

Public Document Pack



Audit and Governance Board

Wednesday, 24 November 2021 at 6.30
p.m.

Council Chamber - Town Hall, Runcorn

A handwritten signature in black ink that reads 'David W R'.

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 on 0151 511 8059 or e-mail
gill.ferguson@halton.gov.uk for further information.
The next meeting of the Board is on Wednesday, 23 March 2022*

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

Part I

Item No.	Page No.
1. MINUTES	1 - 4
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. CORPORATE RISK REGISTER BIENNIAL UPDATE 2021/22	5 - 52
4. PROCUREMENT OF EXTERNAL AUDIT SERVICES	53 - 55
5. EXTERNAL AUDIT UPDATE	56 - 74
6. INFORMING THE EXTERNAL AUDIT RISK ASSESSMENT	75 - 98
7. SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985	

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	99 - 215
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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, 29 September 2021 at the Council Chamber - Town Hall, Runcorn

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

Apologies for Absence: Councillor Whitley

Absence declared on Council business: None

Officers present: E. Dawson, I. Leivesley, M. Murphy and G. Ferguson

Also in attendance: Michael Green (Grant Thornton)

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

Action

AGB9 MINUTES

The Minutes of the meeting held on 7 July 2021 were taken as read and signed as a correct record.

AGB10 STANDARDS MATTERS

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which considered the arrangements for dealing with Standards matters following the decision of the Council on 14 July 2021 that this Board would assume the work of the former Standards Committee and that its terms of reference be amended as set out in Appendix 1 of the report.

In addition, the Board also noted the future arrangements for the Hearings Panel, which considered the outcome of formal investigations into complaints that Member or Parish Councillors may have broken the Code of Conduct. The Panel was to be retained on the same basis as the arrangements approved by Council and would now sit beneath the Board, with the 3 Members appointed ad hoc and as necessary from the membership of the Board. It was suggested that training could be given to Panel Members on the day of any necessary hearing.

RESOLVED: That Members approve the

arrangements as set out in the 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.

AGB11 CORPORATE RISK REGISTER BIENNIAL UPDATE 2021/22

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, on the bi-annual update of the Corporate Risk Register for 2021/22.

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

It was reported that the Risk Control Measures had been reviewed and updated in line with current changes within the Authority and as proposed by managers and stakeholders. The risks had been re-prioritised so that people, (the community and staff), took priority. These were set out in the report.

RESOLVED: That

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

AGB12 EXTERNAL AUDIT PLAN - 2020/21 YEAR-END

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which set out the 2020/21 year-end Audit Plan, presented by Grant Thornton UK LLP.

The Board was advised that the External Audit Plan was attached to the report and set out details of Grant Thornton's strategy and plan to deliver the 2020/21 audit of the Council's financial statements. It also provided details of their approach to the value for money conclusion.

RESOLVED: That the contents of the External Audit

Plan for 2020/21 year-end be noted.

AGB13 EXTERNAL AUDIT OF THE 2020/21 ACCOUNTS (VERBAL UPDATE)

The Board considered a report of the Strategic Director, Enterprise, Community and Resources, which provided an update from the external auditors regarding:

- Progress made in delivering their responsibilities as the Council's external auditors; and
- A summary of emerging national issues and developments that could be relevant to the work of the Board.

Michael Green, from external auditors Grant Thornton, attended the meeting to present the report and then dealt with Members' questions.

It was anticipated that the external audit of accounts would be completed by January 2022.

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

AGB14 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.

AGB15 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 7 July 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 last update in July, Members were advised that most of the work on the 2020/21 Audit Plan was now complete. The remaining audit work from 2020/21 was in progress and nearing completion.

Appended to the report were copies of the finalised 13 audit reports since the last progress report to the Board in July. The report summarised the opinions from the audits covered in this progress report.

Arising from the discussion, the Board expressed concern at the outcome of the audit report on Local Authority Day Care Provision. A report on this audit report would be presented to a future meeting of the Executive Board.

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

Meeting ended at 7.40 p.m.

REPORT TO:	Audit Governance Board
DATE:	24 November 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 a progress commentary 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 half yearly monitoring reports to be reviewed and updated at mid-year 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, half yearly monitoring reports 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 are:
- i. Coronavirus (25:20)
 - ii. Delivery of Services to Vulnerable Adults (20:16)
 - iii. Safeguarding Children and Adults (25:16)
 - iv. Health & Wellbeing (20:16)
 - v. Education (16:16)
 - vi. Cyber Risk (25:20)
 - vii. Data Protection (25:15)
 - viii. Capacity and Resilience (20:16)
 - ix. Council Finances (25:20)
 - x. Making 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) and
 - 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. Council Finances 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**

Table of Contents

1. Risk – COVID-19	4
2. Risk – Delivery of Services to Vulnerable Adults	8
3. Risk – Safeguarding Children and Adults	10
4. Risk – Health & Wellbeing.....	12
5. Risk – Education	15
6. Risk – Cyber Risk	19
7. Risk – Data Protection.....	20
8. Risk – Capacity and Resilience.....	22
9. Risk – Council Finances.....	24
10. Risk – Keeping Halton’s Community Safe.....	27
11. Risk – Changes to Governance Arrangements.....	29
12. Risk – Mersey Gateway.....	30
13. Risk – Community Expectations.....	32

14. Risk – Partnerships.....34

15. Risk – Fraud.....36

16. Risk – Funding and Income Generation.....38

Appendix ‘A’ – Scoring Mechanism.....43

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

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. Key Emergency Plans and documentation are held within this area. 	5	4	20	Daily/Weekly/Monthly as situation evolves/rises/reduces	Chief Executive (David Parr)

<ul style="list-style-type: none"> • The Chief Executive and Senior Management continue to lead on the response and recovery. • The authority takes part in a number of teleconferences led by the Cheshire Resilience Forum i.e. Strategic and Tactical Group Teleconferences. Local Authority Public Health Team attend a number of these meetings. • Data and information is shared by key organisations and MHCLG to ensure the local authority have the correct level of information to protect and support the community. • As part of the response and recovery, the Chief Executive has a dedicated agenda item to cover COVID-19 matters at the weekly Management Team meeting. The aim is to assess risk, resilience and progress work programme items. • 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 Resilience 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 continue to take part in a number of health teleconferences. • Information and actions generated from these teleconferences are shared appropriately. 				
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<ul style="list-style-type: none"> • 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 CEV/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. Data Registers continue to be received by the authority regarding the CEV individuals. • 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 opening of schools. • Local Outbreak Plan and Local Outbreak Hub in place. 			
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<ul style="list-style-type: none"> • Implement actions in Business Continuity Plan, where staff levels fall below acceptable levels in priority service area to maintain service delivery. • Plans for staff returning to use workspaces from Sept/Oct 2021 are within the limits of COVID-secure guidelines. 					
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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)
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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	4 (changed from 5)	16 (changed from 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 and fully implemented 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. • Vaccinations programme progressing well with plans to be developed in relation to mandatory vaccinations. 					
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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 now available for residents and visiting professionals. 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. Advocacy have implemented interim measures regarding their approach during the Pandemic. 5. 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. 6. Mandatory vaccination programme in process of being implemented. 					
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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

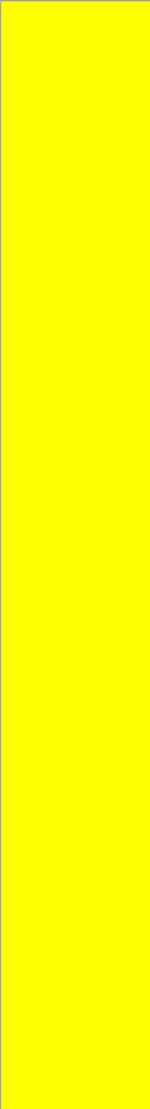
Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> Ensuring that the council adequately fulfils its requirement to protect and promote 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	Interim Director of Public Health (Ifeoma Onyia)

<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 mangement 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.
- All of the above to be updated as per changes in government guidance.



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>	4 (changed from 5)	4	16 (changed from 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 now fully reopened, but issues remain where school staff test positive but have not been vaccinated and have to self-isolate, impacting upon staffing at the school, ability to deliver the curriculum to pupils, and potentially impacting upon the school's budget through the use of agency/supply staff. 	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">• All schools have been provided with access to a range of resources which includes Oak Academy, National Tutoring and other online resources if needed.• Schools and educational provisions to engage in EEF programmes; NCETM or wider intervention strategies to support progress and attainment for children and young people.• 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 wellbeing e.g. 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.					
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COVID-19

- School staff and parents/pupils are requested to follow Public Health England, and Central Government advice and guidance
- Schools have been asked to review and revise their risk assessments.
- LA officers and Public Health colleagues continue to regularly update all educational establishments on advice, support, guidance and legislation, and provided standard letters at the beginning of the autumn term 2021 for schools, colleges, and early years providers to issue to parents.
- All schools and educational provisions to ensure children and young people are supported with return to school; smooth transition and PHSE.
- 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 (Public Health/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 where this is required (now a reduced requirement due to full reopening of schools, early years settings, and the college).
- 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.

<ul style="list-style-type: none">• 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

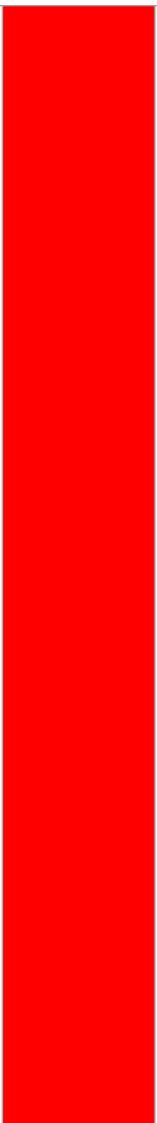
be done in a controlled way through implementation of a 'Future Work Programme', sponsored by Management Team and delivered in a structured way using programme management principles.



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 will announce the outcome of their spending review on 27th October 2021 and have indicated that this will cover a three year period, which will be helpful in supporting the development of thhe Medium Term Financial Strategy. The Council will contribute to submissions to the spending review from LCR and Sigoma as well as our own submission.</p> <ul style="list-style-type: none">• Government have announced plans regarding the funding of Health & Social Care which will form part of the spending review, the details of which will be assessed once received to identify the full implications for the Council.• 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					
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<p>income losses. Overall spending has been closely managed in order to mitigate the potential net overspend by year-end</p> <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 					

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.

COVID 19

- 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

Conclusion of Construction Phase to Subsequent Operating Phase

- 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



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 Audit and Governance 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 Review team structures and redeploy staff to respond to emerging funding streams e.g. housing, climate change and town centre funding. 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 	3	4	12	6 monthly	All Strategic Directors

<p>identify funding requirements; regularly signposts Council services to specific funding streams</p> <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 and has been made permanent. • 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, the current draft criteria appear to disadvantage Halton. 	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
10.1		01.09.21	Progress Commentary	

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: 24 November 2021

REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources

PORTFOLIO: Corporate Services

SUBJECT: Procurement of External Audit Services

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 The contract for the provision of the Council's external audit services expires on 31st March 2023. This report outlines options available regarding the procurement process and proposes that Council be asked to approve the recommended option.

2.0 RECOMMENDATION: That Council be recommended to approve opting-in to the sector-led procurement by Public Sector Audit Appointments, for the provision of external audit services for the five years commencing 1 April 2023.

3.0 SUPPORTING INFORMATION

- 3.1 The Local Audit and Accountability Act 2014 abolished the Audit Commission and external audit contracts for councils were thereafter procured from private sector providers.
- 3.2 In 2016 the Council joined a sector-led procurement of external auditors to be undertaken by Public Sector Audit Appointments (PSAA). PSAA is an independent, not-for-profit company limited by guarantee, established by the Local Government Association to procure and manage external audit contracts on behalf of councils.
- 3.3 Over 98% of councils nationally joined the PSAA arrangement. Following the procurement exercise Grant Thornton UK LLP were appointed as the Council's external auditors for five years until 31st March 2023.
- 3.4 The procurement of external audit services is a lengthy process and it is therefore necessary to now begin the procurement process, to secure these services from 1st April 2023 onwards.

- 3.5 The Secretary of State has confirmed that PSAA can once again undertake the role of procuring external audit services on behalf of councils on a national basis.
- 3.6 The options available to the Council are as follows;
- (i) To opt-in to the national procurement arrangements to be led by PSAA.
 - (ii) To undertake the procurement of external audit services alone.
 - (iii) To undertake the procurement of external audit services with other councils on a regional or other basis.
- 3.7 Options (ii) and (iii) would require considerable resources on the part of the Council, to undertake the procurement process, evaluate the tender bids and subsequently manage and monitor the contract over the five year period. It would also be necessary to establish an Auditor Panel with an independent Chair, to oversee the procurement process.
- 3.8 It is considered unlikely that options (ii) and (iii) would deliver a more cost effective outcome for the Council, as providers will benefit from significant economies of scale under the national arrangement.
- 3.9 PSAA successfully procured and managed the current external audit contracts for over 98% of councils, including Halton. They have the technical audit and procurement expertise required and have a significant track record in this respect. It is anticipated that PSAA will build upon their experience of the current contracts, to continue to develop external audit services which are appropriate to councils' needs.
- 3.10 For these reasons it is proposed that the Council once again opts-in to the national procurement arrangements to be operated by PSAA.
- 3.11 Regulations require that the decision to opt-in to the PSAA procurement must be approved by Council. The final deadline for opting-in to the PSAA arrangement is 11 March 2022.

4.0 POLICY IMPLICATIONS

- 4.1 None.

5.0 FINANCIAL IMPLICATIONS

- 5.1 PSAA will consult councils annually on the external audit scale fees it is proposed to adopt for external audit contracts.

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 Local Audit and Accountability Act 2014 requires relevant authorities such as the Council, to appoint a local external auditor to audit its accounts for a financial year not later than 31 December in the preceding year. The proposal would secure continued external audit services for the Council for five years from 1 April 2023.

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

Document	Place of Inspection	Contact Officer
Local Audit & Accountability Act 2014	Audit, Procurement & Operational Finance Division, Halton Stadium, Widnes	Merv Murphy

REPORT TO: Audit and Governance Board

DATE: 24 November 2021

REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources

PORTFOLIO: Corporate Services

SUBJECT: External Audit 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 progress update regarding the audit of the 2020/21 year-end accounts and also wider audit matters, as set out in the Appendix.

2.0 RECOMMENDATION: That the progress 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 the audit of the Council's 2020/21 year-end accounts. The report presented in the Appendix provides the Board with an update on progress with the audit.

3.2 The Appendix also provides a summary of emerging national issues which may be of relevance to the Council and a number of "challenge questions" in respect of these emerging issues which the Board may wish to consider.

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**
- 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 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 was not completed by this date, the Council has published a notice 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.

Halton Borough Council Audit Progress Report and Sector Update

Year Ended 31 March 2021

12 November 2021



Contents

Section	Page
Introduction	3
Audit Deliverables	4
Progress at November 2021	5
Sector Update	6

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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Introduction

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This paper provides the Audit and Governance Board with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

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

Members of the Audit and Governance Board can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk

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

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p data-bbox="120 408 264 435">Audit Plan</p> <p data-bbox="120 456 1328 555">We are required to issue a detailed audit plan to the Audit and Governance Board setting out our proposed approach in order to give an opinion on the Council's 2020/21 financial statements and the Auditor's Annual Report on the Councils Value for Money arrangements.</p>	September 2021	Complete
<p data-bbox="120 584 421 611">Audit Findings Report</p> <p data-bbox="120 632 1245 695">We plan to complete our audit by 31 January 2022 with the Audit Findings Report to be presented to the following March 2022 Audit and Governance Board.</p>	March 2022	Not yet due
<p data-bbox="120 724 338 751">Auditors Report</p> <p data-bbox="120 772 734 799">This is the opinion on your financial statements.</p>	March 2022	Not yet due
<p data-bbox="120 844 887 871">NAO whole of governance accounts consolidation audit</p> <p data-bbox="120 892 1361 991">NAO require an auditor assurance statement regarding the Authority's balances for the purpose of whole of government accounts consolidation. The NAO have not confirmed the deadline for this work due to technical issues regarding data collection tools.</p>	TBC	Not yet due
<p data-bbox="120 1019 450 1046">Auditor's Annual Report</p> <p data-bbox="120 1067 1155 1094">This Report communicates the key issues arising from our Value for Money work.</p>	March 2022	Not yet due

Progress at November 2021

Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in the summer of 2021. This included a review of your financial systems and controls and risk assessment based upon conversations with senior officers and reviewing committee minutes and papers.

The results of our audit planning and our audit strategy were contained in our Audit Plan which was presented to the Audit and Governance Board in September 2021.

The Accounts and Audit (Amendment) Regulations 2021 pushed back the date by which principal authorities were required to publish their draft financial statements to the first working day of August. The date by which authorities are required to publish audited financial statements was set as 30 September 2021.

Management provided draft financial statement by the statutory deadline. As explained in our Audit Plan, we plan to conclude our audit of the accounts in January 2022, and report to the March Board. This is later than the date set by the Regulations and is due to the recognised resource constraints which is common across public sector audit firms

The financial statements audit started in November 2021, working remotely due to the constraints of the Covid-19 pandemic. Weekly meetings via TEAMS are in progress between the finance and audit teams which are helpful in tracking progress.

Audit progress to date is as planned with no matters arising or delays to report to the Board.

Details of audit progress is contained at page 6.

Value for Money

The new Code of Audit Practice (the “Code”) came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor’s Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies, auditors are required to issue an Auditor’s Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline is now no more than three months after the date of the opinion on the financial statements.

Initial VFM planning has been undertaken and detailed enquiries shared with management. We propose to complete the VFM review during January and February 2022 and to report our findings in the Auditor’s Annual Report to the Audit and Governance Board in March 2022.

Progress at November 2021 (continued)

The following audit progress has taken place:

	Work performed	Commentary
Initial planning	<ul style="list-style-type: none"> • Review of key committee minutes and papers • Meeting with senior officers • Walkthrough of key financial systems and updating our knowledge of controls • Review of internal audit reports • Consideration of management's financial statement estimation processes • Consideration of management's arrangements to address the risk of fraud and to comply with relevant laws and regulations 	Our review of has not identified any weaknesses which impact on our audit approach. We have requested specific representations from management regarding key estimations in the financial statements, arrangements to address the fraud risk and to comply with laws and regulations. This will be shared with members of the Audit and Governance Board once available.
Initial review of draft financial statements	We have performed initial procedures including mathematical accuracy, compliance with disclosure requirements, internal consistency checks	The draft statements are prepared to a good standard with only a small number of follow up queries referred to management.
Sample testing	<p>Samples have been prepared and issued to management in the following areas:</p> <ul style="list-style-type: none"> • Expenditure (including cut off) • Income (including cut off) • Payroll started and leavers (responses received) • Journal testing (responses received) • Housing Benefit expenditure • Property, plant and equipment additions • Property, plant and equipment revaluations • Grant income 	<p>At the time of writing, the audit is at an early stage although good progress is being made. Further samples are being prepared and will be issued in the next few days.</p> <p>We are awaiting responses to audit confirmations from the Council's property valuers.</p>
Value for Money	Initial value for money risk assessment has taken place. A detailed schedule of areas of audit focus has been shared with management and meetings are arranged to progress the audit.	No matters to report

Progress at November 2021 (continued)

Other areas

Whole of Government Accounts Certification 2019/20

Our audit work is complete but we have been unable to issue the assurance statement to the NAO until management resolve a technical matter regarding updating their data return. Once resolved we will complete our assurance statement and certify the 2019/20 audit as complete.

Certification of claims and returns

We certify the Council's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2020/21 claim commenced in October 2021 and the certification deadline is 31 January 2022.

We certify the Authority's annual Teachers' Pensions return in accordance with procedures agreed with Teachers' Pensions. The certification work for the 2020/21 began in October 2021 and is due to complete in the next few weeks

Meetings

We have continued to hold discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective.

Events

We provide a range of workshops, along with network events for members and publications to support the Council. Your officers attended our Financial Reporting Workshop in February, which helped to ensure that members of your Finance Team were up to date with the latest financial reporting requirements for local authority accounts.

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

Audit Fees

During 2017, PSAA awarded contracts for audit for a five year period beginning on 1 April 2018. 2020/21 is the third year of that contract. Since that time, there have been a number of developments within the accounting and audit profession. Across all sectors and firms, the Financial Reporting Council (FRC) has set out its expectation of improved financial reporting from organisations and the need for auditors to demonstrate increased scepticism and challenge and to undertake additional and more robust testing.

Our work in the Local Government sector in 2018/19 and 2019/20 has highlighted areas where financial reporting, in particular, property, plant and equipment and pensions, needs to improve. There is also an increase in the complexity of Local Government financial transactions and financial reporting. This combined with the FRC requirement that all Local Government audits are at or above the "few improvements needed" (2A) rating means that additional audit work is required.

We have reviewed the impact of these changes on both the cost and timing of audits. We have discussed this with your s151 Officer including any proposed variations to the Scale Fee set by PSAA Limited, and these have communicated with the Audit and Governance Board in the Audit Plan.

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

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

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

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

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

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

Public Sector

Local
government

Insight into accounting for grants in local government financial statements – Grant Thornton

The government has provided a range of financial support packages throughout the COVID-19 pandemic.

We have issued a brief bulletin aimed at helping local government bodies identify the key things they should consider when determining the accounting treatment for these grants in their financial statements for 2020/21.

There are no changes to the accounting treatment for grants as required by the CIPFA Code of Practice on Local Authority Accounting. What has changed, is the extent of additional funding to support the cost of services, to offset other income losses along with grant packages to be paid out to support local business. Local authorities need to consider the nature and terms of the various COVID-19 measures in order to determine whether there is income and expenditure to be recognised in the Comprehensive Income and Expenditure Statement in 2020/21.

The report highlights the factors to consider, including:

- Where the funding is to be transferred to other parties, is the authority acting as principal or as agent?
- Are there grant conditions outstanding?
- Is the grant a specific or non-specific grant?

Our bulletin provides you with links to further information on the various support packages and summarises features that may be relevant to your judgements as you determine the appropriate accounting treatment.

Local authorities need to demonstrate their judgements on the accounting treatment to be reasonable and soundly based and, where these have a significant effect on the accounts, to ensure they include sufficient disclosures to meet the requirements of IAS 1:122.

Please ask your audit manager for the full report:



What can be learned from Public Interest Reports? – Grant Thornton

2020 will be remembered as a tumultuous year in local government, with the pandemic creating unprecedented pressure on the sector. It also saw the appearance of two Public Interest Reports (PIRs), followed by another in January this year – the first to be issued in the sector since 2016. PIR's can be issued by local auditors if there are significant concerns around council activity, such as major failings in finance and governance.

The recent PIRs have made headlines because, up to this point, very few have ever been issued. But, as our latest report “Lessons from recent Public Interest Reports” explores, all three illustrate some of the fundamental issues facing the wider sector and provide a lesson for all local authorities around: weaknesses in financial management; governance and scrutiny practices; and council culture and leadership; which, when combined, can provide fertile ground for the kind of significant issues we might see in a PIR.

The COVID-19 pandemic highlighted four essential factors we probably always knew about local government, have often said, but which are now much better evidenced:

- 1) Local government has provided fantastic support to its communities in working with the NHS and other partners to deal with the multifaceted challenges of the pandemic.
- 2) Britain's long centralised approach to government has been exposed to some degree in terms of its agility to tailor pandemic responses to regional and local bodies. This is recognised by the current government who continue to pursue the options for devolution of powers to local bodies. Track and Trace delivered centrally has not been as successful as anticipated and, according to government figures, local interventions have had more impact.

- 3) Years of reduced funding from central government have exposed the underlying flaws in the local authority business model, with too much reliance on generating additional income.
- 4) Not all authorities exercise appropriate care with public money; not all authorities exercise appropriate governance; and not all authorities have the capability of managing risk, both short and long term. Optimism bias has been baked into too many councils' medium-term plans.

The PIRs at Nottingham City Council (August 2020), the London Borough of Croydon (October 2020), and Northampton Borough Council (January 2021) are clear illustrations of some of the local government issues identified above. The audit reports are comprehensive and wide-ranging and a lesson for all local authorities. Local authorities have a variety of different governance models. These range from elected mayor to the cabinet and a scrutiny system approach, while others have moved back to committee systems. Arguments can be made both for and against all of these models. However, in the recent PIR cases, and for many other local authorities, it's less about the system of governance and more about how it operates, who operates it and how willing they are to accept scrutiny and challenge.

There are a number of lessons to be learned from the recent PIR reports and these can be broken down into three key areas which are explored further in our report:

- 1) The context of local government in a COVID-19 world
- 2) Governance, scrutiny, and culture
- 3) Local authority leadership.

The full report is available here:

[Lessons from recent Public Interest Reports | Grant Thornton](#)

Annual Transparency Report – Grant Thornton

As auditors of several listed entities as well as nearly one hundred major local audits, we are required as a firm to publish an annual transparency report.

The report contains a variety of information which we believe is helpful to audit committees as well as wider stakeholders. The Financial Reporting Council (FRC) in their thematic review of transparency reporting noted that they are keen to see more Audit Committee Chairs actively engaging and challenging their auditors on audit quality based on the information produced in Transparency reports on a regular basis. We agree with the FRC and are keen to share our transparency report and discuss audit quality with you more widely.

The transparency report provides details of our:

- Leadership and governance structures
- Principle risks and Key Performance Indicators
- Quality, risk management and internal control structure
- Independence and ethics processes
- People and culture
- Compliance with the Audit Firm Governance code and EU Audit directive requirements

We have made significant developments in the year as part of our Local Audit Investment Plan to improve our audit quality. We welcome an opportunity to discuss these developments and our transparency report should you wish.



The full report is available here:

[Transparency report 2020 \[grantthornton.co.uk\]](https://www.grantthornton.co.uk/transparency-report-2020)

Local government finance in the pandemic – National Audit Office

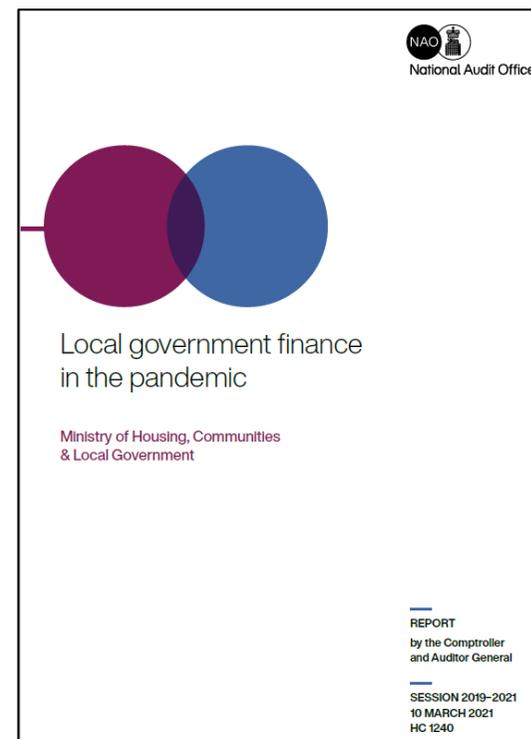
The National Audit Office (NAO) report, published in March, notes “The COVID-19 pandemic has been an unprecedented public health and economic emergency. Local authorities in England have made a major contribution to the national response to the pandemic, working to protect local communities and businesses, while continuing to deliver existing services. The pandemic has in turn placed significant pressure on local authorities’ finances, which in many cases were already under strain going into the pandemic.”

The NAO report examines if the Department’s approach to local government finance in the COVID-19 pandemic enabled it to assess and fund the costs of new services which local authorities have been asked to deliver. It also examines whether the Department fulfilled its responsibilities in securing financial sustainability across the sector.

The NAO report concludes “Steps taken by the government, led by the Department, have supported local authorities in the COVID-19 pandemic response. The Department’s successful monthly collection of data and continued intensive engagement with the sector provided a good evidence base to underpin the financial and other support provided by government. Action by the Department and wider government to support the sector has averted system-wide financial failure at a very challenging time and means that the Department has managed the most severe risks to value for money in the short term.

However, the financial position of local government remains a cause for concern. Many authorities will be relying on reserves to balance their 2020-21 year-end budgets. Despite continuing support into 2021-22 the outlook for next year is uncertain. Many authorities are setting budgets for 2021-22 in which they have limited confidence, and which are balanced through cuts to service budgets and the use of reserves.”

The NAO report found that “the combined impact on spending and non-tax income in 2020-21 is £9.7bn – equivalent to 17.6% of revenue expenditure. So far the government has announced £9.1bn of financial support, leaving a deficit of £605m.”



The full report can be obtained from the NAO website:

[Local government finance in the pandemic - National Audit Office \(NAO\) Report](#)

Local authority Covid-19 pressures - MHCLG

Outturn figures from the Ministry for Housing, Communities and Local Government (MHCLG) show that local authorities in England reported additional cost pressures of £12.8bn relating to Covid-19 in 2020-21. Overall, local authorities spent £7.2bn responding to the pandemic last year, with the largest share of additional expenditure going on adult social care services at £3.2bn.

Additional expenditure due to COVID-19 by class and service area (£ millions) (2020-21)						
	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Adult Social Care – total	0.473	1,254.880	848.656	663.404	413.842	3,181.254
Children's social care - total (excluding SEND)	0.000	94.933	131.127	89.799	62.987	378.846
Housing - total (including homelessness services) excluding HRA	63.129	5.254	74.949	42.281	112.971	298.584
Environmental and regulatory services - total	33.564	68.097	67.512	66.704	63.556	299.433
Finance & corporate services - total	48.222	53.445	83.984	76.923	78.284	340.858
All other service areas not listed in rows above	184.550	634.578	584.924	564.737	395.137	2,363.926
Total	329.937	2,111.187	1,791.153	1,503.848	1,126.777	6,862.902



The figures are available in full here: <https://www.gov.uk/government/publications/local-authority-covid-19-financial-impact-monitoring-information>

Income losses due to COVID-19 by class and source of income (£ millions) (2020-21)						
	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Business rates	276.498	0.000	194.192	207.351	537.667	1,215.708
Council tax	399.037	0.000	217.633	191.219	232.727	1,040.616
Sales fees and charges	516.426	194.923	553.907	396.745	475.728	2,137.728
Commercial income	82.448	24.159	120.629	204.211	52.154	483.600
Other	33.494	39.947	27.163	53.664	45.166	199.435
Total	1,307.903	259.029	1,113.524	1,053.190	1,343.441	5,077.087

Good practice in annual reporting – National Audit Office

The National Audit Office (NAO) state that the guide, launched in February, “Sets out our good practice principles for good annual reporting and provides illustrative examples taken from public sector organisations who are leading the way in this area.

The guide draws on examples of good practice from within each of the six sections of an Annual Report:

- Strategy
- Risk
- Operations
- Governance
- Measures of success
- Financial performance

The NAO also state that the guide “provides further examples where bodies have made their context more understandable to the reader through use of graphics and clear language and signposting.”

However, The NAO observe “Done well, reporting in the public sector enables the public and Parliament to understand – with ease and confidence – an organisation’s strategy and the risks it faces, how much taxpayers’ money has been spent and on what, and what has been achieved as a result.”

Further, the NAO note “The significant impacts of the pandemic emerged in the UK in mid-March 2020. This means that, for many organisations, the reporting impact will be greater in 2020-21 than in the prior year. Transparent annual reporting will help stakeholders understand the impact of COVID-19 on an organisation’s strategy, plans and operational and financial performance.”



The full report can be obtained from the NAO website:

<https://www.nao.org.uk/report/good-practice-in-annual-reports-february-2021/>

Government response to Redmond review – MHCLG

Government has published an update on the Ministry of Housing, Communities & Local Government response to Sir Tony Redmond’s independent review into the effectiveness of external audit and transparency of financial reporting in local authorities.

The MHCLG press release states “The Audit, Reporting and Governance Authority (ARGA) – the new regulator being established to replace the Financial Reporting Council (FRC) – will be strengthened with new powers over local government audit, protecting public funds and ensuring councils are best serving taxpayers.

The new regulator, which will contain a standalone local audit unit, will bring all regulatory functions into one place, to better coordinate a new, simplified local audit framework.

ARGA will continue to act as regulator and carry out audit quality reviews as the FRC does now. It will now also provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice – the guidelines councils are required to follow.

The government has confirmed that the Public Sector Audit Appointments (PSAA) will continue as the appointing body for local audit, in charge of procurement and contract management for local government auditors.

In the immediate term, MHCLG will set up and chair a Liaison Committee, which will comprise senior stakeholders across the sector that will oversee the governance of the new audit arrangements and ensure they are operating effectively.”

The press release goes on to state the “measures finalise the government’s response to Sir Tony Redmond’s independent review into local audit, carried out last year.

The government has already announced £15 million to support councils with additional costs in audit fees, and recently consulted on the distribution of this funding. Government is also consulting on improving flexibility on audit fee setting and has extended the deadline for when councils must publish their audited accounts.



The press release can be found here:

<https://www.gov.uk/government/news/government-publishes-update-to-audit-review-response>

Councils given power to build more homes for first time buyers and for social rent – MHCLG

The Ministry of Housing, Communities & Local Government (MHCLG) has announced that councils in England will have more freedom on how they spend the money from homes sold through Right to Buy to help them build the homes needed in their communities.

The MHCLG press release states the “package will make it easier for councils to fund homes using Right to Buy receipts, including homes for social rent, and give them greater flexibility over the types of homes they provide to reflect the needs of their communities.

It will also give councils more time to use receipts and to develop ambitious building programmes. The government wants homes supplied using Right to Buy receipts to be the best value for money, and to add to overall housing supply, to help towards delivering 300,000 new homes a year across England by the mid-2020s.”

The press release goes on to note “New measures include:

- extending the time councils have to spend Right to Buy receipts from 3 years to 5 years
- increased cap on the percentage cost of new homes councils can fund from Right to Buy receipts raised from 30% to 40% per home, making it easier to build replacement homes
- allowing receipts to be used for shared ownership, First Homes, as well as affordable and social housing, to help councils build the homes their communities need
- introducing a cap on the use of Right to Buy receipts for acquisitions to help drive new supply.”



The press release can be found here:

<https://www.gov.uk/government/news/councils-given-power-to-build-more-homes-for-first-time-buyers-and-for-social-rent>



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REPORT TO: Business Efficiency Board
DATE: 24 November 2021
REPORTING OFFICER: Strategic Director – Enterprise, Community & Resources
PORTFOLIO: Corporate Services
SUBJECT: Informing the External Audit Risk Assessment
WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 To present the draft response to the annual letter from Grant Thornton, the Council's external auditors, regarding their year-end audit of accounts work.

2.0 RECOMMENDATION: That the draft responses shown in the Appendix be provided to the Council's external auditors.

3.0 SUPPORTING INFORMATION

3.1 International Auditing Standards require the Council's external auditors, Grant Thornton, to seek an understanding of how those charged with governance within the Council (ie. the Audit and Governance Board) gain assurance regarding management processes and arrangements, in the context of the year-end audit of accounts.

3.2 The Appendix presents draft responses to a number of questions contained in a letter from Grant Thornton, which it is proposed to provide to assist with the year-end audit of accounts.

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 and Young People in Halton**

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

6.3 **A Healthy Halton**

6.4 A Safer Halton

6.5 Halton's Urban Renewal

There are no implications for any of the Council's priorities listed above.

7.0 RISK ANALYSIS

7.1 The responses to the questions in the Appendix set out the arrangements that the Council has in place to manage the risk of fraud and to ensure that the Council complies with relevant laws and regulations.

8.0 EQUALITY AND DIVERSITY ISSUES

8.1 None.

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

9.1 None under the meaning of the Act.

Informing the Audit Risk Assessment 2020/21

Auditor Question	Management Response
General Enquiries	
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2020/21?	The impact upon Council services of the Covid-19 pandemic during 2020/21 and the levels of related Government specific grant funding. Continuing reductions in the Council's funding through the Comprehensive Spending Review (CSR) Settlement Funding Assessment (SFA) for 2020/21. The lack of certainty for financial planning purposes of only having a one year CSR, SFA and Grant Settlement. Ongoing spending pressures from demanded services and income shortfalls.
2. Have you considered the appropriateness of the accounting policies adopted by Halton Borough Council? Have there been any events or transactions that may cause you to change or adopt new accounting policies?	The Council's accounting policies have been reviewed with only minor amendments being required. There have been no events or transactions which have required changes to or the adoption of new accounting policies.
3. Is there any use of financial instruments, including derivatives?	There is use of financial instruments, but not derivatives. The policy on the use of financial instruments is reported to Council through the Treasury Management Strategy and reviewed through the Treasury Management monitoring process.
4. Are you aware of any significant transaction outside the normal course of business?	Council were responsible in administering a number of business support grants in response to helping the business sector through Covid restrictions. The majority of these grants the Council acted as an agent on behalf of BEIS.
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets?	As at the valuation date, the Council consider that it can attach less weight to previous market evidence for comparison purposes, to inform opinions of value. Indeed, the response to Covid-19 means that an unprecedented set of circumstances exist on which to base a judgement. Valuations are therefore reported on the basis of 'material valuation uncertainty' as per VPS 3 and VPGA 10 of the RICS Red Book Global.
6. Are you aware of any guarantee contracts?	There are none.

7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements?	None, other than is what is included in the Statement of Accounts as a provision or contingent liability.
8. Other than in-house solicitors, can you provide details of those solicitors utilised by Halton Borough Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?	Weightmans provided advice in respect of litigated insurance claims. Some of the claims relate to previous financial years. Weightmans primarily and other firms of solicitors, as well as legal Counsel are also utilised by the Council for specific legal matters.
9. Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements?	No.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	PWC provided advice on VAT and CIS matters. Aon provided advice as the Council's insurance broker. Link Asset Services provided treasury management advice during the year and provided information on the Financial Instruments note to the accounts. A range of advisors were consulted regarding the Mersey Gateway Bridge.
Fraud Risk Assessment	
1. Have Halton Borough Council assessed the risk of material misstatement in the financial statements due to fraud? How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process? How do the Council's risk management processes link to financial reporting?	The Council believes that there is minimal risk that the financial statements may be materially misstated due to fraud. This is because the Council has robust anti-fraud arrangements and the level of internal fraud is consistently low year on year. Staff responsible for preparing the financial statements are appropriately qualified and experienced and there is a rigorous quality assurance process to ensure the financial statements are free from material error. Internal Audit undertakes regular reviews of the core systems which provide the information used for the financial statements. This provides assurance that the systems and information contained therein are robust and there is limited risk of misstatement.

	<p>The Council has robust arrangements in place for identifying and responding to the risk of fraud.</p> <p>There is an established risk management process and the risk of fraud to the organisation is considered as part of the Council's planning processes. Management Team reviews and monitors the Corporate Risk Register on a regular basis. The Audit & Governance Board also receives regular reports on the Council's corporate risk management arrangements and reviews the Corporate Risk Register. The risk of fraud is specifically acknowledged in the Council's Corporate Risk Register, which also details the measures that the Council has in place to deter fraud. The Audit & Governance Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>The Council has an established Anti-Fraud & Corruption Strategy, Fraud Response Plan and a Confidential Reporting Code (Whistleblowing Policy). These documents form part of the Council Constitution.</p> <p>Internal Audit considers the risk of fraud in each audit assignment. Internal Audit also undertakes periodic initiatives to raise fraud awareness amongst employees and members.</p> <p>Internal Audit includes a Fraud Team comprising three Fraud Investigator posts. These posts provide dedicated, councilwide fraud investigation resources, to provide greater capacity and resilience to undertake fraud investigations, working closely with Internal Audit colleagues and speeding up the investigation process.</p> <p>As far as is known, these arrangements have been effective in mitigating the risk of fraud and corruption. Levels of identified fraud remain low.</p>
<p>2. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?</p>	<p>Housing Benefit and Council Tax Reduction Scheme claims are considered to be most susceptible to fraud. This is a national issue and not unique to Halton.</p> <p>Other areas at risk of fraud include:</p> <ul style="list-style-type: none"> • Insurance claims against the Council • Procurement

	<ul style="list-style-type: none"> • Supplier invoices • Council Tax – Single Person Discounts • Council Tax Reduction Scheme • Business Rates • Payroll & Pensions • Recruitment • Electoral fraud • School admission application fraud • Direct Payments • Adult Social Care – Financial Assessments • Financial abuse of vulnerable persons • Grants to individuals or organisations • Development control • Cash handling • Expenses • Blue badges and concessionary travel <p>There are also various new fraud risks resulting from the COVID-19 pandemic.</p>
<p>3. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within Halton Borough Council as a whole or within specific departments since 1 April 2020?</p> <p>As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>The Council's Investigations Team is constantly investigating low level fraud. However, there are no allegations of any fraud, errors or other irregularities that would be considered material in terms of the financial statements.</p> <p>The Audit & Governance Board receives regular reports on the Council's corporate risk management arrangements and reviews the Corporate Risk Register. The risk of fraud is specifically acknowledged in the Council's Corporate Risk Register, which also details the measures that the Council has in place to deter fraud. The Audit & Governance Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>Risk issues identified through the work of Internal Audit are reported to the Audit & Governance Board through regular progress reports.</p> <p>The Audit & Governance Board also receives an annual report on the Council's anti-fraud and corruption arrangements.</p>

	<p>There is also a section in the Council's standard Board reporting template that requires consideration of the risks associated with any decision.</p>
<p>4. Have you identified any specific fraud risks?</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within Halton Borough Council where fraud is more likely to occur?</p>	<p>Housing Benefit and Council Tax Reduction Scheme claims are considered to be most susceptible to fraud. This is a national issue and not unique to Halton.</p> <p>Other areas at risk of fraud include:</p> <ul style="list-style-type: none"> • Council Tax (Single Person Discounts, Student Exemptions, Non-occupancy) • Business Rates (Reliefs and Exemptions) • Online Banking Transactions • Procurement • Supplier Payment Fraud • Payroll • Grants • Insurance Claims • Travel and Subsistence Claims • Cash Collection and Banking • Schools • Personal Budgets <p>There are also various fraud risks resulting from the COVID-19 pandemic, such as grant support payments to businesses.</p> <p>We do not consider there are any particular locations within the Council where fraud is more likely to occur.</p>
<p>5. What processes does the Council have in place to identify and respond to risks of fraud?</p>	<p>The Council has robust arrangements in place for identifying and responding to the risk of fraud.</p> <p>There is an established risk management process and the risk of fraud to the organisation is considered as part of the Council's planning processes. Management Team reviews and monitors the Corporate Risk Register on a regular basis. The Business Efficiency Board also receives regular reports on the Council's corporate risk management arrangements and reviews the Corporate Risk Register. The risk of fraud is specifically acknowledged in the Council's Corporate Risk Register, which also details the measures that the Council has in place to deter fraud. The Business Efficiency Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>The Council has an established Anti-Fraud & Corruption Strategy, Fraud Response</p>

	<p>Plan and a Confidential Reporting Code (Whistleblowing Policy). These documents form part of the Council Constitution.</p> <p>Internal Audit considers the risk of fraud in each audit assignment. Internal Audit also undertakes periodic initiatives to raise fraud awareness amongst employees and members.</p> <p>Internal Audit includes a Fraud Team comprising two Fraud Investigator posts and an HR Disciplinary Investigator post. These posts provide dedicated, councilwide fraud investigation resources, to provide greater capacity and resilience to undertake fraud investigations, working closely with Internal Audit colleagues and speeding up the investigation process.</p> <p>As far as is known, these arrangements have been effective in mitigating the risk of fraud and corruption. Levels of identified fraud remain low.</p>
<p>6. How do you assess the overall control environment for Halton Borough Council, including:</p> <ul style="list-style-type: none"> • the existence of internal controls, including segregation of duties; and • the process for reviewing the effectiveness the system of internal control? <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets</p>	<p>The Council's internal control processes are considered to be robust and operating effectively. Internal Audit assesses the adequacy and operation of internal controls plus the risk of fraud, as part of each audit review. Action plans are put in place to address any significant internal control weaknesses identified through the work of Internal Audit, External Audit or any other assurance providers.</p> <p>The results of each Internal Audit review and follow-up reviews are reported to the Audit & Governance Board.</p> <p>An Annual Internal Audit report is presented to the Audit & Governance Board that provides an overall opinion on the Council's risk management, control and governance processes. The 2020/21 report was presented in July 2021 and concluded that the Council's arrangements continue to be robust.</p> <p>The Audit & Governance Board also reviews and approves the Council's Annual Governance Statement, which considers assurances from various sources with regard to the Council's internal control framework.</p>

	We are not aware of any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process
7. Are there any areas where there is potential for misreporting?	We are not aware of any areas where there is potential for misreporting. The processes established for reporting include reconciliations to ensure all costs are included and reconcile to overall control totals. Verification, checking and challenging of figures prior to being reported, ensures there is no risk of deliberate misreporting.
8. How does Halton Borough Council communicate and encourage ethical behaviours and business processes of its staff and contractors? How do you encourage staff to report their concerns about fraud? What concerns are staff expected to report about fraud? Have any significant issues been reported?	The Council's Local Code of Corporate Governance, which forms part of the Council Constitution, sets out the processes in place to ensure that officers behave in ways that exemplify high standards of conduct and effective governance. These arrangements are wide ranging and communicated by Management Team to staff in a variety of ways including; induction procedures, the employee code of conduct, Finance Standing Orders, Procurement Standing Orders, registers of interests, In-Touch staff bulletins, staff letters, registers of gifts and hospitality, whistle-blowing procedures, HR policies and fraud awareness training. E-learning has been used to improve employee awareness of the Bribery Act, Fraud and Corruption, and Information Governance.
9. From a fraud and corruption perspective, what are considered to be high-risk posts? How are the risks relating to these posts identified, assessed and managed?	Those posts having high value levels of delegation are considered higher risk from a fraud and corruption perspective, as well as those dealing with the procurement of contracts. The Council operates a scheme of delegation which ensures that an appropriate structure of financial authorisation is in place, to ensure controls are operated which mitigate any risks. The Council operates robust procurement arrangements, which are overseen by the Procurement Team, to ensure all contracts are procured in accordance with Standing Orders and in an open and transparent manner.

<p>10. Are you aware of any related party relationships or transactions that could give rise to instances of fraud?</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>A list of related parties are included within the Council's draft 2020/21 Statement of Accounts.</p> <p>We are not aware that any of these relationships or transactions could give rise to instances of fraud.</p>
<p>11. What arrangements are in place to report fraud issues and risks to the Audit and Governance Board?</p> <p>How does the Audit and Governance Board exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p> <p>What has been the outcome of these arrangements so far this year?</p>	<p>The Audit & Governance Board receives regular reports on the Council's corporate risk management arrangements and reviews the Corporate Risk Register. The risk of fraud is specifically acknowledged in the Council's Corporate Risk Register, which also details the measures that the Council has in place to deter fraud. The Audit & Governance Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>Risk issues identified through the work of Internal Audit are reported to the Audit & Governance Board through regular progress reports.</p> <p>The Audit & Governance Board also receives an annual report on the Council's anti-fraud and corruption arrangements. The Board received the 2020/21 report in July 2021. It provided the Board with</p> <ul style="list-style-type: none"> • 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; • Details of the review of the Council's suite of anti-fraud related plans and policies. <p>There is also a section in the Council's standard Board reporting template that requires consideration of the risks associated with any decision.</p>

12. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	The Council has a well-established whistle blowing procedure (the Confidential Reporting Code) and has arrangements in place to deal with any complaints received. All complaints received under the Code are investigated. Internal Audit maintains a record of all whistleblowing complaints received.
13. Have any reports been made under the Bribery Act?	No.
Impact of Laws and Regulations	
<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does Halton Borough Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>Senior Officers, the Legal Department and Finance Officers are responsible for ensuring compliance with relevant laws and regulations. Internal Audit reviews such arrangements as part of its annual plan of work and report on any non-compliance.</p> <p>The Council also operates whistleblowing arrangements which provide for the safe reporting of any non-compliance with laws and regulations.</p> <p>There have not been any changes to the Council's regulatory environment which would have a significant impact upon the financial statements.</p>
2. How is the Audit and Governance Board provided with assurance that all relevant laws and regulations have been complied with?	<p>The Audit & Governance Board considers the Annual Governance Statement which provides various assessments of compliance.</p> <p>Assurances are also provided by the arrangements operated by the Council's statutory Section 151 Officer and Monitoring Officer and from the Council's Annual Governance Statement.</p>
3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2020 with an on-going impact on the 2020/21 financial statements?	There have been no such instances of non-compliance or suspected non-compliance since 1 April 2020.
4. Is there any actual or potential litigation or claims that would affect the financial statements?	Only for those where it is possible the liability is with the Council or there is uncertainty over the amounts. These are covered within the contingent liabilities note.
5. What arrangements does Halton Borough Council have in place to identify, evaluate and account for litigation or claims?	Senior Officers, the Legal Department and Finance Officers are requested on an annual basis to consider potential litigation

	<p>and claims. Regular financial reporting and budget monitoring also help with the identification process.</p> <p>Assessments are undertaken by the Revenues & Financial Management Division and decisions taken on how to account for claims in line with accounting standards and the CIPFA Code of Practice. A reserve is set for all insurance claims, in order to quantify the full potential cost of all outstanding claims.</p> <p>Regular meetings take place with service providers that will highlight these events.</p>
6. Have there been any report from other regulatory bodies, such as HM Revenues and Customs which indicate non-compliance?	No.
Related Parties	
1. Have there been any changes in the related parties including those disclosed in Halton Borough Council's 2019/20 financial statements? If so please summarise: <ul style="list-style-type: none"> the nature of the relationship between these related parties and Halton Borough Council whether Halton Borough Council has entered into or plans to enter into any transactions with these related parties the type and purpose of these transactions 	A list of related parties are included within the Council's draft 2020/21 Statement of Accounts. There have been no material changes from those disclosed in the 2019/20 financial statements.
2. What controls does Halton Borough Council have in place to identify, account for and disclose related party transactions and relationships?	A exercise is undertaken annually as part of preparing the Statement of Accounts, to identify potential related party transactions and ensure they are properly accounted for.
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	All transactions with related parties are subject to the Council's normal controls over authorisation and approval of transactions.
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	There are no transactions outside the normal course of business and all transactions are subject to the normal authorisation and approval controls.
Accounting Estimates	
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Property, Plant & Equipment Pensions Liability Provisions

<p>2. How does the Council's risk management process identify and addresses risks relating to accounting estimates?</p>	<p>Consideration is given to such whilst preparing the financial statements. These have been noted in the 2020/21 Statement of Accounts and include:</p> <ul style="list-style-type: none"> • Property, Plant & Equipment • Pensions Liability • Collection Fund Provisions
<p>3. How do management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?</p>	<p>Professional advice is taken with regards to these estimates. The Councils internal valuer provides advice on PPE. Advice on the value of the pensions liability is taken from the scheme actuary. Advice and use of best available data is used with regard to provisions.</p>
<p>4. How do management review the outcomes of previous accounting estimates?</p>	<p>Comparison of values is undertaken between current and prior year. Where material differences apply guidance is sought on the reasons.</p>
<p>5. Were any changes made to the estimation processes in 2020/21 and, if so, what was the reason for these?</p>	<p>None.</p>
<p>6. How do management identify the need for and apply specialised skills or knowledge related to accounting estimates?</p>	<p>Need for specialist skills or knowledge will be considered separately for each class of estimation.</p>
<p>7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?</p>	<p>Control activities are set out in engagement contracts with service providers or management experts. Control activities will be determined in line with CIPFA Code of Practice and International Accounting Standards.</p>
<p>8. How do management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?</p>	<p>Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts. Clarification sought where there are material differences in estimates between years which has not been addressed.</p>
<p>9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including:</p> <ul style="list-style-type: none"> • Management's process for making significant accounting estimates • The methods and models used • The resultant accounting estimates included in the financial statements. 	<p>Detailed information on each estimate is included within the Statement of Accounts.</p>

10. Are management aware of transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those below)?	None
11. Are the management arrangements for the accounting estimates, as detailed below reasonable?	They are considered reasonable
12. How is the Audit and Governance Board provided with assurance that the arrangements for accounting estimates are adequate?	Use of service providers or management experts where required.

Land and buildings valuation estimate

Question

1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?

2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?

Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?

3. How do management select the assumptions used in respect of this accounting estimate?

Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?

4. How do management select the source data used in respect of this accounting estimate?

Were any changes made to this source data in 2020/21, and if so what was the reason for the change?

5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?

6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?

7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?

8. Were any changes made to the key control activities this year? If so please provide details.

9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?

10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?

Management Response

It was considered as a result of the pandemic material valuation uncertainty continued to be relevant. A note is added to the Statement of Accounts to make the reader aware.

Detail is included in the Accounting Policies to the Statement of Accounts.

No Changes made in 2020/21

Based on professional advice or latest available information.

None

Source data provided by service providers or management experts

None

Yes, specialist skills procured through a thorough procurement exercise.

Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts. Clarification sought where there are material differences in estimates between years which has not been addressed

Yes

None

Based on service provider or management expert advice. Land and buildings are considered a major source of estimation uncertainty and therefore financial impact is included in the Financial Statements based on a ranged increase to the depreciation level applied.

Based on the material value of the asset in question.

Assets held for sale valuation estimate

Question

Management Response

<p>1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?</p>	<p>It was considered as a result of the pandemic material valuation uncertainty continued to be relevant to Property, Plant and Equipment. A note is added to the Statement of Accounts to make the reader aware.</p>
<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p> <p>Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?</p>	<p>Valuation identified immediately before classification applied as an asset held for sale.</p> <p>No Changes made in 2020/21</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p> <p>Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?</p>	<p>Based on professional advice or latest available information.</p> <p>None</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p> <p>Were any changes made to this source data in 2020/21, and if so what was the reason for the change?</p>	<p>Source data provided by service providers or management experts</p> <p>None</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>Yes, specialist skills procured through a thorough procurement exercise.</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts.</p>
<p>7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Yes</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>None</p>
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>Not considered a major source of estimation uncertainty.</p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	<p>NA</p>

Depreciation Estimate

Question

Management Response

<p>1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?</p>	<p>There is uncertainty to the Council sustaining spend on maintenance of assets which adds uncertainty to the assets useful life.</p>
<p>2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?</p>	<p>Estimated useful lives are applied for each different class of asset. Based on professional advice.</p>
<p>Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?</p>	<p>No Changes made in 2020/21</p>
<p>3. How do management select the assumptions used in respect of this accounting estimate?</p>	<p>Based on professional advice or latest available information.</p>
<p>Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?</p>	<p>None</p>
<p>4. How do management select the source data used in respect of this accounting estimate?</p>	<p>Source data provided by service providers or management experts</p>
<p>Were any changes made to this source data in 2020/21, and if so what was the reason for the change?</p>	<p>None</p>
<p>5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?</p>	<p>Yes, specialist skills procured through a thorough procurement exercise.</p>
<p>6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?</p>	<p>Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts.</p>
<p>7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?</p>	<p>Yes</p>
<p>8. Were any changes made to the key control activities this year? If so please provide details.</p>	<p>None</p>
<p>9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?</p>	<p>Based on service provider or management expert advice. Land and buildings are considered a major source of estimation uncertainty and therefore is included in the Financial Statements on the financial impact of a ranged increase to the depreciation level applied.</p>
<p>10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?</p>	<p>Based on the material value of the asset in question</p>

Valuation of defined benefit net pension fund liabilities estimate

Question	Management Response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?	Based on professional advice.
Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	No Changes made in 2020/21
3. How do management select the assumptions used in respect of this accounting estimate?	Based on professional advice.
Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	None
4. How do management select the source data used in respect of this accounting estimate?	Source data provided by pension actuary (Hymans Robertson LLP).
Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	None
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	Yes, pension scheme administered by Cheshire Pension Fund who would have procured the scheme actuary.
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts.
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes
8. Were any changes made to the key control activities this year? If so please provide details.	None
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Based on professional advice.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Based on the material value of the asset in question

Fair value estimate

Question

Management Response

1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	None identified.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?	The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either: a) in the principal market for the asset or liability, or b) in the absence of a principal market, in the most advantageous market for the asset or liability.
Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	No Changes made in 2020/21
3. How do management select the assumptions used in respect of this accounting estimate?	As per question 2.
Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	None
4. How do management select the source data used in respect of this accounting estimate?	From latest available information.
Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	None
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	Yes, specialist skills (Link asset Services) procured through a thorough procurement exercise.
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts.
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes
8. Were any changes made to the key control activities this year? If so please provide details.	None
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Based on professional advice.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Based on the material value of the asset in question

Provisions Estimate

Question

Management Response

1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	The impact of Covid adds uncertainty to NNDR appeals.
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?	Model based on historical experience and latest available information.
Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	No Changes made in 2020/21
3. How do management select the assumptions used in respect of this accounting estimate?	As per question 2.
Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	None
4. How do management select the source data used in respect of this accounting estimate?	From latest available information as 31 March.
Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	None
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	None
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	NA
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes
8. Were any changes made to the key control activities this year? If so please provide details.	None
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Using latest available information and economic conditions relevant at 31 March.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Based on the material value of the asset in question

Accruals Estimate

Question	Management Response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	None
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?	Model based on latest available information.
Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	No Changes made in 2020/21
3. How do management select the assumptions used in respect of this accounting estimate?	As per question 2.
Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	None
4. How do management select the source data used in respect of this accounting estimate?	From latest available information as at 31 March.
Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	None
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	None
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	NA
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes
8. Were any changes made to the key control activities this year? If so please provide details.	None
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Using latest available information and economic conditions relevant at 31 March.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Based on the material value of the asset in question

Credit loss and impairment allowances / bad debts provisions estimate

Question	Management Response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	None
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?	Model based on latest available information.
Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	No Changes made in 2020/21
3. How do management select the assumptions used in respect of this accounting estimate?	As per question 2.
Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	None
4. How do management select the source data used in respect of this accounting estimate?	From latest available information as at 31 March.
Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	None
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	None
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	NA
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes
8. Were any changes made to the key control activities this year? If so please provide details.	None
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Using latest available information and economic conditions relevant at 31 March.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Based on the material value of the asset in question

Amounts due under finance lease liabilities estimate

Question	Management Response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	None
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?	Model based on latest available information.
Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	No Changes made in 2020/21
3. How do management select the assumptions used in respect of this accounting estimate?	As per question 2.
Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	None
4. How do management select the source data used in respect of this accounting estimate?	From latest available information as at 31 March.
Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	None
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	None
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	NA
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes
8. Were any changes made to the key control activities this year? If so please provide details.	None
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Using latest available information relevant at 31 March.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Based on the material value of the asset in question

PFI liabilities estimate

Question	Management Response
1. Were any risks identified relating to the material accuracy of this accounting estimate for the financial year and, if so, how were these risks addressed?	None
2. How do management select, or design, the methods, used in respect of this accounting estimate, including the models used?	Model based on latest available information and information relevant to PFI type schemes.
Were any changes made to these methods or models in 2020/21, and if so what was the reason for the change?	No Changes made in 2020/21
3. How do management select the assumptions used in respect of this accounting estimate?	As per question 2.
Were any changes made to these assumptions in 2020/21, and if so what was the reason for the change?	None
4. How do management select the source data used in respect of this accounting estimate?	Information available from PFI contractual documents.
Were any changes made to this source data in 2020/21, and if so what was the reason for the change?	None
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	Specialist skills previously provided by KPMG. Acquired through a procurement exercise.
6. How do management monitor the operation of control activities in relation to this accounting estimates, including the control activities at any service providers or management experts?	Model provided by KPMG reviewed on annual basis.
7. In management's opinion, are their adequate controls in place over the calculation of this accounting estimate, including those at any service provider or management expert used, and if so how is the robustness of the key controls assessed?	Yes
8. Were any changes made to the key control activities this year? If so please provide details.	None
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Using latest available information relevant at 31 March.
10. How do management consider the sensitivity of the estimate to the methods and assumptions used and identify the range of reasonably possible outcomes for disclosure in the financial statements?	Based on the material value of the asset in question

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