED: That the Board notes and approved the minor changes made to the suite of anti-fraud related plans and policies.

AGB4 DRAFT ANNUAL GOVERNANCE STATEMENT 2020/21

The Board considered a report of the Strategic Director – Enterprise, Community and Resources, which

sought approval of the draft Annual Governance Statement (AGS) for 2019/20.

It was noted that the AGS, attached to the report at Appendix 1, provided an overview of the governance framework in place for 2020/21. Further, a key aspect of the Annual Governance Statement was the identification of any areas where the Council's governance arrangements needed to be developed further and to provide a commitment to addressing those issues.

The draft Annual Governance Statement had been reviewed and agreed by Management Team and the document was also shared with the Chair of the Audit and Governance Board for input and comment. The responsibility to review and approve the AGS was for this Board and once any feedback had been taken into account, the document would be signed by the Council Leader and Chief Executive and published on the Council's website.

RESOLVED: That the Board

- 1) approves the 2020/21 Annual Governance Statement, subject to any changes or additions that Members feel appropriate; and
- 2) delegates authority to the Strategic Director – Enterprise, Community and Resources, to make any further minor amendments to the Annual Governance Statement prior to the inclusion of the final version in the Statement of Accounts.

AGB5 MEMBERS CODE OF CONDUCT

The Board considered a report of the Strategic Director – Enterprise, Community and Resources, on the new Member Code of Conduct (the model code).

It was reported that the Local Government Association (LGA) had published a new model Code of Conduct for Members, following a detailed and lengthy consultation exercise. This followed a recommendation from the Committee for Standards in Public Life to the LGA and Government.

The model code was attached at Appendix A for Members consideration and contained a number of points of difference to the current code; these were outlined in the report. Further to the Council meeting in May, Members were aware of the transfer of duties from the previous

Standards Committee to this Board, which has responsibility for consideration of the Council's arrangements for corporate governance and agreement of necessary actions to ensure best practice.

RESOLVED: That the Board

- 1) recommends that the new Code of Conduct for Members be adopted at full Council; and
- 2) recommends that Council approves the revised arrangement for dealing with standards allegations under the Localism Act 2011.

AGB6 REVISIONS TO COMMITTEE STRUCTURES

The Board considered a report of the Strategic Director – Enterprise, Community and Resources, which brought recommendations for revisions to Committee structures, following consideration by a group of senior Members, and sought appropriate recommendations to Council.

The revisions were described in the report and the amended terms of references were set out in Appendices 1 and 2. It was noted that these amendments would be made to the Constitution in due course.

Members discussed the chairing arrangements for the new committees / panels and acknowledged that it was an issue for the Members on the parent boards to determine.

RESOLVED: That it be recommended to Council that:

- 1) the Audit and Governance Board assume responsibility for the work of the former Standards Committee and that its terms of reference be amended as set out in Appendix 1;
- 2) the composition of the Appeals Panel be amended as set out in paragraph 3.4 of the report;
- 3) a taxi sub-committee be set up with terms of reference as contained in Appendix 2; and
- 4) that appropriate amendments to the Constitution are made in due course.

AGB7 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 items of business in accordance with Sub-Section 4 of Section 100A 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 the public interest 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 Sub-Section 4 of Section 100A 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.

AGB8 INTERNAL AUDIT PROGRESS REPORT

The Board received a report from the Divisional Manager – Audit, Procurement and Operational Finance, updating them on the internal audit activity since the last progress report to the Board on 24 March 2021. It also highlighted any matters that were relevant to the Board's responsibilities as the Council's Audit Committee.

Members were referred to appendix one, which listed all the planned work for the year and the anticipated dates that each audit would be reported to the Board. It was noted that the planning and completion of work was subject to change, but this represented the best estimates at the

current time.

Further to the approval of the Audit Plan on 24 March 2021, Members were advised that good progress had been made against the Plan so far, with most outstanding work relating to the 2020/21 Audit Plan now complete or nearing completion. The remaining work from 2020/21 would be reported to the next meeting of the Board.

Appended to the report were the executive summaries of the reports issued numbering 2 to 22, as listed in paragraph 4.2.

RESOLVED: That the Internal Audit Progress Report and comments made be noted.

Meeting ended at 7.20 p.m.

REPORT TO:	Audit & Governance Board
DATE:	29 September 2021
REPORTING OFFICER:	Strategic Director – Enterprise, Community & Resources
PORTFOLIO:	Corporate Services
SUBJECT:	Standards Matters
WARDS:	Borough Wide

1.0 PURPOSE OF THE REPORT

- 1.1 The purpose of the report is to invite Members to consider the arrangements for dealing with Standards matters following the decision of the Council on 14 July 2021 that this Board assume responsibility for the work of the former Standards Committee and that its terms of reference be amended as set out in Appendix 1 to this report.

2.0 RECOMMENDATION: That Members approve the arrangements as set out in this report for dealing with Standards matters following the decision of Council on 14 July 2021 that this Board assume the responsibilities of the former Standards Committee.

3.0 SUPPORTING INFORMATION

- 3.1 Members will recall that the Council on 14 July 2021 approved a recommendation of this Board on 7 July that the Board assume the responsibilities of the previous Standards Committee, with revised terms of reference as set out in Appendix 1 of this report. Council also approved the arrangements for dealing with individual Standards complaints, again on the recommendation of this Board. These are contained in Appendix 2.
- 3.2 Standards Committee met once in each Municipal Year and comprised of 9 elected Members, 2 Independent Co-opted Members (one of these positions was vacant) and 2 Parish Council representatives (again, one position was vacant). In addition, the 2 Independent Persons appointed by the Council to consider complaints under the Localism Act were invited to each meeting.
- 3.3 The meeting would approve the Annual Report from the municipal year for submission to council, and receive an update from the Monitoring Officer on Standards issues both nationally & locally. Of course, other issues within the terms of reference of the Committee would be brought before Members as they arose. Although there was only one meeting per year in the Committee calendar, there was always scope for additional meetings to be called when necessary, but they were never in fact required.
- 3.4 Sitting below the Standards Committee, there was a Hearings Panel, to consider the outcome of formal investigations into complaints that Members or Parish Councillors may have broken the Code of Conduct. This comprised of 3

Members, to be drawn from the Standards Committee, and not from the same political party if possible. No more than 1 Member of the Executive Board was able to sit on the Panel. The Panel is to be retained on the same basis in the arrangements approved by Council, and will now sit beneath this Board, with the 3 Members appointed ad hoc and as necessary from the membership of the Board. There could either be a named Chair, or the Chair could be appointed from the membership on the day. It has not so far been necessary for the Hearings Panel to meet. It is suggested that training could be given to Panel Members on the day of any necessary hearing.

- 3.5 Prior to this meeting of the Board, all Members of the Council will have been invited to a training session on the new Code of Conduct, to take place on 15 September.
- 3.6 It is considered that the new arrangements will benefit the Council, with this Board meeting more regularly than Standards Committee did, thereby enabling reports to be brought in a timely manner, without the need to call additional meetings.
- 3.7 Members are asked to consider the way in which they require the new arrangements to operate.

4.0 POLICY IMPLICATIONS

- 4.1 There are no specific implications in respect of Council policy.

5.0 OTHER IMPLICATIONS

- 5.1 There are no specific implications.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children and Young People in Halton

There are no specific implications.

6.2 Employment, Learning and Skills in Halton

There are no specific implications.

6.3 A Healthy Halton

There are no specific implications.

6.4 A Safer Halton

There are no specific implications.

6.5 Halton's Urban Renewal

There are no specific implications.

7.0 RISK ANALYSIS

No risks have been identified which require control measures.

8.0 EQUALITY AND DIVERSITY ISSUES

None.

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

No background papers have been used in the preparation of the report.

10. POWERS AND DUTIES OF THE AUDIT & GOVERNANCE BOARD

Efficiency and Improvement

1. To draw up an Efficiency Programme for the Authority ensuring that it meets its statutory requirements for securing Best Value and complies with the requirements placed upon it in relation to reporting efficiency gains.
2. To draw up and oversee a programme of reviews aimed at securing continuous improvement in the efficiency and effectiveness of Council services.
3. To promote partnership working and collaboration with other public and private bodies where that supports the Council's Efficiency Programme.
4. To monitor the Council's performance against the Efficiency Programme, particularly in relation to the identification and realisation of efficiency gains.
5. To ensure the Council has processes in place to benchmark its activities and to learn from best practice to ensure continuous improvement in its performance.
6. To monitor and review the Council's procurement arrangements.
7. To oversee the Council's preparations for any organisational assessment process.

Audit

8. To approve, but not direct, internal audit's strategy, plan and monitor performance.
9. To review summary internal audit reports and the main issues arising, and seek assurance that action has been taken where necessary.
10. To consider the annual report of the Divisional Manager – Audit and Operational Finance.
11. To consider the external auditor's annual letter and relevant reports.
12. To ensure that there are effective relationships between external and internal audit, inspection agencies and other relevant bodies, and that the value of the audit process is actively promoted.

Accounts

13. To review and approve the annual statement of accounts.
14. To consider the external auditor's report to those charged with governance on issues arising from the audit of the accounts.

Governance

15. To consider the Council's arrangements for corporate governance and agree necessary actions to ensure compliance with best practice.
16. To be satisfied that the authority's assurance statements, including the Annual Governance Statement, properly reflect the risk environment and any actions required to improve it.
17. To review and approve the Annual Governance Statement.
18. To ensure that the Council has effective processes in place to obtain value for money from its contractual arrangements with third parties.

Risk Management

19. To review the adequacy of arrangements for identifying and managing the Council's business risks, including the Council's Risk Management Policy and its implementation.
20. To review the robustness of the Corporate Risk Register and the adequacy of the associated risk management arrangements.
21. To receive and consider regular reports on the risk environment and associated management action.

Anti-Fraud and Corruption arrangements

22. To monitor and review the adequacy of the Council's anti-fraud and corruption **policies and arrangements.**

Standards

23. To promote and maintain high standards of conduct by the members and co-opted members of the authority.

24. To assist members and co-opted members of the authority to observe the authority's Code of Conduct.
25. To advise the authority on the adoption or revision of the Code of Conduct.
26. To monitor the operation of the authority's Code of Conduct.
27. To advise, train or arrange to train members of the authority on matters relating to the authority's Code of Conduct.
28. To maintain a Hearings Panel (comprised of 3 members of the Board drawn from 2 political groups if possible) to hear allegations made against an Elected Member or a Parish Councillor within the Borough Council's area.
29. To investigate or arrange investigation of any complaints made by Members, Officers or members of the public in relation to the authority's Code of Conduct.
30. To decide disciplinary matters within the competence of the Committee.
31. To consider applications from local authority employees for exemption from political restriction in respect of their posts.
32. Where appropriate, to issue directions requiring a local authority to include a post in the list of politically restricted posts it maintains.
33. To give general advice, following consultation with appropriate parties, on the application of criteria for designation of a politically restricted post.
34. To consider applications for dispensations from Members where appropriate.

Arrangements for dealing with standards allegations under the Localism Act 2011

1 Context

These “Arrangements” set out how you may make a complaint that an elected or co-opted member of this authority *[or of a parish council within its area]* has failed to comply with the authority’s Code of Conduct, and sets out how the authority will deal with allegations of a failure to comply with the authority’s Code of Conduct.

Under Section 28(6) and (7) of the Localism Act 2011, the Council must have in place “arrangements” under which allegations that a member or co-opted member of the authority *[or of a parish council within the authority’s area]*, or of a Committee or Sub-Committee of the authority, has failed to comply with that authority’s Code of Conduct can be investigated and decisions made on such allegations.

Such arrangements must provide for the authority to appoint at least one Independent Person, whose views must be sought by the authority before it takes a decision on an allegation which it has decided shall be investigated, and whose views can be sought by the authority at any other stage, or by a member *[or a member or co-opted member of a parish council]* against whom an allegation has been made.

2 The Code of Conduct

The Council has adopted a Code of Conduct for members, which is attached as Appendix One to these arrangements and available for inspection on the authority’s website and on request from Reception at the Municipal Building Widnes.

[Each parish council is also required to adopt a Code of Conduct. If you wish to inspect a Parish Council’s Code of Conduct, you should inspect any website operated by the parish council and request the parish clerk to allow you to inspect the parish council’s Code of Conduct.]

3 Making a complaint

If you wish to make a complaint, please write or email to –
“The Monitoring Officer
Halton Borough Council
Municipal Building

Kingsway
Widnes
WA8 7QF”

Or –

mark.reaney@halton.gov.uk

The Monitoring Officer is a senior officer of the authority who has statutory responsibility for maintaining the register of members’ interests and who is responsible for administering the system in respect of complaints of member misconduct.

In order to ensure that we have all the information which we need to be able to process your complaint, please complete and send us the model complaint form, which can be downloaded from the authority’s website, next to the Code of Conduct, and is available on request from Reception at the Municipal Building.

Please do provide us with your name and a contact address or email address, so that we can acknowledge receipt of your complaint and keep you informed of its progress. If you want to keep your name and address confidential, please indicate this in the space provided on the complaint form, in which case we will not disclose your name and address to the member against whom you make the complaint, without your prior consent. The authority does not normally investigate anonymous complaints, unless there is a clear public interest in doing so.

The Monitoring Officer will acknowledge receipt of your complaint within 5 working days of receiving it, and will keep you informed of the progress of your complaint.

4 Will your complaint be investigated?

The Monitoring Officer will review every complaint received and, after consultation with the Independent Person, take a decision as to whether it merits formal investigation. The question of whether to investigate will take into account whether it is in the public interest to do so. This decision will normally be taken within 28 days of receipt of your complaint. Where the Monitoring Officer has taken a decision, he/she will inform you of his/her decision and the reasons for that decision. Where he/she requires additional information in order to come to a decision, he/she may come back to you for such information, and may request information from the member against whom your complaint is directed. *[Where your complaint relates to a Parish Councillor, the Monitoring Officer may also inform the Parish Council or your complaint and seek the views of the Parish Council before deciding whether the complaint merits formal investigation.]*

In appropriate cases, the Monitoring Officer may seek to resolve the complaint informally, without the need for a formal investigation. Such informal resolution may involve the member accepting that his/her conduct was unacceptable and offering an apology, or other remedial action by the authority. Where the member or the authority make a reasonable offer of local resolution, but you are not willing to accept that offer, the Monitoring Officer will take account of this in deciding whether the complaint merits formal investigation.

If your complaint identifies criminal conduct or breach of other regulation by any person, the Monitoring Officer has the power to call in the Police and other regulatory agencies.

5 How is the investigation conducted?

The Council has adopted a procedure for the investigation of misconduct complaints. If the Monitoring Officer decides that a complaint merits formal investigation, he/she will appoint an Investigating Officer, who may be another senior officer of the authority, an officer of another authority or an external investigator. The Investigating Officer will decide whether he/she needs to meet or speak to you to understand the nature of your complaint and so that you can explain your understanding of events and suggest what documents the Investigating Officer needs to see, and who the Investigating Officer needs to interview.

The Investigating Officer would normally write to the member against whom you have complained and provide him/her with a copy of your complaint, and ask the member to provide his/her explanation of events, and to identify what documents he needs to see and who he needs to interview. In exceptional cases, where it is appropriate to keep your identity confidential or disclosure of details of the complaint to the member might prejudice the investigation, the Monitoring Officer can delete your name and address from the papers given to the member, or delay notifying the member until the investigation has progressed sufficiently.

At the end of his/her investigation, the Investigating Officer will produce a draft report and will send copies of that draft report, in confidence, to you and to the member concerned, to give you both an opportunity to identify any matter in that draft report which you disagree with or which you consider requires more consideration.

Having received and taken account of any comments which you may make on the draft report, the Investigating Officer will send his/her final report to the Monitoring Officer.

6 What happens if the Investigating Officer concludes that there is no evidence of a failure to comply with the Code of Conduct?

The Monitoring Officer will review the Investigating Officer's report and, if he is satisfied that the Investigating Officer's report is sufficient, the Monitoring Officer will write to you and to the member concerned [*and to the Parish Council, where your complaint relates to a Parish Councillor*], notifying you that he is satisfied that no further action is required, and give you both a copy of the Investigating Officer's final report. If the Monitoring Officer is not satisfied that the investigation has been conducted properly, he may ask the Investigating Officer to reconsider his/her report.

7 What happens if the Investigating Officer concludes that there is evidence of a failure to comply with the Code of Conduct?

The Monitoring Officer will review the Investigating Officer's report and will then either send the matter for local hearing before the Hearings Panel or, after consulting the Independent Person, seek local resolution.

7.1 Local Resolution

The Monitoring Officer may consider that the matter can reasonably be resolved without the need for a hearing. In such a case, he/she will consult with the Independent Person and with you as complainant and seek to agree what you consider to be a fair resolution which also helps to ensure higher standards of conduct for the future. Such resolution may include the member accepting that his/her conduct was unacceptable and offering an apology, and/or other remedial action by the authority. If the member complies with the suggested resolution, the Monitoring Officer will report the matter to the Audit & Governance Board [*and the Parish Council*] for information, but will take no further action. However, if you tell the Monitoring Officer that any suggested resolution would not be adequate, the Monitoring Officer will refer the matter for a local hearing.

7.2 Local Hearing

If the Monitoring Officer considers that local resolution is not appropriate, or you are not satisfied by the proposed resolution, or the member concerned is not prepared to undertake any proposed remedial action, such as giving an apology, then the Monitoring Officer will report the Investigating Officer's report to the Hearings Panel which will conduct a local hearing before deciding whether the member has failed to comply with the Code of Conduct and, if so, whether to take any action in respect of the member.

The Council has agreed a procedure for local hearings,

Essentially, the Monitoring Officer will conduct a "pre-hearing process", requiring the member to give his/her response to the Investigating Officer's report, in order to identify what is likely to be agreed and what is likely to be in contention at the hearing, and the Chair of the Hearings Panel may issue

directions as to the manner in which the hearing will be conducted. At the hearing, the Investigating Officer will present his/her report, call such witnesses as he/she considers necessary and make representations to substantiate his/her conclusion that the member has failed to comply with the Code of Conduct. For this purpose, the Investigating Officer may ask you as the complainant to attend and give evidence to the Hearings Panel. The member will then have an opportunity to give his/her evidence, to call witnesses and to make representations to the Hearings Panel as to why he/she considers that he/she did not fail to comply with the Code of Conduct.

If the Hearings Panel, with the benefit of any advice from the Independent Person, may conclude that the member did not fail to comply with the Code of Conduct, and so dismiss the complaint. If the Hearings Panel concludes that the member did fail to comply with the Code of Conduct, the Chair will inform the member of this finding and the Hearings Panel will then consider what action, if any, the Hearings Panel should take as a result of the member's failure to comply with the Code of Conduct. In doing this, the Hearings Panel will give the member an opportunity to make representations to the Panel and will consult the Independent Person, but will then decide what action, if any, to take in respect of the matter..

8 What action can the Hearings Panel take where a member has failed to comply with the Code of Conduct?

The Council has delegated to the Hearings Panel such of its powers to take action in respect of individual members as may be necessary to promote and maintain high standards of conduct. Accordingly the Hearings Panel may –

- 8.1 Publish its findings in respect of the member's conduct;
- 8.2 Report its findings to Council [*or to the Parish Council*] for information;
- 8.3 Recommend to the member's Group Leader (or in the case of ungrouped members, recommend to Council or to Committees) that he/she be removed from any or all Committees or Sub-Committees of the Council;
- 8.4 Recommend to the Leader of the Council that the member be removed from the Executive, or removed from particular Portfolio responsibilities;
- 8.5 Instruct the Monitoring Officer to [*or recommend that the Parish Council*] arrange training for the member;

- 8.6 Remove *[or recommend to the Parish Council that the member be removed]* from all outside appointments to which he/she has been appointed or nominated by the authority *[or by the Parish Council]*;
- 8.7 Withdraw *[or recommend to the Parish Council that it withdraws]* facilities provided to the member by the Council, such as a computer, website and/or email and Internet access; or
- 8.8 Exclude *[or recommend that the Parish Council exclude]* the member from the Council's offices or other premises, with the exception of meeting rooms as necessary for attending Council, Committee and Sub-Committee meetings.

The Hearings Panel has no power to suspend or disqualify the member or to withdraw members' or special responsibility allowances.

9 What happens at the end of the hearing?

At the end of the hearing, the Chair will state the decision of the Hearings Panel as to whether the member failed to comply with the Code of Conduct and as to any actions which the Hearings Panel resolves to take. As soon as reasonably practicable thereafter, the Monitoring Officer shall prepare a formal decision notice in consultation with the Chair of the Hearings Panel, and send a copy to you, to the member *[and to the Parish Council]*, make that decision notice available for public inspection and report the decision to the next convenient meeting of the Council.

10 Who are the Hearings Panel?

The Hearings Panel is a Sub-Committee of the Council's Audit & Governance Board. The Audit & Governance Board has decided that it will comprise a maximum of three members of the Council, including not more than one member of the authority's Executive and comprising members drawn from at least 2 different political parties where possible. Subject to those requirements, it is appointed on the nomination of party group leaders in proportion to the strengths of each party group on the Council.

The Independent Person is invited to attend all meetings of the Hearings Panel and his views are sought and taken into consideration before the Hearings Panel takes any decision on whether the member's conduct constitutes a failure to comply with the Code of conduct and as to any action to be taken following a finding of failure to comply with the Code of Conduct.

11 Who is the Independent Person?

The Independent Person is a person who has applied for the post following advertisement of a vacancy for the post, and is appointed by a positive vote from a majority of all the members of Council.

A person cannot be “independent” if he/she –

11.1 Is, or has been within the past 5 years, a member, co-opted member or officer of the authority;

11.2 Is or has been within the past 5 years, a member, co-opted member or officer of a parish council within the authority’s area, or

11.3 Is a relative, or close friend, of a person within paragraph 11.1 or 11.2 above. For this purpose, “relative” means –

11.3.1 Spouse or civil partner;

11.3.2 Living with the other person as husband and wife or as if they were civil partners;

11.3.3 Grandparent of the other person;

11.3.4 A lineal descendent of a grandparent of the other person;

11.3.5 A parent, sibling or child of a person within paragraphs 11.3.1 or 11.3.2;

11.3.6 A spouse or civil partner of a person within paragraphs 11.3.3, 11.3.4 or 11.3.5; or

11.3.7 Living with a person within paragraphs 11.3.3, 11.3.4 or 11.3.5 as husband and wife or as if they were civil partners.

12 Revision of these arrangements

The Council may by resolution agree to amend these arrangements, and has delegated to the Chair of the Hearings Panel the right to depart from these arrangements where he/she considers that it is expedient to do so in order to secure the effective and fair consideration of any matter.

13 Appeals

There is no right of appeal for you as complainant or for the member against a decision of the Monitoring Officer or of the Hearings Panel

If you feel that the authority has failed to deal with your complaint properly, you may make a complaint to the Local Government Ombudsman.

REPORT TO:	Audit and Governance Board
DATE:	29 September 2021
REPORTING OFFICER:	Strategic Director, Enterprise Community & Resources
PORTFOLIO:	Corporate Services
SUBJECT:	Corporate Risk Register Biannual Update 2021/22
WARD(S)	Borough-wide

1.0 PURPOSE OF THE REPORT

1.1 To report on the biannual update of the Corporate Risk Register for 2021/22.

2.0 RECOMMENDATION: That

- 1) the progress of actions is noted; and**
- 2) the Board reviews the robustness of the Corporate Risk Register and the adequacy of the associated risk management arrangements.**

3.0 SUPPORTING INFORMATION

3.1 The report contains an annual review on the corporate risks for this year.

3.2 The Council recognises that it has a responsibility to manage both internal and external risks as a key component of good corporate governance.

3.3 Risk is defined as being the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk Management is defined as the process by which risks are identified, evaluated and controlled.

3.4 At Directorate level arrangements are in place for the high-risk mitigation measures on the Directorate Risk Registers to be reviewed and updated annually in line with Directorate Business Plans. Progress on these is reported to Management Team and Policy and Performance Boards.

- 3.5 Together with consultation with internal stakeholders, Directorate Risk Registers are central to any reviews and updates of the Corporate Risk Register. This ensures that the council maximises its opportunities whilst minimising and controlling the associated risks in delivering the council's vision and services for Halton.
- 3.6 The Risk Control Measures have been reviewed and updated in line with current changes within the Authority and as proposed by managers and internal stakeholders.
- 3.7 The risks have been grouped in order and the scores relate to 'Unmitigated Risk Scores' and then to 'Mitigated Risk Scores'. As a result once the mitigation measures have been implemented, it reduces the scores and highlights the remaining 'Residual Risk Scores'.
- 3.8 In particular the risks have been reprioritised so that people, i.e. the community and staff, take priority. The headings and scores in order are:
- i. Coronavirus (COVID-19) (25:20)
 - ii. Delivery of Services to Vulnerable Adults (25:20)
 - iii. Safeguarding Children and Adults (25:16)
 - iv. Health & Wellbeing (20:16)
 - v. Education (20:16)
 - vi. Cyber Risk (25:20)
 - vii. Data Security (25:15)
 - viii. Capacity and Resilience (20:16)
 - ix. Council Finances (25:20)
 - x. Keeping Halton Community Safe (15:12)
 - xi. Changes to Government Arrangements (25:15)
 - xii. Mersey Gateway (15:10)
 - xiii. Community Expectations (20:16)
 - xiv. Partnerships (9:4)
 - xv. Fraud (12:6)
 - xvi. Funding and Income Generation (16:12) and (20:16)

4.0 **POLICY IMPLICATIONS**

4.1 To provide a framework through which effectively manages the actual and potential opportunities and threats that may affect the achievement of the Council's strategic priorities and operational objectives.

5.0 **FINANCIAL IMPLICATIONS**

5.1 There are no financial implications.

6.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

6.1 Corporate Effectiveness and Business Efficiency

7.0 **RISK ANALYSIS**

7.1 Failure to review and monitor the performance of the Corporate Risk Management could result in service development opportunities being lost and existing service delivery being compromised.

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 Within the risk register there are a number of implications for Equality and Diversity issues, e.g. Budget Reductions and Capacity and Resilience.

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

9.1 None under the meaning of the Act.

Corporate Risk Register

Lead Strategic Director: **Ian Leivesley**

Risk Management Coordinator: **Lynn P Ramsden**

Initial Register Completion Date: **November 2011**

Register Review Date: **April 2021**

Progress update: **September 2021**

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Coronavirus (COVID-19)

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
1	<p>Worldwide Virus Outbreak</p> <p>Reduced staffing levels beyond normal tolerance levels, across service areas, as a result of absence linked to COVID-19 (self-isolation and / or sickness absence)</p> <p>Major impact on frontline services</p> <p>Major impact on processing of monthly payroll for Council, schools and external clients</p>	5	5	25	All

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Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Dedicated 'Restricted' Coronavirus SharePoint area within the Local Authority's SharePoint, which is located via the Emergency Planning portal 	5	4	20	Daily/Weekly/ Monthly as situation evolves/rises/ reduces	Chief Executive (David Parr)

<ul style="list-style-type: none">• As part of the response and recovery, the Chief Executive leads on a fortnightly Covid-19 Management Team Teleconference. The aim to assess risk, resilience and agree a work programme.• As part of the authority's work programme going forward, both a HBC Strategic and Operational Road Map has been produced for next 12 months.• The authority takes part in a number of teleconferences led by Cheshire Resillience Forum, i.e. Strategic and Tactical Group Teleconferences. These meet on a weekly basis.• To support the Strategic and Tactical response, a number of Covid-19 Hub Groups have been created and sit-reps are produced i.e. CRF Multi-Agency Major Incident Cell meets on a weekly basis to risk assess all current risks, including Covid, Winter Planning. This MHCLG Sitrep is submitted every Monday.• Local Authority Public Health take part in a number of health teleconferences.• Information and actions generated from these teleconfereces are shared appropriately• Data and information is shared by key organisaitons and MHCLG to ensure the local authrotiy have the correct level of information to protect and support the community• Failure to deliver quality services to vulnerable adults would negatively affect the health and wellbeing i.e. increasing complex care needs, ageing population, reduction in available funding, recruitment and provider failure• A number of tested plans and procedures have been activated to respond and recover to this Major Incident• The authority have supported Shielded Individuals who have required support over the past 12 months. Shielding has ceased 1st April. However, the authority will continue to support isolated individuals where required.				
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<ul style="list-style-type: none">• Personal Protective Equipment Hub (PPE) opened to provide the necessary equipment to enable relevant staff to continue providing vital services• A number of wellbeing resources made available to staff• Implement government guidance and PHE direction across the workforce to minimise exposure to virus as far as is possible. This is designed to keep productivity at highest possible level• Regular staff communications (Corporate) issued to all staff to direct behaviours• Regular briefings issued to schools• Home working in place for employee's who can do so• Where possible, accommodate home working where employees directed to self-isolate by a health professional / 111• NHS Test, Trace and Isolate service in place / 119• 'Reset' programme ongoing as government measures relaxed to ensure workplaces are safe for minimum numbers of staff to return• Government guidance followed on the wider reopening of schools.• Local Outbreak Plan and Local Outbreak Hub in place• Implement actions in Business Continuity Plan, where staff levels fall below acceptable levels in priority service area to maintain service delivery				
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DELIVERY OF SERVICES TO VULNERABLE ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
2	<p>Failure to deliver quality services to vulnerable adults could negatively affect their health and wellbeing i.e. increasing complex care needs, ageing population, reduction in available funding, recruitment and provider failure. Impact of COVID19 on service delivery</p> <p>Care Home Sector financial sustainability due to the impact of COVID 19</p>	5	5	25	A Healthy Halton / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Effectively allocating and using available finances and resources in the delivery of services Integration of Health and Social Care with a view to improving the outcomes for people using the services, such as joint commissioning arrangements for services, joint strategies, e.g. Carers Strategy and Autism Strategy, etc. Transformation of provider markets so that responsive and sustainable markets in adult social care can be developed and supported, e.g. Care Home Development project and Transforming Domiciliary Care Delivery of prevention and early intervention to vulnerable adults through a range of services 	4	5	20	6 monthly	Strategic Director - People (Milorad Vasic)

<ul style="list-style-type: none"> • Effective use of alternative funding streams and community assets to provide services • Joint approach with Health to ensure efficient quality assurance across all adult social care services <p><u>COVID-19</u></p> <ul style="list-style-type: none"> • Care home resilience plan in place focussing on effective infection prevention and control measures including accessing relevant PPE, support with staffing issues, etc. • ASC Winter Plan in place focussing on four main areas of preventing and controlling the spread of infection in care settings, collaboration across health and social care services, supporting people who receive social care, the workforce and carers supporting the system. • Effective use of short term grant allocations to support the resilience of the care home sector. • All staff offered vaccination if appropriate. 					
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SAFEGUARDING CHILDREN AND ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
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SAFEGUARDING CHILDREN AND ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
3	Failure to support and protect the safeguarding of children and adults could adversely impact on their health, safety and opportunity to reach their potential	5	5	25	A Healthy Halton / Employment, Learning and Skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		

<ul style="list-style-type: none"> Halton's Children's and Young People Safeguarding Partnership Board fully operational with appropriate resources and are operating within statutory guidance and towards identified priorities Representatives from the Children's and Adult's Safeguarding Boards to work in partnership through attending corresponding boards Children's and Adult's Safeguarding Board's to work with strategic groups within the Borough to ensure accountability and effectiveness of safeguarding Services regularly audit Children's and Adult's cases for quality and consistency of practices 	4	4	16	6 monthly	Strategic Director - People (Milorad Vasic)
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<ul style="list-style-type: none"> • Comprehensive suite of performance reports for Children’s and Adults are reviewed at least monthly and compared with regional and national benchmarks • Progress reports for Children’s and Adults are taken to the Board and Members for their attention • Improving the health and wellbeing of children and adults through early intervention and treatment services delivered in house and externally via a range of providers and partners • Providing efficient safeguards to support vulnerable adults who lack capacity and require the support of the Deprivation of Liberty Safeguards and the Court of Protection • Support local care home providers to drive up the quality of care within their homes to ensure positive outcomes for vulnerable adults <p><u>COVID-19</u></p> <ol style="list-style-type: none"> 1. Visits to care homes restricted to essential only. Use of technology used to complete assessments including Skype, Facetime etc 2. Training sessions, Strategy and MDT Meetings completed by Skype, to mitigate the risk 3. Enhanced Care Home Model completed remotely with wider MDT, including GP’s, LLAMS and social care 4. Section 12 Drs, Advocacy provided with a monthly meeting remotely to review processes and provide support to IASU team 5. The Government issued guidance for access to the court of protection 6. Advocacy have implemented interim measures regarding their approach during the Pandemic. 7. NW ADASS group continues to communicate to share learning, ideas and approaches to manage Safeguarding, DoLS and MCA related issues, with the restrictions that are currently in place. 					
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8. Government guidance on how LA's manage DoLS processes, including how to complete assessment.					
9. All staff offered vaccination if appropriate.					

HEALTH AND WELLBEING

Item	Identified risk	Impact ⁱ (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
4	<p>Reduced capacity to sustain delivery of services that prevent harm, protect health and promote positive physical, mental and emotional health and wellbeing across the population of Halton</p> <p>Failure to engage with appropriate partners and agencies to respond with adequate safeguards and mitigate against current and potential harms to health and wellbeing.</p>	5	4	20	A Healthy Halton / Environment and Regeneration / A Safer Halton / Children and Young People

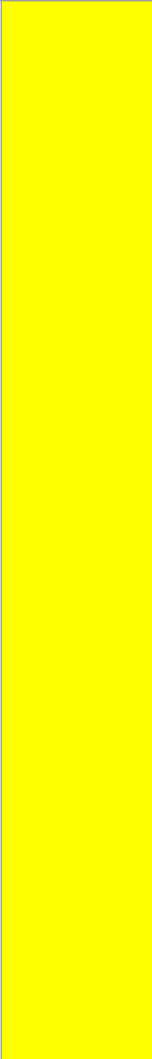
Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Ensuring that the council adequately fulfils its requirement to protect and promote health within the population, including the appropriate delivery of mandated public health services Oversight of antibiotic stewardship through collaborative approaches to prevent and respond to Antimicrobial Resistance across all organisations and sectors: including the implementation of antimicrobial action plans 	4	4	16	6 monthly	Director of Public Health (Eileen O'Meara)

<ul style="list-style-type: none"> • Development and implementation of local, regional; and national pandemic response plans, to cover influenza and other mass population outbreak scenarios; including involvement in PHE and local LRF coordination and response structures • Maintain and improving on trajectories to reduce risk of Health Care Associated Infections (eg MRSA, C. Difficile, CRE, E-Coli etc), including regular monitoring, oversight and assurance of providers, using relevant networks and commissioners • Promote and improve uptake of all NHS prevention programmes including immunisation and screening and maintain effective oversight and scrutiny of appropriate NHS commissioner and providers. • Ensure that appropriate public health engagement and advice is included in the development, maintenance and testing of emergency plans including, adverse weather (heatwave, cold weather and flooding), COMAH • Systems are in place for the identifications and mitigation of environmental hazards and mitigation, including ongoing monitoring and assurance of air quality, monitoring of industrial processes, ability to respond to regulatory functions for food hygiene, health and safety. • Ensure that the we engage with all local providers to maximise opportunity for Halton residents to enhance positive wellbeing 					
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opportunities, reduce emotional and mental ill health and seek appropriate support at times of crisis, including responding to, and preventing suicides.

COVID-19

- Public Health team established ‘Halton Outbreak Support Team’
- Develop and maintain ‘Outbreak’ plans
- Following up of positive cases
- Contact tracing
- Outbreak management and response
- Consequence management
- Daily team sit rep meetings
- Receive and assess regular data and intelligence reports from systems and analyse to translate into local level data
- Fortnightly Health Protection Board meetings which include local organisations and system leaders
- Regular meetings across local, regional and national Association of Directors of Public Health, Public Health England, LRF and other relevant system meetings as required
- Public Health Team linked in with local, regional and national relevant test, track, trace system meetings
- Community LFD testing provision, liaison with local business’s and encouragement of regular HBC staff/schools staff/pupils testing
- Encouragement and support for staff towards receiving vaccination



EDUCATION

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
5	<p>Risk of not providing a broad and balanced curriculum and a full educational offer to all children and young people</p> <p>Risk of negatively impacting vulnerable and disadvantaged pupils disproportionately on their educational outcomes and wider lifelong opportunities</p>	5	4	20	Children and Young People

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Schools have remained open throughout the pandemic to vulnerable children and critical workers and were supported to provide a quality blended learning approach All schools have been provided with access to a range of resources which includes Oak Academy, National Tutoring and other online resources Schools and educational provisions to engage in EEF programmes; NCETM or wider intervention strategies to support progress and attainment for children and young people 	4	4	16	Termly or following any child/young person impacted by self-isolation from Covid case or outbreak	Strategic Director - People (Milorad Vasic)

<ul style="list-style-type: none"> • Schools and educational provision identify gaps in learning; design a recovery curriculum appropriate to individual needs and hold high expectations and support for children and young people • Schools and educational provisions to closely monitor the impact of catch up and intervention programmes on children and young peoples educational outcomes • For maintained schools there has been support and challenge for Leaders and Middle Leaders from School Improvement colleagues • Support for children and young peoples health and well being eg access to Cahms; educational psychology service; specialist teachers; school based mental health first aider etc • All schools and educational provisions to have a trained mental health first aider; a trained SENDCO; pastoral lead and knowledge to signpost youth support services as required • All schools and educational provisions work in close partnership with pupils, parents and carers and communicate regularly and sensitively • Headteacher recruitment prioritised and supported to provided leadership succession planning. <p><u>COVID-19</u></p> <ul style="list-style-type: none"> • Arrangements for testing for all nursery, primary and secondary staff agreed along with testing for secondary pupils • Schools have been asked to review and revise their risk assessments • Wrote to all parents to encourage pupils to return to school March 2021 • All schools and educational provisions to ensure children and young people are supported with return to school; smooth transition and PHSE 					
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<ul style="list-style-type: none"> • All schools to ensure they have plans for good quality blended learning to remote/home/blended learning if a Covid case or outbreak were to occur • Any impact of a positive covid case/outbreak or self-isolation reported to LA (Ann McIntyre/Jill Farrell) to ensure recovery plans are in place and access to remote learning is possible and of high quality • Ensure children and young people have access to IT equipment/resources and opportunity to engage in remote/home/blended learning • educational outcomes • Information briefings cascaded to schools Head teachers • Weekly consultation meetings with Schools Trade Unions representatives and Health & Safety Team • Provision of PPE from DfE for schools with emergency provision of PPE from Local Authority for schools with ongoing support as necessary • Programme of COVID Secure spot check visits to school sites by Health & Safety Team completed across all sites 					
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CYBER RISK

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
6	Risk of adverse business Impact as a result of the failure of key business systems brought about by cyber incidents	5	5	25	All

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> The Council adopts a range of activities to manage the risk of loss of services as a result of Cyber threats, which includes risk reduction (mitigation), Risk retention (acceptance), Risk avoidance, Risk transfer A dedicated service within ICT Services that has the responsibility of managing the cyber risk facing the Council Clear reporting lines to senior management allowing the risk to be managed Numerous Compliance regimes that provide the necessary assurance frameworks to demonstrate how the Council complies with industry standards Ongoing education and awareness programme for key staff 	5	4	20	6 monthly	All Strategic Directors

DATA PROTECTION

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
7	<p>Data Protection: Risk of breach of data caused by mishandling of personal data by inadequate data handling and not adequately preventing and minimising security incidents, including ICT incidents, resulting in loss of data, unlawful sharing of data, reputational damage and significant financial penalties levied by the Information Commissioner's Office</p> <p>Failure to comply with information governance requirements, eg Data Protection Act (General Data Protection Regulation); Freedom of Information Act</p>	5	5	25	All

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> • Policies and procedures for council staff including Data Protection • Policy and Information Governance Handbook. • Wide range of guidance about handling personal data available to council staff on the internal intranet site. • Mandatory training for council staff via E-Learning module 	5	3	15	6 monthly	All Strategic Directors

<ul style="list-style-type: none"> • Reporting to internal Information Governance Group, ICT Strategy Board and senior Management Team Reviews and internal audits. • Privacy Impact Assessments for new technologies or where processing is likely to result in a high risk to individuals • Contractor’s compliance • Management controls, including effective logging and tracking, complaints and appeals procedures • Effective use of technology • The model publication scheme approved by the Information Commissioner adopted. 					
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CAPACITY AND RESILIENCE

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
8	Reduced capacity to sustain the delivery of services and respond to emergency situations in line with Council Priorities.	5	4	20	Corporate Effectiveness and Efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> • Maintaining a supportive working environment through shared service organisational ethos, pride and value across Members, staff, management, Unions and partners • Focusing delivery of performance on the council’s corporate vision and key strategic priorities leading to a clearly understood and shared set of priorities • Emphasis on management and leadership standards with recognition of the challenges faced by the Authority leading to managers who are able to direct, inform, develop and support staff. This also enables a focus on succession planning • Maintaining a workforce that are skilled, informed, flexible and competent in order to ensure that they deliver efficient and effective services • COVID-19, see section 1; • Utilise learning from the management of working practices during the pandemic to inform future ways of working and optimise resources. This will 	4	4	16	6 monthly	All Strategic Directors

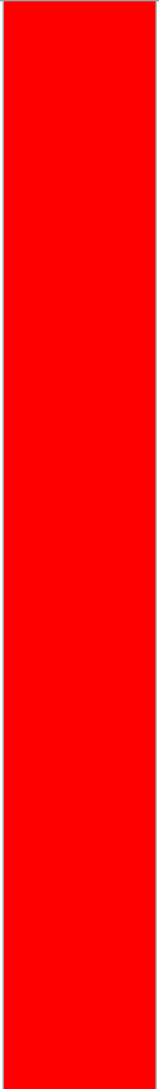
be done in a controlled way through implementation of planned measures following appropriate consultation					
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COUNCIL FINANCES

Item	Identified risk	Impact ⁱⁱ (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
9	<p>A significant reduction in the Council’s funding from Government grant and/or locally raised business rates/council tax, leads to an inability to deliver the Council’s key service priorities, especially those services essential for the support of the most vulnerable members of the community.</p> <p><u>Covid19</u></p> <p>A significant shortfall in Government grant funding provided to meet Covid19 related costs, fees & charges/sales income losses, and ongoing reductions in council tax and business rates income.</p>	5	5	25	Corporate Efficiency Effectiveness and

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Financial Planning is undertaken to compare available financial resources with spending requirements over the medium term (3 years), resulting in preparation of the Medium Term Financial Strategy which allows overall budget gaps to be identified at an early stage and appropriate plans put in place to tackle them Proposed developments regarding the future funding of Local Government nationally are monitored, to assess the potential impact for the Council and take account of this within the Medium Term Strategy. Responses have been submitted to the Government’s 	5	4	20	6 monthly	Strategic Director - Enterprise Community & Resources (Ian Leivesley)

<p>consultations on “Fair Funding – a Review of Relative Needs and Resources” and “Business Rates Retention Reform” both individually and jointly with the LCR councils and Sigoma. The Government announced the outcome of their Spending Review in November 2020, however it only covers one year. The impact of the Spending Review and the subsequent Grant Settlement were assessed as part of developing the 2021/22 budget presented to Council for approval on 3rd March 2021. Halton will continue via LCR and Sigoma to lobby Government for a three year Spending Review in 2021</p> <ul style="list-style-type: none">• Effective Business Planning to ensure that appropriate resources are directed towards the Councils key strategic priorities• Budget setting is aligned to the annual Business Planning Cycle in order to ensure that the value of financial resources are maximised• Budget Risk Register works in conjunction with the Budget Setting Cycle to ensure that emerging budget risks are identified together with relevant mitigating measures• Exploring the potential for collaboration, shared services and partnership working with neighbouring Local Authorities• Continue to respond to new challenges to maintain current performance <p><u>COVID 19</u></p> <ul style="list-style-type: none">• The 2020/21 Council budget has been monitored closely during the year, along with Covid-19 related costs and associated funding provided by Government. Lobbying of Government has been undertaken via LCR to seek full funding for Covid-19 related costs and income losses. Overall spending has been closely managed in order to mitigate the potential net overspend by year-end					
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<ul style="list-style-type: none">• Covid19 related costs are being separately identified within the Agresso system as far as possible and along with estimated income losses are being reported monthly to MHCLG• Covid19 related costs and income losses are being closely monitored and will be reported regularly to Management Team and Executive Board• A review of the 2020/21 Council budget will be undertaken in order to assess the impact of Covid19 upon the existing budget, in light of the level of Covid19 funding provided by Government. The outcome of this review will identify any funding gaps which will require action such as spending reductions, use of reserves etc• The 2021-2024 Medium Term Financial Strategy will be reviewed to assess the likely impact of Covid19 upon the Council's forecast spending requirements and funding resources over the next three years. In particular, the impact of the expected economic recession upon council tax and business rates income will be modelled, as well as ongoing spending pressures and levels of Government funding. This will provide the framework for preparing future years' annual budgets and anticipating potential budget funding gaps					
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KEEPING HALTON COMMUNITY SAFE

Item	Identified risk	Impact ⁱⁱⁱ (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
10	A failure to monitor and appropriately manage the risks created by global, national and local events, and how these might impact on local community tensions, could potentially lead to a threat to security and have an adverse effect on the stability of Halton's communities.	5	3	15	A Healthy Halton / Environment and Regeneration / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> The Safer Halton Partnership (SHP) involves joint working, clear communications and information sharing across various partner agencies, including emergency services. The partnership works to ensure that there is community cohesion with safe and secure neighbourhood environments Multi agency Community Safety team that addresses anti-social behaviour and crime thus supporting the SHP agenda The Channel Panel is a multi-agency group which provides support for those who are vulnerable to be drawn into terrorism through a programme of early intervention and diversion Emergency Planning team have developed and tested Multi-Agency Response plans to mitigate a number of risks within the borough 	4	3	12	6 monthly	Chief Executive (David Parr)

<ul style="list-style-type: none"> • In response to ‘Major Accident’ cloudburst incidents occurring at Upper Tier COMAH sites; Emergency Planning Team have tested and validated Emergency COMAH Plans for all 9 sites • Emergency Planning Team work in partnership with the Cheshire Resilience Forum to provide an integrated approach for facilitating and responding with emergencies across Cheshire • Emergency Planning Team work with cross border organisations and responding agencies within the Liverpool City Region regarding cross border risks and resilience planning • Critical Incident Management procedures, including ‘lockdown’, have been developed, communicated and tested for Council buildings and schools • Security surveys conducted for main council buildings (currently under review) and schools • COVID-19, see section 1 					
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CHANGES TO GOVERNMENT ARRANGEMENTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
11	Changes to Government arrangements and other public sector organisations could potentially lead to a deterioration of local services	5	5	25	A Healthy Halton / Employment, learning and skills / Children and Young People / A Safer Halton / Corporate effectiveness and business efficiency

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Ensuring that both Members and officers from the Council plays an active role in the Combined Authority for the Liverpool City Region Through 'One Halton' work the Authority is ensuring a smooth interaction between Health and Halton Council colleagues, to ensure that Halton's interests are recognised and looked after in any new governance arrangements 	5	3	15	6 monthly	Chief Executive (David Parr)

MERSEY GATEWAY

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
12	Lack of effective management of and adherence to governance arrangements / contractual requirements or disrupted journeys could lead to increased project costs. In addition these could also lead to adverse publicity and reputational risks to the Council	5	3	15	Environment and Regeneration / Employment, Learning and Skills

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<u>Demand Management Participation Agreement (DMPA)</u> <ul style="list-style-type: none"> Base line is realistic and achievable Agreed contract is designed to incentivise an increase in volumes of traffic Mersey Gateway Crossings Board has a role in managing the DMPA Effective publicity around speed and reliability of bridge 	5	2	10	6 monthly	Strategic Director - Enterprise Community & Resources (Ian Leivesley)
<u>Tolling Risk</u> <ul style="list-style-type: none"> In order to mitigate the risk of the project not delivering sufficient toll revenue each year to meet project costs, a liquidity reserve of £19m 					

<p>has been established jointly by the Department for Transport and Halton Borough Council (through borrowing funded from future toll revenues). If necessary the reserve will be topped-up periodically by undertaking further borrowing.</p> <p><u>COVID 19</u></p> <ul style="list-style-type: none">• The impact of COVID 19 on traffic using the Mersey Gateway Bridge has been reviewed and incorporated into short term plans, will be constantly reviewed and the position is currently sustainable <p><u>Conclusion of Construction Phase to Subsequent Operating Phase</u></p> <ul style="list-style-type: none">• Dedicated company (Mersey Gateway Crossings Board Ltd) now established, with suitably experienced staff and directors, both Executive and Non-executive, and supported by class leading professional advisers. The relationship between Council and MGCB is detailed within a Governance Agreement• Routine project assurance monitored through external bodies including specialist non-executive directors and advisers on the Board of Directors of MGCB, external Gateway Reviews (4Ps) Department for Transport and HM Treasury scrutiny at specific project milestones• Delivery within the Funding Framework agreed with Government that is reviewed at regular intervals and managed through the Mersey Gateway Crossings Board's Risk Register, which is reviewed regularly by both the Audit Committee and the Board of Directors• Maintenance of effective relationships with Government Departments (as co funders for MG) maintained by both Department for Transport and HM Treasury being represented on the Board of Directors of MGCB					
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COMMUNITY EXPECTATIONS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
13	Failure to effectively realise community expectations could lead to damage to the Authorities reputation and credibility resulting in negative views towards the transparency of the decision making process	5	4	20	Corporate Efficiency Effectiveness and

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> • Consultation and community engagement embedded in the Council's constitution (local code of corporate governance) • Utilising recognised mediums to identify, communicate and coordinate community expectations and priorities. These include: <ul style="list-style-type: none"> Surveys; Customer analysis; On line services; Local and social media; Target consultation exercises for specific projects; Service user groups; 	4	4	16	6 monthly	All Strategic Directors

<p>Elected member surgeries; and Other meetings</p> <ul style="list-style-type: none"> • Conducting Equality Impact Assessments with new and revised Policies • Honesty and integrity by the Authority in communicating with the public having regard to reducing budgets including promoting a self-help agenda • Any decisions to cease or amend service provision that has a significant impact on communities; early warning of intended actions through direct engagement with relevant communities to invite views • Continue to respond to new challenges to maintain current performance • COVID-19, Residents, partners, members, MP and staff kept informed via various platforms <ol style="list-style-type: none"> 1. Specific area on www.halton.gov.uk set up to highlight changes to services and information available to support the community 2. Press releases issued to local broadcast and newspaper media 3. Council's social media accounts used to cascade details quickly – in the first six weeks there were 1.92m social media impressions and nearly 500,000 visits to website 4. For persons who did not have access to the internet or do not use the internet regularly to access information, a special issue of Inside Halton produced and hand delivered to over 35k homes. 					
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PARTNERSHIPS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
14	Ineffective and poorly governed partnerships, wherever they sit within the council, with statutory and non-statutory organisations will lead to a lack of accountability and ineffective use of resources resulting in a failure to meet the needs of and improve outcomes for local communities.	3	3	9	A Healthy Halton / Employment Learning and Skills / Children and Young People / A Safer Halton / Environment and Regeneration

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> • Having efficient and effective arrangements with external partners through a shared strategic vision and action plans enables and influences partners to deliver at local levels • Maintaining financial probity with the pooled budgets, as appropriate, with partners through effective governance arrangements • Engagement with communities and partners on service priorities in order to identify and design alternative forms of delivery, as appropriate, maximising opportunities for joint working • Collaborating with partners to identify and address community issues • COVID-19, Stakeholders and Partners have a responsibility to have effective and well developed relationships which will enable a swift and effect 	2	2	4	6 monthly	Chief Executive (David Parr)

responsive for Halton residents. These responsibilities are detailed in the council's emergency plans and local outbreak plans.

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FRAUD

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
15	Failure to prevent and detect fraud and/or corruption may lead to significant financial loss and reputational damage	4	3	12	Corporate Effectiveness and Efficiency

Risk control measures	Residual score with measures implemented			Time scale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<p>The Business Efficiency Board monitors and reviews the adequacy of the Council’s anti-fraud and corruption policies and arrangements. These arrangements include:</p> <ul style="list-style-type: none"> • Maintenance of an effective system of internal control • Rigorous pre-employment checks of new employees • Officers’ Code of Conduct • Members’ Code of Conduct • Gifts and Hospitality Policy • Registration of Interests • Local Code of Corporate Governance • Whistleblowing arrangements 	3	2	6	6 monthly	Strategic Director – Enterprise, Community & Resources (Ian Leivesley)

<ul style="list-style-type: none"> ● Finance Standing Orders ● Procurement Standing Orders ● Anti-Fraud, Bribery & Corruption Strategy ● Fraud Response Plan ● Fraud Sanction and Prosecution Policy ● Anti-Facilitation of Tax Evasion Policy ● Fraud and bribery awareness training ● A continuous internal audit of the Council’s systems and services ● A corporate fraud investigation team, which receives fraud referrals, investigates allegations, recovers losses and sanctions fraudsters ● Crime insurance policy to indemnify the Council against significant financial loss resulting from fraud ● Participation in the National Fraud Initiative ● Fraud awareness campaigns encouraging members of the public and employees to raise any concerns about fraud and corruption ● Collaboration with other local authorities and sharing of best practice in regard to tackling fraud and corruption ● Formal arrangements with the DWP to participate in joint criminal fraud investigations relating to the Council Tax Reduction Scheme (CTRS) and social security benefit fraud ● Membership of the National Anti-Fraud Network (NAFN), which is the largest shared service in the country and provides data, intelligence and best practice in support of fraud and investigation work 					
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FUNDING AND INCOME GENERATION

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
16	Failure to maximise and identify funding opportunities in light of government cuts resulting in a potential challenge of the Councils capacity to delivery its priorities	4	4	16	A Healthy Halton / Employment, Learning and Skills / Children and Young People / A Safer Halton

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Continuing to identify funding streams and income generating options through horizon scanning, alternative untapped funding opportunities and shared partnerships with 3rd sector, private sector, and other public sector bodies During the budget setting process Directorates identify and prioritise funding requirements biannually including ensuring that there are systems to capture and report when funding comes to an end Corporate External Funding Team reports to Executive Board and Management Team to highlight services the Team can offer and meets with Departments to identify funding requirements; regularly signposts Council services to specific funding streams 	3	4	12	6 monthly	All Strategic Directors

<ul style="list-style-type: none"> • Commercially focussed through establishing trading and income generation possibilities in order to protect and effectively use funds; pilot Charging Policy for bid-writing introduced September 2018 for 12 months • Continue to work with colleagues to improve the methods of dissemination and ensure prioritisation of/submission to relevant funding streams 					
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FUNDING AND INCOME GENERATION

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
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17	Uncertainty surrounding transition arrangements in respect of European Funding Lack of certainty regarding the length of European Programmes and Successor Funding through the 'Transformation and Prosperity Fund'	4	5	20	A Healthy Halton / Employment, Learning and Skills / Children and Young People / A Safer Halton
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Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> The Shared Prosperity Fund will be launched in 2022, however, the criteria for allocating resources has yet to be determined 	4	4	16	6 monthly	All Strategic Directors

Version Control Record

Version	Date Created	Date of Amendment:	Nature of Amendment	Date of Next Review:
1.0	13.10.11			
1.1		28.08.12	Progress Commentary	
2.0		13.03.13	Reviewed and updated	13.10.13
2.1		20.09.13	Progress Commentary	
3.0		31.03.14	Reviewed and updated in line with the Corporate Peer Challenge and the revised Business Planning Process and associated guidance notes	13.10.14
3.1		15.09.14	Progress Commentary	
4.0		10.04.15	Reviewed and updated	12.10.15
4.1		10.09.15	Progress Commentary	
5.0		01.04.16	Reviewed and updated	01.04.17
5.1		10.09.16	Progress Commentary	
6.0		01.04.17	Reviewed and updated	01.09.17

6.1		10.09.17	Progress Commentary	
7.0		01.04.18	Reviewed and updated	01.09.18
7.1		01.09.18	Progress Commentary	
8.0		01.04.19	Reviewed and updated	01.09.19
8.1		01.09.19	Progress Commentary	
9.0		01.05.20	Reviewed and updated	01.05.20
9.1		01.09.20	Progress Commentary	
10.0		01.04.21	Reviewed and updated	01.04.21

Scoring Mechanism

Once the business risks are identified and analysed they are scored by multiplying the impact and likelihood. They will then establish a final score (or significance rating) for that risk:



I
M
P
A
C
T

HI	5	10	15	20	25
S	4	8	12	16	20
M	3	6	9	12	15
L	2	4	6	8	10
IM	1	2	3	4	5
	H IMPROB	IMPROB	POSS	PROB	H PROB

LIKELIHOOD

Those that have been placed in the red boxes are the primary or **Top Risks** followed by lower risks leading to **improbable** risks.

Measures to control the risks are identified from the following options;

1. Reducing the likelihood; or
2. Reducing the impact; or
3. Changing the consequences of the risks by,
 - Avoidance
 - Reduction
 - Retention
 - Transference; or
4. Devising Contingencies, i.e. Business Continuity Planning

The risks are scored again to establish the effects the measures have once implemented on reducing the risks and identify a score rating for residual risks.

REPORT TO: Audit and Governance Board

DATE: 29 September 2021

REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources

PORTFOLIO: Resources

SUBJECT: External Audit Plan - 2020/21 Year-End

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To consider the External Audit Plan relating to the 2020/21 year-end, which will be presented by the Council's external auditor, Grant Thornton UK LLP.

2.0 RECOMMENDATION: That the contents of the External Audit Plan for 2020/21 year-end, be noted.

3.0 SUPPORTING INFORMATION

3.1 The External Audit Plan for 2020/21 year-end is attached to this report and will be presented at the Board by Grant Thornton UK LLP.

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 FINANCIAL IMPLICATIONS

5.1 The report contains details of the external audit fees for 2020/21.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Children & Young People in Halton**

6.2 **Employment, Learning & Skills in Halton**

6.3 A Healthy Halton

6.4 A Safer Halton

6.5 Halton's Urban Renewal

There are no direct implications for the Council's priorities.

7.0 RISK ANALYSIS

7.1 The external audit plan is based upon Grant Thornton UK LLP's risk-based approach to audit planning. The risks that have been considered as part of the opinion planning process are detailed in the attached report.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None identified.

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

9.1 There are none under the meaning of the Act.

Halton Borough Council External Audit Plan

Year ended 31 March 2021

7 September 2021



Contents



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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Council or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Key matters

Factors

Council developments

Local Government funding continues to be stretched with the Council facing increasing cost pressures and demand from residents. The Council confirmed the 2021-22 budget alongside indicative budgets for 2022-25 in March 2021 that supports the vision for Halton Council that is set out in the Council's corporate plan. Integral to this plan is the delivery of desired outcomes from within available resources with the Council recognising the need to ensure that a financially sustainable position is achieved. The latest Medium Term Financial Plan however identified potential financial gaps in funding for the Council over the following three years of approximately £15.7m (2022/23), £2.0m (2023/24) and £2.1m (2024/25).

Impact of Covid-19 pandemic

The outbreak of the COVID-19 coronavirus pandemic has had a significant impact on the normal operations of the Council during 2020/21, including the administration of grants to businesses and closure of schools with additional challenges of reopening services under new government guidelines.

The Council implemented governance arrangements at the start of the pandemic to ensure tight controls were in place around the use of additional grant funding and expenditure. The impact of Covid-19 has resulted in additional costs across a range of Council services, particularly within Public Health and Adult Social Care. For 2020/21 the Council received non ring-fenced Covid grant funding of £12.8m, plus passported funding to meet the additional pressures of the pandemic.

The COVID-19 pandemic has had a significant impact on the valuation of property, plant and equipment and pension fund property investments. This led to the Council's valuer reporting a material uncertainty in relation to the valuation of properties as at 31 March 2020, and the Cheshire Pension Fund disclosing a similar material uncertainty relating the valuation of investment property.

We included Key Audit Matter paragraphs in our 2019/20 audit opinion drawing attention to these material uncertainty disclosures in the financial statements. Property valuation and Net Pension Fund liability remain as significant risks within this Audit Plan. However, now that there is greater certainty in these markets, we do not anticipate a similar 'material valuation uncertainty' to recur as at 31 March 2021.

Our response

- As a firm, we are absolutely committed to audit quality and financial reporting in the local government sector. Our proposed work and fee, as set further in our Audit Plan, has been agreed with the Operational Director - Finance.
- We will consider your arrangements for managing and reporting your financial resources as part of our work in completing our Value for Money work.
- We have identified an increased incentive and opportunity for organisations in the public sector to manipulate their financial statements due to increasing financial pressures. We have identified a significant risk with regard to management override of control.
- The Council's valuer reported a material uncertainty in regards to the valuation of properties in 2019/20 due to the COVID 19 pandemic and we expect uncertainty will continue in 2020/21 and beyond. We have identified a significant risk with regard to the valuation of properties.
- The 2019/20 financial statements for the Cheshire Pension Fund also included a material uncertainty disclosure in relation to the valuation of the property portfolio, and we expect uncertainty will continue in 2020/21 and beyond. We have identified a significant risk with regard to the valuation of the pension scheme net liability.

Introduction and headlines

Purpose

This document provides an overview of the planned scope and timing of the statutory audit of Halton Borough Council ('the Council') for those charged with governance.

Respective responsibilities

The National Audit Office ('the NAO') has issued a document entitled Code of Audit Practice ('the Code'). This summarises where the responsibilities of auditors begin and end and what is expected from the audited body. Our respective responsibilities are also set out in the agreed Terms of Appointment and Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA), the body responsible for appointing us as auditor of Halton Borough Council. We draw your attention to both of these documents.

Scope of our audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the:

- Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Committee); and
- Value for Money arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources.

The audit of the financial statements does not relieve management or the Audit and Governance Board of your responsibilities. It is the responsibility of the Council to ensure that proper arrangements are in place for the conduct of its business, and that public money is safeguarded and properly accounted for. We have considered how the Council is fulfilling these responsibilities.

Our audit approach is based on a thorough understanding of the Council's business and is risk based.

Materiality

We have determined planning materiality to be £7.42m (PY £5.42m) for the Council, which equates to 1.9% of your 2020/21 draft gross expenditure for the year. For Senior Manager remuneration disclosures we set a lower materiality of £32,000. We are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. Clearly trivial has been set at £0.37m (PY £0.27m).

Significant risks

Those risks requiring special audit consideration and procedures to address the likelihood of a material financial statement error have been identified as:

- Management override of controls
- Valuation of net pension fund liability
- Valuation of land and buildings

We will communicate significant findings on these areas as well as any other significant matters arising from the audit to you in our Audit Findings (ISA 260) Report.

Value for Money arrangements

Our risk assessment regarding your arrangements to secure value for money has not identified any risks of significant weakness. We have identified Mersey toll income and associated contract management as a particular area of VFM focus. We will continue to assess the Council's arrangements and will provide a commentary against all key lines of enquiry in the Auditor's Annual Report. Should we identify any further areas of significant weakness as part of our further work we will bring them to your attention.

Audit logistics

Audit planning has taken place during June to August 2021 and our final accounts audit will take place during September to November 2021. This is later than the government's opinion reporting deadline of 30 September 2021 due to the late completion of the 2019/20 audit and to provide sufficient time to address the significant audit risks set out in the Audit Plan. Our key deliverables are this Audit Plan, our Audit Findings Report and Auditor's Annual Report. Our audit approach is detailed in Appendix A.

Our fee for the audit will be £138,576 (PY: £95,576) for the Council, subject to the Council delivering a good set of financial statements and working papers.

We have complied with the Financial Reporting Council's Ethical Standard (revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements..

Significant risks identified

Significant risks are defined by ISAs (UK) as risks that, in the judgement of the auditor, require special audit consideration. In identifying risks, audit teams consider the nature of the risk, the potential magnitude of misstatement, and its likelihood. Significant risks are those risks that have a higher risk of material misstatement.

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Management over-ride of controls	<p>Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management over-ride of controls is present in all entities. The Authority faces external scrutiny of its spending and this could potentially place management under undue pressure in terms of how they report performance.</p> <p>We therefore identified management override of control, in particular journals, management estimates and transactions outside the course of business as a significant risk. This was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate the design effectiveness of management controls over journals • analyse the journals listing and determine the criteria for selecting high risk unusual journals • test unusual journals recorded during the year and after the draft accounts stage for appropriateness and corroboration • gain an understanding of the accounting estimates and critical judgements applied made by management and consider their reasonableness with regard to corroborative evidence • evaluate the rationale for any changes in accounting policies, estimates or significant unusual transactions.

Significant risks identified (continued)

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>ISA240 revenue and expenditure recognition risk</p>	<p><u>Revenue</u></p> <p>ISA (UK) 240 includes a rebuttable presumed risk that revenue recognition may be misstated due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud relating to revenue recognition.</p> <p>Having considered the risk factors set out in ISA 240 and the nature of the revenue streams at the Council, we have determined that the risk of fraud arising from revenue recognition can be rebutted because:</p> <ul style="list-style-type: none"> • there is little incentive to manipulate revenue recognition and opportunities to manipulate revenue recognition are very limited • the culture and ethical frameworks of local authorities, including Halton Council, mean that all forms of fraud are seen as unacceptable <p>Although the risk of fraud is rebutted, we recognise the risk of error in revenue recognition and this is addressed through the responses to risk detailed across.</p> <p><u>Expenditure</u></p> <p>In the public sector, whilst it is not a presumed significant risk, in line with the requirements of Practice Note (PN) 10: Audit of financial statements of public sector bodies in the United Kingdom - we also consider the risk of whether expenditure may be misstated due to the improper recognition of expenditure.</p> <p>This risk is rebuttable if the auditor concludes that there is no risk of material misstatement due to fraud relating to expenditure recognition.</p> <p>Based on our assessment we consider that we are able to rebut the significant risk in relation to expenditure, but will nevertheless, and in line with PN10, recognise the heightened inherent risk of 'other service expenditure' in our audit scoping and testing assessment.</p>	<p>N/A as rebutted.</p> <p>Despite revenue and expenditure recognition not being a significant risk we will still undertake the following procedures to ensure that revenue and expenditure included within the accounts is materially correct:</p> <ul style="list-style-type: none"> • evaluate the Council's accounting policy for income and expenditure recognition for appropriateness and compliance with the Code • update our understanding of the Council's system for accounting for income and expenditure and evaluating the design of relevant controls • undertake detailed substantive testing on the income and expenditure streams in 2020/21, including sample testing of material revenue and expenditure transactions • document our understanding of the full nature of additional Covid-19 related income and expenditure • review the accounting treatment of all new income and expenditure streams to confirm that they have been accounted for appropriately in line with the Code and accounting standards

Significant risks identified (continued)

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
Valuation of land and buildings	<p>Revaluation of land and buildings should be performed with sufficient regularity to ensure that carrying amounts are not materially different from those that would be determined at the end of the reporting period. I</p> <p>Additionally, valuations are significant estimates made by management in the accounts.</p> <p>Our 2019/20 opinion included an emphasis of matter paragraph drawing attention to disclosures included in the financial statements of a material uncertainty attached to property valuations as at 31 March 2020 due to the ongoing nature of the Covid-19 pandemic. This paragraph did not represent a modification of our audit opinion.</p> <p>We are not expecting material valuation uncertainty at 31 March 2021 although will revisit the position as part of the 2020/21 fieldwork audit.</p> <p>We have identified the valuation of land and buildings as a significant risk.</p>	<p>We will:</p> <ul style="list-style-type: none"> • evaluate management's processes and assumptions for the calculation of the estimate, the instructions issued to the valuation experts and the scope of their work • evaluate the competence, capabilities and objectivity of management's internal and external valuation expert • write to the internal and external valuer to confirm the basis on which the valuations were carried out • challenge the information and assumptions used by the valuers to assess completeness and consistency with our understanding • test a sample of valuations at 31 March 2021 to understand the information and assumptions used in arriving at any revised valuations • test revaluations made during the year to see if they had been input correctly into the Council's asset register • review whether the expert valuer has reported any material uncertainty in relation to property valuations as at 31 March 2021 and, if so, assess the impact on disclosures in the financial statements and on our audit opinion.

Significant risks identified (continued)

Risk	Reason for risk identification	Key aspects of our proposed response to the risk
<p>Valuation of the pension fund net liability</p>	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved and the sensitivity of the estimate to changes in key assumptions.</p> <p>Our 2019/20 opinion included an emphasis of matter paragraph drawing attention to disclosures included in the financial statements which reported that, due to the impact of Covid-19 on the global financial markets, the valuation of the Pension Funds' property portfolio was reported on the basis of material valuation uncertainty. This paragraph did not represent a modification of our audit opinion. We do not anticipate this uncertainty at 31 March 2021, however will revisit once the actuarial report is provided by management.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk, which was one of the most significant assessed risks of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"> • update our understanding of the processes and controls put in place by management to ensure that the Authority's pension fund net liability is not materially misstated and evaluate the design of the associated controls • evaluate the instructions issued by management to their management expert (an actuary) for this estimate and the scope of the actuary's work • assess the competence, capabilities and objectivity of the actuary who carried out the Authority's pension fund valuation • assess the accuracy and completeness of the information provided by the Authority to the actuary to estimate the liability • test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary • undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report • review whether the pension fund has reported any material uncertainty in relation to investment property valuations as at 31 March 2021 and, if so, assess the impact on disclosures in the financial statements and on our audit opinion • obtain assurances from the auditor of Cheshire Pension Fund as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements.

Accounting estimates and related disclosures

The Financial Reporting Council issued an updated ISA (UK) 540 (revised): *Auditing Accounting Estimates and Related Disclosures* which includes significant enhancements in respect of the audit risk assessment process for accounting estimates.

Introduction

Under ISA (UK) 540 (Revised December 2018) auditors are required to understand and assess an entity's internal controls over accounting estimates, including:

- The nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates;
- How management identifies the need for and applies specialised skills or knowledge related to accounting estimates;
- How the entity's risk management process identifies and addresses risks relating to accounting estimates;
- The entity's information system as it relates to accounting estimates;
- The entity's control activities in relation to accounting estimates; and
- How management reviews the outcomes of previous accounting estimates.

As part of this process auditors also need to obtain an understanding of the role of those charged with governance, which is particularly important where the estimates have high estimation uncertainty, or require significant judgement.

Specifically do Audit and Governance Board members:

- Understand the characteristics of the methods and models used to make the accounting estimates and the risks related to them;
- Oversee management's process for making accounting estimates, including the use of models, and the monitoring activities undertaken by management; and
- Evaluate how management made the accounting estimates?



Accounting estimates and related disclosures

Additional information that will be required

To ensure our compliance with this revised auditing standard, we will be requesting further information from management and those charged with governance during our audit for the year ended 31 March 2021.

Based on our knowledge of the Council we have identified the following material accounting estimates for which this is likely to apply:

- Valuations of land and buildings
- Depreciation
- Year end provisions and accruals
- Credit loss and impairment allowances
- Valuation of defined benefit net pension fund liabilities
- Fair value estimates
- Valuation of level 2 and level 3 investments

The Council's Information systems

In respect of the Council's information systems we are required to consider how management identifies the methods, assumptions and source data used for each material accounting estimate and the need for any changes to these. This includes how management selects, or designs, the methods, assumptions and data to be used and applies the methods used in the valuations.

When the models used include increased complexity or subjectivity, as is the case for many valuation models, auditors need to understand and assess the controls in place over the models and the data included therein. Where adequate controls are not in place we may need to report this as a significant control deficiency and this could affect the amount of detailed substantive testing required during the audit.

If management has changed the method for making an accounting estimate we will need to fully understand management's rationale for this change. Any unexpected changes are likely to raise the audit risk profile of this accounting estimate and may result in the need for additional audit procedures.

We are aware that the Council uses management experts in deriving some of its more complex estimates, e.g. asset valuations and pensions liabilities. However, it is important to note that the use of management experts does not diminish the responsibilities of management and those charged with governance to ensure that:

- All accounting estimates and related disclosures included in the financial statements have been prepared in accordance with the requirements of the financial reporting framework, and are materially accurate;
- There are adequate controls in place at the Council (and where applicable its service provider or management expert) over the models, assumptions and source data used in the preparation of accounting estimates.



Estimation uncertainty

Under ISA (UK) 540 we are required to consider the following:

- How management understands the degree of estimation uncertainty related to each accounting estimate; and
- How management address this estimation uncertainty when selecting their point estimate.

For example, how management identified and considered alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the point estimate used.

The revised standard includes increased emphasis on the importance of the financial statement disclosures. Under ISA (UK) 540 (Revised December 2018), auditors are required to assess whether both the accounting estimates themselves and the related disclosures are reasonable.

Where there is a material uncertainty, that is where there is a significant risk of a material change to the estimated carrying value of an asset or liability within the next year, there needs to be additional disclosures. Note that not all material estimates will have a material uncertainty and it is also possible that an estimate that is not material could have a risk of material uncertainty.

Where there is material estimation uncertainty, we would expect the financial statement disclosures to detail:

- **What the assumptions and uncertainties are;**
- **How sensitive the assets and liabilities are to those assumptions, and why;**
- **The expected resolution of the uncertainty and the range of reasonably possible outcomes for the next financial year; and**
- **An explanation of any changes made to past assumptions if the uncertainty is unresolved.**

Planning enquiries

As part of our planning risk assessment procedures we have made enquiries of management regarding key estimates and responses are to be presented to and agreed by the Audit and Governance Board. We would appreciate a prompt response to these enquires in due course.

Further information

Further details on the requirements of ISA (UK) 540 (Revised December 2018) can be found in the auditing standard on the Financial Reporting Council's website:

[https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-\(UK\)-540_Revised-December-2018_final.pdf](https://www.frc.org.uk/getattachment/0fa69c03-49ec-49ae-a8c9-cc7a2b65382a/ISA-(UK)-540_Revised-December-2018_final.pdf)

Other matters

Other work

In addition to our responsibilities under the Code of Practice, we have a number of other audit responsibilities, as follows:

- We read your Narrative Report and Annual Governance Statement to check that they are consistent with the financial statements on which we give an opinion and our knowledge of the Council.
- We carry out work to satisfy ourselves that disclosures made in your Annual Governance Statement are in line with requirements set by CIPFA.
- We carry out work on your consolidation schedules for the Whole of Government Accounts process in accordance with NAO group audit instructions.
- We consider our other duties under legislation and the Code, as and when required, including:
 - giving electors the opportunity to raise questions about your 2020/21 financial statements, consider and decide upon any objections received in relation to the 2020/21 financial statements;
 - issuing a report in the public interest or written recommendations to the Council under section 24 of the Local Audit and Accountability Act 2014 (the Act).
 - application to the court for a declaration that an item of account is contrary to law under section 28 or a judicial review under section 31 of the Act
 - issuing an advisory notice under section 29 of the Act
- We certify completion of our audit.

Other material balances and transactions

Under International Standards on Auditing, "irrespective of the assessed risks of material misstatement, the auditor shall design and perform substantive procedures for each material class of transactions, account balance and disclosure". All other material balances and transaction streams will therefore be audited. However, the procedures will not be as extensive as the procedures adopted for the risks identified in this report.

Going concern

As auditors, we are required to obtain sufficient appropriate audit evidence regarding, and conclude on:

- whether a material uncertainty related to going concern exists; and
- the appropriateness of management's use of the going concern basis of accounting in the preparation of the financial statements.

The Public Audit Forum has been designated by the Financial Reporting Council as a "SORP-making body" for the purposes of maintaining and updating Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (PN 10). It is intended that auditors of public sector bodies read PN 10 in conjunction with (ISAs) (UK).

PN 10 has recently been updated to take account of revisions to ISAs (UK), including ISA (UK) 570 on going concern. The revisions to PN 10 in respect of going concern are important and mark a significant departure from how this concept has been audited in the public sector in the past. In particular, PN 10 allows auditors to apply a 'continued provision of service approach' to auditing going concern, where appropriate. Applying such an approach should enable us to increase our focus on wider financial resilience (as part of our VfM work) and ensure that our work on going concern is proportionate for public sector bodies. We will review the Council's arrangements for securing financial sustainability as part of our Value for Money work and provide a commentary on this in our Auditor's Annual Report.

Progress against prior year audit recommendations

We identified the following issues in our 2019/20 audit of the Council's financial statements, which resulted in five recommendations being reported in our 2019/20 Audit Findings Report.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
TBC	<p>R1. Related parties</p> <p>The Council needs to ensure it completes a full assessment of all related parties when compiling its financial statements. It needs to follow the guidance in the Code and only reflect related parties where there is control, significant influence and the party is a member of the key management personnel of the reporting entity (Code 3.9.1).</p>	<p>Management confirm that the Code requirements have been revisited for 2020/21 and the disclosure is now compliant.</p> <p>Subject to audit.</p>
TBC	<p>R2. Cashflow statement</p> <p>The Council need to ensure it has a thorough process in place for compiling the cashflow statement in line with Code guidance.</p>	<p>Management confirm that the cashflow statement has been completed in line with the changes and recommendations made during the 2019/20 audit.</p> <p>Subject to audit.</p>
TBC	<p>R3. Land and buildings valuation</p> <p>The Council need to ensure it has a thorough process in place for obtaining valuations when required in line with Code guidance.</p>	<p>Management confirm that the matter is now addressed. Note that the Council is to move from a five yearly to a three yearly valuation cycle from 2021/22 to gain more assurance on the overall valuations.</p> <p>Subject to audit.</p>

Progress against prior year audit recommendations (continued)

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue
TBC	<p>R4. PFI future payments</p> <p>The future PFI commitments disclosures should be updated with RPI inflation uplifts to be consistent with the terms of the PFI agreements as set out in the operator models.</p>	<p>Management confirm that the PFI figures for Grange School and Mersey Gateway have been updated to uplift costs in line with inflation.</p> <p>Subject to audit.</p>
TBC	<p>R5. Financial statements working papers (VFM)</p> <p>Build on the improvements in the working papers seen for 2019/20 to assist prompt sample selection by the audit team.</p>	<p>Management have responded positively to the recommendation. We will revisit the recommendation once the finance team provide their audit working papers.</p>

Materiality

The concept of materiality

Materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law. Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Materiality for planning purposes

We have determined financial statement materiality based on a proportion of the gross expenditure of the Council for the financial year. In the prior year we used the same benchmark. Materiality at the planning stage of our audit is £7.42m (PY £5.42m) for the Council, which equates to 1.9% of your draft gross expenditure for the year. We design our procedures to detect errors in specific accounts at a lower level of precision which we have determined to be £32,000 for Senior Officer Remuneration (note 10).

We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality.

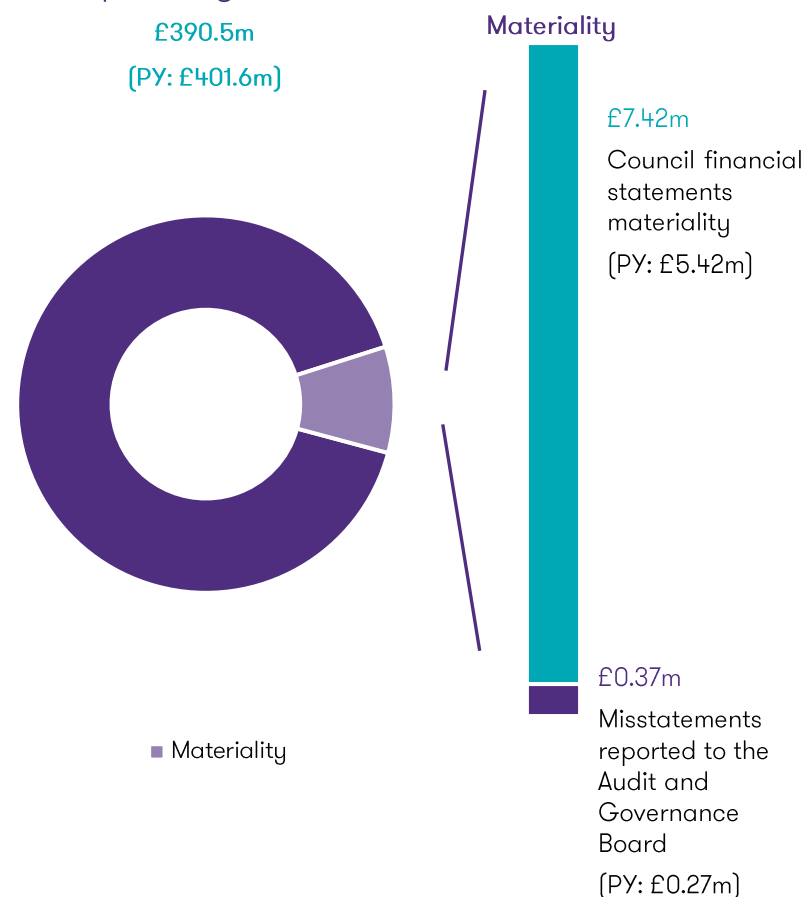
Matters we will report to the Audit Committee

Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit and Governance Board any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria. In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.37m (PY £0.27m).

If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit and Governance Board to assist it in fulfilling its governance responsibilities.

Draft 2020/21 gross operating costs

£390.5m
(PY: £401.6m)



Value for Money arrangements

Revised approach to Value for Money work for 2020/21

On 1 April 2020, the National Audit Office introduced a new Code of Audit Practice which comes into effect from audit year 2020/21. The Code introduced a revised approach to the audit of Value for Money. (VFM)

There are three main changes arising from the NAO's new approach:

- A new set of key criteria, covering financial sustainability, governance and improvements in economy, efficiency and effectiveness
- More extensive reporting, with a requirement on the auditor to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach
- The replacement of the binary (qualified / unqualified) approach to VFM conclusions, with far more sophisticated judgements on performance, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

The Code require auditors to consider whether the body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. When reporting on these arrangements, the Code requires auditors to structure their commentary on arrangements under three specified reporting criteria.

We have not identified any risks of significant weaknesses from our initial planning work. In addition to the core VFM review areas we will also be reviewing the collection rate of the Mersey Gateway bridge toll and the associated level of debt impairment, together with the contract management arrangements. We will continue our review of your arrangements, including reviewing your Annual Governance Statement, before we issue our Auditor's Annual Report.

Improving economy, efficiency and effectiveness

Arrangements for improving the way the body delivers its services. This includes arrangements for understanding costs and delivering efficiencies and improving outcomes for service users.

Financial Sustainability

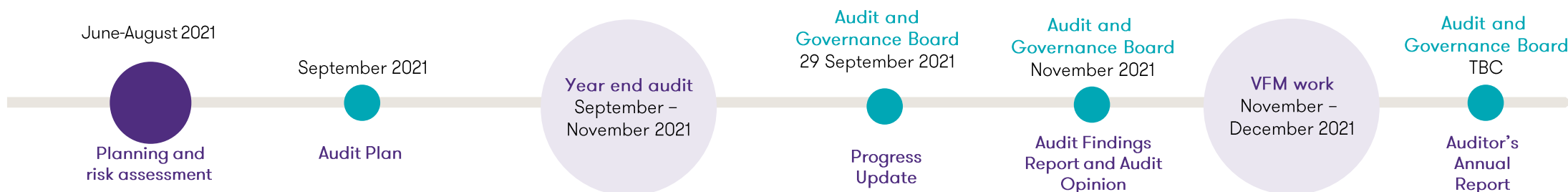
Arrangements for ensuring the body can continue to deliver services. This includes planning resources to ensure adequate finances and maintain sustainable levels of spending over the medium term (3-5 years)

Governance

Arrangements for ensuring that the body makes appropriate decisions in the right way. This includes arrangements for budget setting and management, risk management, and ensuring the body makes decisions based on appropriate information



Audit logistics and team



Michael Green, Engagement Lead

Leads our relationship with you and takes overall responsibility for the delivery of a high quality audit, meeting the highest professional standards and adding value to the Council.

Stephen Nixon, Senior Manager

Plans and manages the delivery of the audit including regular contact with senior officers.

Andrew McNeil, Assistant Manager

Key audit contact responsible for the day to day management and delivery of the audit work.

Audited body responsibilities

Where audited bodies do not deliver to the timetable agreed, we need to ensure that this does not impact on audit quality or absorb a disproportionate amount of time, thereby disadvantaging other audits. Where the elapsed time to complete an audit exceeds that agreed due to a client not meeting its obligations we will not be able to maintain a team on site. Similarly, where additional resources are needed to complete the audit due to a client not meeting their obligations we are not able to guarantee the delivery of the audit to the agreed timescales. In addition, delayed audits will incur additional audit fees.

Our requirements

To minimise the risk of a delayed audit, you need to ensure that you:

- produce draft financial statements of good quality by the agreed timetable you have agreed with us, including all notes, the Narrative Report and the Annual Governance Statement
- ensure that good quality working papers are available at the start of the audit, in accordance with the working paper requirements schedule that we have shared with you
- ensure that the agreed data reports are available to us at the start of the audit and are reconciled to the values in the accounts, in order to facilitate our selection of samples for testing
- ensure that all appropriate staff are available on site throughout (or as otherwise agreed) the planned period of the audit
- respond promptly and adequately to audit queries.

Audit fees

Across all sectors and firms, the 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. Within the public sector, where the FRC has responsibility for the inspection of local government audit, the regulator requires that all audits achieve a minimum level 2 (limited improvements required) rating.

As referred to on page 16, the 2020/21 Code introduces a revised approach to our VFM work. This requires auditors to produce a commentary on arrangements across all of the key criteria, rather than the current 'reporting by exception' approach. Auditors now have to make far more sophisticated judgements on performance, as well as issue key recommendations if any significant weaknesses in arrangements are identified during the audit. We will be working with the NAO and other audit firms to discuss and share learning in respect of common issues arising across the sector.

The new approach will be more challenging for audited bodies, involving discussions at a wider and more strategic level. Both the reporting, and the planning and risk assessment which underpins it, will require more audit time, delivered through a richer skill mix than in previous years. Our estimate is that for your audit, this will result in an increased fee of £26,939 (24%). This is in line with increases we are proposing at all our local audits.

Additionally, across all sectors and firms, the 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, as noted in the number of revised ISA's issued by the FRC that are applicable to audits of financial statements commencing on or after 15 December 2019, as detailed in Appendix 1..

As a firm, we are absolutely committed to meeting the expectations of the FRC with regard to audit quality and public sector financial reporting. Our proposed work and fee for 2020/21, as set out below, is detailed overleaf and has been agreed with the Operational Director - Finance.

	Actual Fee 2018/19	Actual Fee 2019/20	Proposed fee 2020/21
Halton Council Audit	£148,076	£111,637	£128,075
Total audit fees (excluding VAT)	£148,076	£111,637	£128,076

Assumptions

In setting the above fees, we have assumed that the Council will:

- prepare a good quality set of accounts, supported by comprehensive and well presented working papers which are ready at the start of the audit
- provide appropriate analysis, support and evidence to support all critical judgements and significant judgements made during the course of preparing the financial statements
- provide early notice of proposed complex or unusual transactions which could have a material impact on the financial statements.

Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC's [Ethical Standard \(revised 2019\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

Audit fees – detailed analysis

Scale fee published by PSAA (excluding VAT)	£81,076
<i>Increases to scale fee agreed in 2019/20</i>	
Raising the bar/regulatory factors	£3,500
Enhanced audit procedures for Property, Plant and Equipment	£5,000
Enhanced audit procedures for Pensions	£3,500
Reduction in materiality	£5,000
Covid-19 (non-recurring)	£13,561
Audit fee 2019/20 (excluding VAT)	£111,637
<i>New issues for 2020/21</i>	
Additional work on Value for Money (VfM) under new NAO Code	£20,000
Increased audit requirements of revised ISAs (further details in Appendix 1)	£15,000
Adjust for non-recurrent 19-20 items	£(18,561)
Total audit fee 2020/21 (excluding VAT)	£128,076
Increase in audit fee from 2019/20 to 2020/21	£16,439

Independence and non-audit services

Auditor independence

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant facts and matters that may bear upon the integrity, objectivity and independence of the firm or covered persons. relating to our independence. We encourage you to contact us to discuss these or any other independence issues with us. We will also discuss with you if we make additional significant judgements surrounding independence matters.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention. We have complied with the Financial Reporting Council's Ethical Standard (Revised 2019) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements. Further, we have complied with the requirements of the National Audit Office's Auditor Guidance Note 01 issued in May 2020 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

We confirm that we have implemented policies and procedures to meet the requirements of the Ethical Standard. For the purposes of our audit we have made enquiries of all Grant Thornton UK LLP teams providing services to the Council.

Other services

The following other services provided by Grant Thornton were identified.

The amounts detailed are fees agreed to-date for audit related and non-audit services to be undertaken by Grant Thornton UK LLP in the current financial year. These services are consistent with the Council's policy on the allotment of non-audit work to your auditors. Any changes and full details of all fees charged for audit related and non-audit related services by Grant Thornton UK LLP and by Grant Thornton International Limited network member Firms will be included in our Audit Findings report at the conclusion of the audit.








None of the services provided are subject to contingent fees.

Service	Fees £	Threats	Safeguards
Audit related			
Housing Benefits Subsidy Certification	16,000*	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £16,000 in comparison to the total fee for the audit of £138,576 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Teachers' Pension Agency Certification	5,300*	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £5,300 in comparison to the total fee for the audit of £138,576 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Non-audit related			
CFO insight licence fee (for the period 1 April to 24 May 2021)	1,683	Self-Interest (because this was a recurring fee)	The fee is a subscription, which expired on 24 May 2021 and is therefore high self interest. However the fee is negligible in comparison to the total fee for the audit and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	22,983*		* To be confirmed









Appendix 1: Revised Auditor Standards and application guidance

FRC revisions to Auditor Standards and associated application guidance



The following Auditing Standards and associated application guidance that were applicable to 19/20 audits, have been revised or updated by the FRC, with additional requirements for auditors for implementation in 2020/21 audits and beyond.

	Date of revision	Application to 2020/21 Audits
ISQC (UK) 1 – Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Service Engagements	November 2019	
ISA (UK) 200 – Overall Objectives of the Independent Auditor and the Conduct of an Audit in Accordance with International Standards on Auditing (UK)	January 2020	
ISA (UK) 220 – Quality Control for an Audit of Financial Statements	November 2019	
ISA (UK) 230 – Audit Documentation	January 2020	
ISA (UK) 240 – The Auditor’s Responsibilities Relating to Fraud in an Audit of Financial Statements	January 2020	
ISA (UK) 250 Section A – Consideration of Laws and Regulations in an Audit of Financial Statements	November 2019	
ISA (UK) 250 Section B – The Auditor’s Statutory Right and Duty to Report to Regulators of Public Interest Entities and Regulators of Other Entities in the Financial Sector	November 2019	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 260 – Communication With Those Charged With Governance	January 2020	
ISA (UK) 315 – Identifying and Assessing the Risks of Material Misstatement Through Understanding of the Entity and Its Environment	July 2020	
ISA (UK) 500 – Audit Evidence	January 2020	
ISA (UK) 540 – Auditing Accounting Estimates and Related Disclosures	December 2018	
ISA (UK) 570 – Going Concern	September 2019	
ISA (UK) 580 – Written Representations	January 2020	
ISA (UK) 600 – Special considerations – Audits of Group Financial Statements (Including the Work of Component Auditors)	November 2019	
ISA (UK) 620 – Using the Work of an Auditor’s Expert	November 2019	
ISA (UK) 700 – Forming an Opinion and Reporting on Financial Statements	January 2020	

Appendix 1: Revised Auditor Standards and application guidance continued

	Date of revision	Application to 2020/21 Audits
ISA (UK) 701 – Communicating Key Audit Matters in the Independent Auditor’s Report	January 2020	
ISA (UK) 720 – The Auditor’s Responsibilities Relating to Other Information	November 2019	
Practice Note 10: Audit of Financial Statements of Public Sector Bodies in the United Kingdom	December 2020	



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REPORT TO: Audit and Governance Board

DATE: 29 September 2021

REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources

PORTFOLIO: Resources

SUBJECT: External Audit of the 2020/21 Accounts (Verbal Update)

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 The Council's external auditor, Grant Thornton UK LLP will provide the Board with a verbal progress update regarding their audit of the Council's 2020/21 year-end accounts.

2.0 RECOMMENDATION: That the verbal update by the Council's external auditor Grant Thornton UK LLP, be received.

3.0 SUPPORTING INFORMATION

3.1 The Council's external auditor Grant Thornton UK LLP is currently undertaking their audit of the Council's 2020/21 year-end accounts and will provide the Board with a verbal progress update.

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 FINANCIAL IMPLICATIONS

5.1 None.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Children & Young People in Halton

None identified.

6.2 Employment, Learning & Skills in Halton

None identified.

6.3 A Healthy Halton

None identified.

6.4 A Safer Halton

None identified.

6.5 Halton's Urban Renewal

None identified.

7.0 RISK ANALYSIS

7.1 The Accounts and Audit Regulations require that the 2020/21 Statement of Accounts is certified by the External Auditor and published by 30 September 2021. As the audit will not be completed by this date, the Council will publish a notice at 30 September 2021 giving the reasons for the delay.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None identified.

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

9.1 There are none under the meaning of the Act.

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

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