

# Public Document Pack



## Audit and Governance Board

Wednesday, 27 September 2023 at 6.30  
p.m.  
Civic Suite, Town Hall, Runcorn

S. Young

**Chief Executive**

### **BOARD MEMBERSHIP**

Councillor Rob Polhill (Chair)	Labour
Councillor Andrea Wall (Vice-Chair)	Labour
Councillor John Abbott	Labour
Councillor Victoria Begg	Labour
Councillor Laura Bevan	Labour
Councillor John Bradshaw	Conservative
Councillor Eddie Dourley	Labour
Councillor Robert Gilligan	Labour
Councillor Tony McDermott	Labour
Councillor Norman Plumpton Walsh	Labour
Councillor Pamela Wallace	Labour

*Please contact Gill Ferguson on 0151 511 8059 or e-mail [gill.ferguson@halton.gov.uk](mailto:gill.ferguson@halton.gov.uk) for further information.*

*The next meeting of the Board is on Wednesday, 22 November 2023*

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

**Part I**

<b>Item No.</b>	<b>Page No.</b>
<b>1. MINUTES</b>	<b>1 - 4</b>
<b>2. DECLARATION OF INTEREST</b>	
<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>	
<b>3. 2022/23 EXTERNAL AUDIT UPDATE</b>	<b>5 - 6</b>
<b>4. ANTI FRAUD &amp; CORRUPTION UPDATE</b>	<b>7 - 51</b>
<b>5. INFORMING THE EXTERNAL AUDIT RISK ASSESSMENT</b>	<b>52 - 93</b>
<b>6. CORPORATE RISK REGISTER ANNUAL UPDATE 2023/24</b>	<b>94 - 135</b>
<b>7. SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985</b>	

**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.

<b>8. INTERNAL AUDIT PROGRESS REPORT</b>	<b>136 - 288</b>
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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, 5 July 2023 at the Civic Suite, Town Hall, Runcorn*

Present: Councillors Polhill (Chair), Wall (Vice-Chair), Abbott, Begg, Bevan, Dourley, McDermott, N. Plumpton Walsh and Wallace

Apologies for Absence: Councillors J. Bradshaw and Gilligan

Absence declared on Council business: None

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

Also in attendance: Mr M Green – Grant Thornton

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

**AGB1 MINUTES**

*Action*

The Minutes of the meeting held on 22 March 2023 were taken as read and signed as a correct record.

**AGB2 INTERNAL AUDIT ANNUAL REPORT & OPINION 2022/23**

The Board considered a report of the Divisional Manger – Audit, Procurement and Operational Finance, which summarised the work completed by Internal Audit during 2022/23, which included an opinion on the effectiveness of the Council's overall risk management, control and governance processes.

The Public Sector Internal Audit Standards (PSIAS) required the Head of Internal Audit to deliver an annual audit opinion and report that could be used to inform the Annual Governance Statement (the Internal Audit Annual Report 2022/23 was appended to the report).

It was noted that it was the view of the Head of Internal Audit that sufficient audit work was completed during the year to be able to form an overall opinion. It was reported that the Council's risk management, control and governance processes that were in place during 2022/23

were considered to be adequate and had operated effectively during the year.

RESOLVED: That the Board

- 1) receives and notes the overall opinion on the Council's risk management control and governance processes that were in place during 2022/23;
- 2) notes the Internal Audit Charter which sets out the purpose, authority and responsibility of the Council's internal audit activity; and
- 3) notes and endorses the safeguards established to limit any impairment to the independence or objectivity of the internal audit function.

#### AGB3 ANNUAL GOVERNANCE STATEMENT - 2022/23

The Board considered a report of the Operational Director - Finance, which sought approval of the 2022/23 Annual Governance Statement (AGS). A copy of the draft Statement was appended to the report.

The AGS described how the Council continued to maintain a robust governance framework and continually reviewed and developed its arrangements to demonstrate good corporate governance.

Once approved the AGS would be signed by the Council Leader and Chief Executive and published on the Council's website.

A Member commented on the new governance arrangements ("Office for Local Government"), which were announced by Central Government on 4 July 2023. It was expected that Civil Servants would communicate to all local authorities further details on the proposed arrangements.

RESOLVED: That the Annual Governance Statement 2022/23 be approved.

#### AGB4 EXTERNAL AUDIT ANNUAL REPORT

The Board considered a report of the Operational Director – Finance, which provided a copy of the Interim External Auditor's, Grant Thornton UK LLP, Annual Report 2021/22.

The External Auditor was required to consider

whether the Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Annual Report detailed overall arrangements, as well as providing key recommendations on any significant weaknesses in arrangements identified during the audit.

On behalf of Grant Thornton UK LLP, Michael Green presented details of the findings of the External Auditor to the Board.

RESOLVED: That the contents of the 2021/22 External Audit Annual Report be noted, including recommendations set out on pages 11, 15 and 22 of the report.

AGB5 EXTERNAL AUDIT PLAN – 2022/23 YEAR-END

The Board considered a report of the Operational Director - Finance, which set out the 2022/23 year-end Audit Plan, presented by the External Auditor, Grant Thornton UK LLP.

The Board was advised that the External Audit Plan was attached to the report and set out details of risks identified, their approach to the value for money conclusion and audit fees.

RESOLVED: That the contents of the External Audit Plan for 2022/23 year-end be noted.

AGB6 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.

#### AGB7 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 22 March 2023. 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 current status. It was noted that the schedule of audit would be updated for future meetings to reflect the progress made in completing audits and any reprioritisation of work or enforced changes.

It was noted that by the end of May 2023, 192 days of audit work had been completed which represented approximately 16% of the total planned days for the year. The team was currently fully staffed and was making good progress finalising work from 2022/23 and in progressing planned work for 2023/24.

Appended to the report were the executive summaries of the reports issued numbering 2 to 18, as listed in paragraph 4.2.

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

*Meeting ended at 7.30 p.m.*

**REPORT TO:** Audit and Governance Board  
**DATE:** 27 September 2023  
**REPORTING OFFICER:** Operational Director - Finance  
**PORTFOLIO:** Corporate Services  
**SUBJECT:** 2022/23 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 verbal progress update regarding their audit of the Council's 2022/23 year-end accounts.

**2.0 RECOMMENDATION: That the verbal 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 2022/23 year-end accounts.

3.2 Once the audit is completed, the Auditor's findings will be reported to the Board alongside the 2022/23 Statement of Accounts, prior to their publication.

3.3 Grant Thornton will attend the meeting to provide a verbal update regarding progress with the 2022/23 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 & 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 2022/23 Statement of Accounts is certified by the External Auditor and published by 30 November 2023. The External Auditor will brief the Board regarding progress.

**8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 None identified.

**9.0 CLIMATE CHANGE IMPLICATIONS**

9.1 There are none.

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

10.1 There are none under the meaning of the Act.



<b>REPORT TO:</b>	Audit and Governance Board
<b>DATE:</b>	27 September 2023
<b>REPORTING OFFICER:</b>	Operational Director - Finance
<b>PORTFOLIO:</b>	Corporate Services
<b>SUBJECT:</b>	Anti-Fraud & Corruption Update
<b>WARD(S)</b>	Borough-wide

## 1.0 PURPOSE OF THE REPORT

- 1.1 The Audit and Governance Board is responsible for monitoring and reviewing the adequacy of the Council's anti-fraud and corruption arrangements, which is a key aspect of the Council's risk management, control and governance framework.
- 1.2 This annual report updates the Board on developments in regard to the Council's anti-fraud and corruption activity. It consequently forms one of the sources of assurance supporting the Annual Governance Statement.

## 2.0 RECOMMENDATION:

**That the Board considers the annual update on anti-fraud and corruption related activity and formally supports the counter fraud working being undertaken.**

## 3.0 SUPPORTING INFORMATION

3.1 This report provides:

- A commentary on the fraud risk landscape
- A summary of the fraud investigations from 2022/23
- A summary of the HR related investigations from 2022/23
- A summary of the whistleblowing complaints received and action taken
- An update on the National Fraud Initiative (NFI)
- Details of fraud investigation related information reported under the Transparency Code
- Details of ongoing and planned anti-fraud work
- Details of the Council's suite of anti-fraud and anti-corruption related policies

## 4.0 FRAUD RISK LANDSCAPE

- 4.1 Every organisation including public bodies are at risk from fraud in one form or another. Acknowledging this fact is vital in developing and maintaining an

effective anti-fraud response.

- 4.2 The Office of National Statistics estimates that there were 3.5 million fraud offences committed in the UK in the 12 months to March 2023. This was not a significant change compared with the pre-coronavirus (COVID-19) pandemic year ending March 2020 (3.7 million offences).
- 4.3 Criminals are finding new ways to obtain illegal proceeds through fraud and local authorities are often targets of their criminal activity. According to the Public Sector Fraud Authority, it is estimated that fraud costs the public sector between £33 billion and £58 billion per year and much of this goes undetected.
- 4.4 The Cabinet Office, Department for Levelling Up, Housing and Communities (DLUHC), National Audit Office, and CIPFA have all issued advice, and best practice guidance to support local councils in the fight to combat fraud and prevent loss to the public purse. This includes the need for all councils to be vigilant in recognising their fraud risks and to invest sufficient resources in counter fraud activities that deliver tangible savings.
- 4.5 As a unitary authority, the Council faces similar fraud risks to other local authorities providing the same services. Areas at risk of fraud and corruption are recognised as being:
  - Adult Social Care – Financial Assessments
  - Blue badges and concessionary travel
  - Business Rates
  - Cash handling
  - Council Tax – Single Person Discounts
  - Council Tax Reduction Scheme
  - Development control
  - Direct Payments
  - Electoral fraud
  - Expenses
  - Financial abuse of vulnerable persons
  - Grants to individuals or organisations
  - Insurance claims against the Council
  - Payroll & Pensions
  - Procurement
  - Recruitment
  - Ransomware
  - School admission application fraud
  - Supplier invoice fraud
- 4.6 In order to keep abreast of the ever-evolving fraud risks, and to support the wider Council, the Investigations Team has continued to share intelligence and best practice with other local authorities and the regional fraud groups. The team also continues to receive fraud updates and bulletins from a range of sources, which include:
  - Action Fraud
  - Cabinet Office

- Chartered Institute of Public Finance and Accountancy
- National Anti-Fraud Network
- iCAN (Consumer Alert Network)
- Institute of Internal Auditors

## 5.0 FRAUD INVESTIGATIONS - 2022/23

5.1 A total of 150 fraud investigations and five whistleblowing investigations were completed during 2022/23. Details of the whistleblowing investigation can be found later in this report.

5.2 A summary of the outcomes from the investigations completed in which a fraud was proven, or future fraud or error prevented, are shown in the following table:

Fraud Type	No.	Value £	Outcome
Council Tax	106	£32,105	Council tax bills amended, sums owed being recovered and future fraud prevented
Housing Waiting List	43	£184,169	Total Fraud Prevented*
Blue Badge	1	£650	Total Fraud Prevented*
<b>Total</b>	<b>150</b>	<b>£216,924</b>	

NB – Council Tax frauds include:

- Council Tax Reduction incorrectly claimed
- Single Person Discount incorrectly claimed
- Council Tax evasion

\* *Total Fraud Prevented is an estimated value of losses and future losses that may have been incurred without our intervention. Estimated values are calculated using the National Fraud Initiative estimated savings methodology.*

5.3 There was an increase in the number of Council Tax investigations that resulted in fraud or error being identified in 2022/23 (106) when compared to 2021/22 (61). There was also an increase in the value of fraud or error being identified in 2022/23 (£32,105) when compared to 2021/22 (£24,236). The increase can be explained by the completion of the National Fraud Initiative data matching exercise 2022/23 and our participation in National Fraud Week whereby we promoted fraud awareness in the community via social media.

5.4 The NFI data matching exercise identified cases where housing waiting list applicants had died but had not been removed from the waiting list. Halton Housing removed 43 applicants from the waiting list, which equates to an estimated fraud prevention total of £184,169. Estimated fraud prevention totals are used to record the value of fraud when no monetary value can be recovered. In this case estimated values were calculated using the National Fraud Initiative estimated savings methodology.

5.5 During 2022/23, the Investigation Team made significant use of the Fraud

Sanction and Prosecution Policy, which was previously approved by the Board. The policy allows the Council to impose a financial penalty where a person has supplied incorrect information, failed to notify the Council of a change of circumstances, or failed to provide information when asked regarding their Council Tax. It also allows the option to offer a financial penalty as an alternative to prosecution.

5.6 During the year 77 penalties were issued totalling £10,010 in value. This represents an increase from 2021/22 of 11 penalties and £1,610. Due to the Covid-19 pandemic penalties issued for 2021/22 were relatively low and are now starting to return to pre-pandemic levels.

5.7 The Investigations Team also completed post payment fraud checks on Covid-19 grant applications. No fraud or error was identified which provides assurance that grant applications had been assessed correctly and any fraud concerns had been properly investigated.

**6.0 HR RELATED INVESTIGATIONS**

6.1 As well as conducting fraud investigations the Investigation Team also completes all the HR related investigations for the Council.

6.2 During the year six investigations were commissioned by management which is two less than commissioned in 2021/22. The table below provides an overview of these investigations.

Service Area	No.	Allegation	Outcome
Logistics	2	One allegation of bullying and harassment  One of allegation of failing to comply with Health and Safety Regulations	No case to answer  Resignation
Children’s Services	1	Allegation of bullying and harassment	Resignation
Finance	1	Allegation of not working while working from home	Dismissal
Adult Services	1	Allegation of over-claiming costs for mileage incurred on works business	Disciplinary Hearing - Verbal warning and repayment of over-claimed mileage
Community & Green Space	1	Unauthorised absence and continued lateness for work	Investigation remains in progress

**7.0 WHISTLEBLOWING**

7.1 'Whistleblowing' is when an individual provides certain types of information which

has come to their attention, usually to the employer or a regulator, to raise a concern about a danger, wrongdoing or illegality that affects others. The disclosure may be about the alleged wrongful conduct of the employer, a colleague, client, or any third party.

- 7.2 The Council's Whistleblowing Policy allows employees, agency workers and contractors to raise any concerns confidentially through a variety of channels. All complaints received are treated seriously, assessed and further investigations undertaken where appropriate.
- 7.3 Five whistleblowing referrals were received during 2022/23. Whistleblowing referrals received by the Council tend to be low in number. Only two referrals were received in 2021/22 and one in 2020/21.
- 7.4 The following table summarises the nature of the referrals received, the action taken and the outcome.

Allegation	Action taken	Outcome
Issues regarding management conduct	Reviewed internally by service area	No further action was required
Issues regarding Council equipment being sold on the internet	Reviewed internally by the Audit & Investigations Team	No further action was required
Issues regarding staff conduct at a Nursing Home owned by HBC	Reviewed internally by service area	No further action was required
Issues regarding staff conduct at a Nursing Home owned by HBC	Reviewed internally by the Audit & Investigations Team	No further action was required
Issues regarding management conduct	Reviewed internally by the Audit & Investigations Team	No further action was required

- 7.5 The Council also operates a confidential reporting system through which members of the public can report any concerns relating to fraud, misconduct or other issues. Concerns can be reported either online or by telephone. The reporting system is actively promoted through the Council's fraud awareness activities.
- 7.6 In 2022/23, 83 referrals were received through the Confidential Reporting System, which is comparable to the 88 referrals received in 2021/22.

7.7 A summary of the nature of referrals received is provided below:

Service / Function	No.
Council Tax / Council Tax Reduction	37
Housing Benefit / Disability Living Allowance / Universal Credit / Working Tax Credits	7
Business Rates	7
Direct Payments	1
Environmental Health	1
Blue Badge	13
Merseyflow (Bridge Tolls)	2
Other (insufficient detail provided)	15
<b>Total</b>	<b>83</b>

7.8 All referrals received are assessed and investigations undertaken where sufficient information is provided. The outcomes of these investigations have been included in the 2022/23 fraud figures provided earlier in this report, where appropriate.

## 8.0 NATIONAL FRAUD INITIATIVE (NFI)

8.1 The Cabinet Office NFI exercise is part of Central Government's recognition that taxpayers have a right to expect public bodies to put in place every possible measure to protect public funds. The Council has a statutory responsibility to provide data to the Cabinet Office for the prevention and detection of fraud as part of the NFI.

8.2 NFI is a sophisticated data matching exercise which involves comparing computer records held by one body against other computer records held by other bodies. This allows potentially fraudulent claims and payments to be identified. Where a match is found it may indicate that there is an inconsistency which requires further investigation. No assumption can be made as to whether there is fraud, error or other explanation until an investigation is carried out.

8.3 The Council's participation in NFI assists in the prevention and detection of fraud and involves the provision of various sets of data to the Cabinet Office for matching. The data sets included in NFI 2022/23 cover the following areas:

- Blue badges
- Creditors history
- Creditors standing
- Concessionary travel passes
- Council Tax
- Council tax reduction scheme

- Housing benefit claimants (provided by the DWP)
- Personal budgets (direct payments)
- Personal alcohol licence
- Taxi driver licences
- Payroll
- Housing waiting lists
- Electoral register
- Pensions
- Housing tenants
- Students eligible for a loan (data provided by the Student Loans Company)

8.4 The use of data by the Cabinet Office in NFI is carried out with statutory authority under Part 6 of the Local Audit and Accountability Act 2014. It does not require the consent of the individuals concerned under the General Data Protection Regulations 2018. Data matching by the Cabinet Office is however undertaken in accordance with a Code of Practice.

8.5 The Investigations Team manages the NFI exercise locally and facilitated the 2022/23 exercise. This included uploading of all the data and managing the matches produced. The team supported service areas in undertaking the work during the financial year and reviewed a significant number of matches themselves. The outcomes from these investigations have been included in the 2022/23 fraud figures provided earlier in this report.

8.6 The cost to the Council of participating in NFI 2022/23 was £3,810

## 9.0 TRANSPARENCY CODE REPORTING REQUIREMENTS

9.1 The Local Government Transparency Code requires the Council to publish data regarding its fraud arrangements. The following table is a summary of these requirements together with the corresponding information on the Council's fraud arrangements. This information is also published on the Council's website.

Reporting requirement		HBC Arrangements
1.	Number of occasions the Council have used the powers under the Prevention of Social Housing Fraud Regulations 2014 or similar powers.	Nil
2.	Number (absolute and FTE) of employees undertaking investigations and prosecutions of fraud	3 full time equivalent employees
3.	Number (absolute and FTE) of professionally accredited counter fraud specialists	3 full time equivalent employees
4.	Total amount spent by the authority on the investigation and prosecution of fraud	£123,012
5.	Total number of fraud cases investigated	150

## 10.0 ONGOING ANTI-FRAUD WORK

10.1 Details of ongoing anti-fraud work are summarised below:

- Data matching has been completed with Merseyflow to identify potential non-declaration of business journeys by organisations commissioned by the Council to provide transport services. The exercise has identified numerous potentially fraudulent journeys that require further investigation. At this stage no assumption can be made as to whether there is fraud, error or other explanation until a further investigation is carried out.
- An e-learning fraud awareness package for all staff and elected members has been developed, tested and has been launched. Procurement staff have completed the training and further roll out to members of staff and elected members is planned in 2023/24. Fraud awareness training is a key element of the Council's anti-fraud arrangements. Educating employees in respect of what to look for, and how fraud happens, empowers them to take the necessary action to mitigate the risk of it occurring. It also allows employees to take appropriate action if suspected fraud is identified.
- The Investigation Officers continue to respond to all fraud referrals received and continue to develop the functionality of the case management system.
- Joint working with the DWP has recommenced.

10.2 The ongoing plan of work for 2023/24 includes:

- Continue the joint working arrangements with the DWP.
- Respond to all fraud referrals received and continue to develop the functionality of the fraud management system.
- Promote fraud awareness by continuing to roll out the e-learning fraud awareness package and the use of social media.
- Complete a data matching exercise of Department of Work and Pensions Occupational Pension data against the Council's financial assessment data in relation to social care clients receiving residential care and home care services.
- Complete an investigation using the data obtained from the data matching exercise with Merseyflow to identify potential non-declaration of business journeys by organisations commissioned by the Council to provide transport services to identify fraudulent activity.

## 11.0 Fraud Related Policies

11.1 Fraud is highlighted in the Corporate Risk Register as one of the key risks faced by the Council. To mitigate this risk the Council has developed a comprehensive suite of linked policies, which include:

- Anti-Fraud, Bribery and Corruption Policy



- Fraud Response Plan
- Fraud Sanction and Prosecution Policy
- Anti-Facilitation of Tax Evasion Policy
- Whistleblowing Policy

11.2 These policies were last presented to the Audit and Governance Board for approval in September 2022. The documents were again reviewed as part of the 2023 Constitution review and are still considered to be fit for purpose. As such, no changes are proposed. For information purposes, copies of the documents are attached at Appendices A, B, C, D and E.

## 12 **POLICY IMPLICATIONS**

12.1 The responsibilities of public sector entities in relation to the prevention and detection of fraud and error are set out in statute, standards and other guidance. Local authorities also have a statutory duty to make arrangements for the proper administration of their financial affairs.

## 13.0 **FINANCIAL IMPLICATIONS**

13.1 The costs associated with the anti-fraud and anti-corruption work outlined in this report are met from the Council's base budget.

## 14.0 **IMPLICATIONS FOR THE COUNCIL'S PRIORITIES**

### 14.1 **Children & Young People in Halton**

The maintenance of an effective framework to minimise the risk of fraud and corruption contributes to the achievement of all the Council's priorities.

### 14.2 **Employment, Learning & Skills in Halton**

See 14.1

### 14.3 **A Healthy Halton**

See 14.1

### 14.4 **A Safer Halton**

See 14.1

### 14.5 **Halton's Urban Renewal**

See 14.1

## 15.0 **RISK ANALYSIS**

15.1 The Council, as a large organisation providing many services, is at risk of loss

due to fraud and corruption. The impact of fraud on the Council can have consequences that are serious and potentially far reaching. Financial loss is the obvious key risk, but fraud and corruption can also undermine public confidence and cause significant reputational damage. In order to mitigate this risk, the Council needs to maintain robust arrangements to prevent and detect fraud.

**16.0 EQUALITY AND DIVERSITY ISSUES**

16.1 None

**17.0 CLIMATE CHANGE IMPLICATIONS**

17.1 None

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

None under the meaning of the Act.

**Anti-Fraud, Bribery & Corruption Policy****1 Introduction**

- 1.1 Halton Borough Council (the Council), has a duty to ensure that it safeguards the public money for which it is responsible. The Council expects the highest standards of conduct and integrity from all that have dealings with it, including employees, elected members, contractors, volunteers and the public.
- 1.2 The Council is committed to the elimination of fraud and corruption and to ensuring that all activities are conducted ethically, honestly and to the highest possible standard of openness and accountability so as to protect public safety and public money.

**2 Policy Statement**

- 2.1 The Council has a zero tolerance approach to fraud, bribery and corruption. This Policy outlines how the Council delivers an effective approach to managing the risk of fraud, bribery and corruption.
- 2.2 The aim of this Policy is to:
- Help prevent fraud, bribery and corruption;
  - Promote early detection and ensure its effective investigation;
  - Apply sanctions where appropriate and
  - Ensure the recovery of any financial loss where possible.

**3 Scope**

- 3.1 The responsibility to control the risk of fraud, bribery and corruption occurring resides at all levels of the organisation.
- 3.2 This Policy applies to all employees and elected members. For the purpose of this Policy the term 'employee' refers to all full-time and part-time employees, temporary employees, agency workers, contractors and consultants.
- 3.3 This Policy should be read in conjunction with the Fraud Response Plan, Confidential Reporting Code (Whistleblowing Policy) and the Fraud Sanction and Prosecution Policy.

**4 Definitions**

- 4.1 The following definitions can be found at Appendix 1.
- Fraud
  - Bribery
  - Corruption
  - Money Laundering

## **5 Aims & Objectives**

- 5.1 In ensuring that necessary steps are taken to ensure that the public's assets and interests are protected, the Council will:
- Actively seek out instances of fraudulent and corrupt practices and pursue the perpetrators to the full extent of the law;
  - Encourage people with concerns about potential fraud, bribery and corruption to inform the Council of their suspicions;
  - Treat complaints of potential fraud, bribery and corruption positively, fairly and equitably;
  - Regularly review its own procedures to ensure they offer effective protection of the Council's interests and reputation.
- 5.2 Delivery of these aims and objectives requires the establishment, communication and maintenance of:
- Top level commitment to prevent fraud, bribery and corruption;
  - An anti-fraud, bribery and corruption culture;
  - Supporting policies and strategies;
  - Proportionate procedures to prevent fraud, bribery and corruption;
  - Reporting and investigation arrangements;
  - Access to information and publicity;
  - Communication and awareness training.

## **6.0 CULTURE**

- 6.1 The prevention and detection of fraud, bribery and corruption and the protection of public money are responsibilities of everyone, both internal and external to the organisation. The Council's elected members and employees play an important role in creating and maintaining this culture. They are positively encouraged to raise concerns regarding fraud and corruption, immaterial of seniority, rank or status, in the knowledge that such concerns will, wherever possible, be treated in confidence. The public also has a role to play in this process and should inform the Council if they feel that fraud, bribery or corruption may have occurred.
- 6.2 The Council will ensure that any allegations received, including by anonymous letter or telephone call, will be taken seriously and investigated in an appropriate manner. The Council has a Confidential Reporting Code (Whistleblowing Policy) that sets out the approach to dealing with these types of allegation in more detail.
- 6.3 The Council will deal firmly with those who defraud or attempt to defraud the Council or who are corrupt, or where there has been financial malpractice. Any sanctions applied will be in compliance with the Council's Fraud Sanction and Prosecution Policy and or the Council's Disciplinary Policy.
- 6.4 When fraud or corruption has occurred due to a breakdown in the Council's systems or procedures, management will ensure that appropriate improvements in systems of control are implemented in order to prevent a recurrence.

## **7 Responsibilities**

- 7.1 All elected members, employees, consultants, contractors, service users and any other external partner organisations play a key role in the prevention and detection of fraud and corruption. They all have responsibility for ensuring they comply with the Council's policies, procedures and controls, which are intended to prevent and or identify fraud and corruption within the Council.
- 7.2 The Council expects all elected members, employees, consultants, contractors, service users and any other external and partner organisations to uphold the highest standards of integrity in their dealings for, and on behalf of the Council.
- 7.3 Key officers and service areas within the Council have specific responsibilities for the prevention, detection, and investigation of fraud and corruption. The responsibilities for the following officers and service areas can be found detailed at Appendix 2.

## **8. Reporting and Review**

- 8.1 An annual report providing an update on fraud and corruption matters will be presented to the Audit and Governance Board, which is responsible for monitoring and reviewing the adequacy of the Council's anti-fraud and corruption policies and arrangements.
- 8.2 This Policy forms part of the Council Constitution and is therefore subject to annual review. Any significant revisions will however be reviewed and endorsed by the Audit and Governance Board.

## Definitions

### Fraud

Fraud can be broadly described as acting dishonestly with the intention of making a personal gain or a gain for another, or inflicting a loss (or a risk of loss) on another; this includes but is not limited to:

- Dishonestly making a false representation
- Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose
- Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.

### Bribery

The Bribery Act 2010 defines bribery as 'the inducement for an action which is illegal, unethical or a breach of trust. Inducements can take the form of gifts, loans, fees, rewards or other advantages whether monetary or otherwise'.

There are four key offences under the Bribery Act 2010:

- Offence of bribing another person
- Being bribed
- Bribery of foreign public officials
- Failure of commercial organisation to prevent bribery

Bribing another person; offences are committed where a person:

- Offers, promises or gives a financial, or other advantage to another person, and intends the advantage to induce a person to perform improperly a relevant function, or activity or to reward a person for the improper performance of such a function or activity or
- Offers, promises or gives a financial or other advantage to another person and knows or believes that the acceptance of the advantage would itself constitute the improper performance of a relevant function or activity

Being bribed; offences are committed where a person:

- Requests, agrees to receive or accepts a financial or other advantage intending that, in consequence, a relevant function or activity should be performed improperly
- Requests, agrees to receive or accepts a financial or other advantage and the request, agreement or acceptance itself constitutes the improper performance of the person of a relevant function or activity
- Requests, agrees to receive or accepts a financial or other advantage as a reward for the improper performance of a relevant function or activity; or

- In anticipation of or in consequence of the person requesting, agreeing to receive or accepting a financial or other advantage, a relevant function or activity is performed improperly

Bribery of foreign public officials; offences are committed where a person:

- Intends to influence a foreign official in their official capacity and intends to obtain or retain business or an advantage in the conduct of business; or
- Offers, promises or gives any financial or other advantage to a foreign public official

Failure of commercial organisation to prevent bribery; a relevant commercial organisation is guilty of an offence:

- If a person associated with the organisation bribes another person intending to obtain or retain business for the organisation or to obtain or retain an advantage in the conduct of business for the organisation and the organisation fails to take reasonable steps to implement adequate procedures to prevent such.

### **Corruption**

Corruption can be defined as the misuse of public power for private gain, by those in positions of power, such as Council officers or elected members.

Corruption can incorporate many types of dishonest behaviours including offering, giving, soliciting or accepting of an inducement or reward, which may influence the action of any person, and misuse of public assets.

### **Money Laundering**

Money laundering is the process by which criminally obtained money or other assets (criminal property) are exchanged for 'clean' money or other assets with no obvious link to their criminal origins. It also covers money, however come by, which is used to fund terrorism. Money laundering takes many forms including:

- Handling the proceeds of crimes such as theft, fraud and tax evasion;
- Handling stolen goods;
- Being knowingly involved in any way with criminal or terrorist property;
- Entering into arrangements to facilitate laundering criminal or terrorist property.

The Council is required to ensure that effective anti-money laundering controls and monitoring are in place to prevent the Council from being used for money laundering.

## **Responsibilities**

### **Chief Executive**

The Chief Executive has overall responsibility for the operations and activities of the Council. This includes overall responsibility to ensure that the Council's arrangements in respect of fraud, bribery and corruption are adequate and effective.

### **Audit and Governance Board**

The Audit and Governance Board is responsible for monitoring and reviewing the adequacy of the Council's anti-fraud, bribery and corruption arrangements.

### **Strategic Directors**

Strategic Directors will establish and maintain sound internal control systems, procedures and records within their areas of responsibility. The system of internal control should be designed to respond to and manage the whole range of risks which the Council faces, including minimising the scope for fraud, bribery and corruption.

Strategic Directors should immediately inform Internal Audit if they become aware of, or suspect, any matter that may indicate fraud, bribery or corruption.

### **Operational Director - Finance**

The Operational Director of Finance has a statutory responsibility under Section 151 of the Local Government Act 1972 to make sure that proper arrangements are made for the Council's affairs. As such, the Operational Director of Finance has the key role of ensuring that proper arrangements are in place in respect of fraud, bribery and corruption.

In accordance with the Accounts & Audit Regulations 2015, the Operational Director - Finance, as the Responsible Financial Officer, must determine the financial control system which includes measures to enable the prevention and detection of inaccuracies and fraud.

### **Divisional Manager - Audit, Procurement and Operational Finance**

The Divisional Manager - Audit, Procurement and Operational Finance is delegated the role of Chief Audit Executive as defined in the Public Sector Internal Audit Standards. In accordance with this role, the post holder is responsible for reviewing how the Council manages fraud, bribery and corruption risks and ensuring that the potential for these to occur is evaluated.

The Divisional Manager - Audit, Procurement and Operational Finance is also responsible for establishing, maintaining, reviewing and monitoring the:

- Anti-Fraud, Bribery & Corruption Policy,
- Fraud, Bribery & Corruption Risk Assessment
- Fraud Response Plan
- Fraud Sanction and Prosecution Policy



The Divisional Manager - Audit, Procurement and Operational Finance will also advise the Audit and Governance Board on matters relating to fraud, bribery and corruption.

### **Investigations Team**

The Investigations Team will liaise with the Single Fraud Investigation Service (SFIS), managed by the Department for Works & Pensions, and ensure that any Housing Benefit fraud is reported to SFIS for investigation.

The Investigations Team is responsible for ensuring investigations are conducted into suspected fraud or irregularity. They will liaise with Chief Officers, the Monitoring Officer, Human Resources, Legal Services, employees, other agencies and the Police as appropriate.

The Investigations Team will plan, co-ordinate and report on the Council's participation in the National Fraud Initiative.

### **Internal Audit**

Internal Audit will assist in the detection and prevention of fraud, bribery and corruption by examining and evaluating the effectiveness of controls in line with the annual Internal Audit Plan.

Internal Audit will assist the Investigations Team in conducting investigations where appropriate.

### **Managers**

Managers are responsible for assessing risks to their service area and ensuring that an adequate system of internal control is effectively maintained to mitigate all risks, including minimising the scope for fraud, bribery and corruption.

Managers are responsible for ensuring all employees in their service area adhere to this Policy and all associated policies and procedures and have undertaken all relevant training.

Managers have a responsibility to ensure that all suspected irregularity is reported to Internal Audit in a timely manner.

### **Employees and Elected Members**

Employees and elected members are responsible for complying with this Policy and all associated policies and procedures, and for reporting any suspected irregularities, corruption and money laundering to an appropriate person as detailed in the Council's Confidential Reporting Code (Whistleblowing Policy).

## Fraud Response Plan

### 1. Introduction

- 1.1 Halton Borough Council is committed to the highest possible standards of propriety and accountability in all its affairs. It is determined to develop a culture of honesty and opposition to fraud and corruption.
- 1.2 In line with this commitment, the Anti-Fraud, Bribery & Corruption Policy outlines the principles the Council is committed to in relation to preventing, reporting and managing fraud and corruption.
- 1.3 The Fraud Response Plan reinforces the Authority's approach by:
- Defining the types of activity that would require the implementation of this plan;
  - Setting out how employees or members of the public can voice their concerns about suspected fraud and corruption;
  - Outlining how the Council will deal with such complaints.
- 1.4 This Plan is one of a suite of documents that collectively constitute the policies of the Council in relation to anti-fraud and anti-corruption. The other key documents include:
- Anti-Fraud, Bribery & Corruption Policy
  - Local Code of Corporate Governance
  - Finance Standing Orders
  - Procurement Standing Orders
  - Member Code of Conduct
  - Employee Code of Conduct
  - Confidential Reporting Code (Whistleblowing Policy)
  - Fraud Sanction and Prosecution Policy

### 2. Defining Fraud and Corruption

- 2.1 The Fraud Response Plan is intended to be implemented where suspicions of fraud or corruption have been raised:

**Fraud** is defined as:

*Acting dishonestly with the intention of making a personal gain or a gain for another, or inflicting a loss (or a risk of loss) on another; this includes but is not limited to:*

- *Dishonestly making a false representation*
- *Dishonestly failing to disclose to another person, information which they are under a legal duty to disclose*
- *Committing fraud by abuse of position, including any offence as defined in the Fraud Act 2006.*

**Corruption** is defined as:

*The offering, giving, soliciting or acceptance of an inducement or reward, which may influence the action of any person.*

2.2 Fraudulent or corrupt acts may therefore include:

Financial issues

Where individuals or organisations fraudulently obtain money or a financial gain from the Council, (e.g. insurance claims, Council Tax Single Person Discounts)

Asset issues

Where Council assets are misappropriated or used for personal use (e.g. theft of Council equipment, information or materials)

Accounting issues

Where employees falsify or alter accounting or other records (e.g. unauthorised amendment of financial records or timesheets)

Other issues

Activities undertaken by officers or elected members which may:

- Be unlawful;
- Contravene Standing Orders or Council policies,
- Fall below established standards or practices, or amount to improper conduct.

2.3 This is not an exhaustive list. Advice regarding the seriousness of any concerns can be obtained from the Divisional Manager – Audit, Procurement & Operational Finance.

### **3. Reporting suspected fraud and corruption**

3.1 Any officer shall immediately report to the Divisional Manager – Audit, Procurement & Operational Finance, either directly or through line management, or via the Council's Confidential Reporting Code, any circumstances which suggest the possibility of financial irregularity or loss. The circumstances will be reviewed and the necessary action will be taken by way of investigation, report, sanction and recovery.

3.2 The Council's Confidential Reporting Code is intended to encourage and enable employees to raise serious concerns within the Council. This policy document makes it clear that concerns may be raised without fear of victimisation, subsequent discrimination or disadvantage. The policy applies to all employees and those contractors working for the Council on Council premises, e.g. agency staff, builders, drivers, consultants. It also covers suppliers and those providing services under a contract with the Council in their own premises, e.g. care homes.

3.3 The Council's Confidential Reporting Code provides details as to how concerns of fraud or corruption may be reported:

- Operational Director and Monitoring Officer (Legal and Democratic Services);
- Strategic Director – Enterprise, Community & Resources
- Divisional Manager – Audit, Procurement & Operational Finance

- Chair of the Standards Committee (who can be contacted by a letter addressed to the Chair of the Standards Committee and sent to the Municipal Building, Kingsway, Widnes, WA8 7QF).

#### **4. Investigating suspected fraud and corruption**

- 4.1 The Single Fraud Investigation Service of the DWP investigates and prosecutes Social Security welfare benefits and tax credit fraud. As a result, the Council will not complete any investigations of Housing Benefit fraud. The Council may complete joint investigations with the DWP. The decision to conduct any joint investigation will be made on a case-by-case basis and will be completed in compliance with the joint working arrangements agreed between the DWP and the Council.
- 4.2 For non-benefit related matters, the decision as to whether or not an investigation is warranted will be made by the Divisional Manager – Audit, Procurement and Operational Finance.
- 4.3 The action taken by the Council will depend on the nature of the concern. The matter raised may be investigated internally or referred directly to the Police.
- 4.4 All internal investigations will normally be led by the Audit and Investigations Team, and each case will be judged on its merit. The purposes of any investigation shall be to:
- Establish the facts of any suspected fraud in order to inform decisions regarding further action;
  - Clear innocent persons of any suspicion;
  - Enable the recovery of losses;
  - Assist with the prosecution and sanction of offenders;
  - Improve systems and controls to prevent and deter fraud and corruption in the future.
- 4.5 Investigations will be assigned to a lead officer who is suitably qualified and experienced. The officer will ensure that the investigation is conducted impartially and objectively, and will, as appropriate:
- Determine and plan the resources needed for the investigation;
  - Carry out the investigation in a timely manner ensuring that all allegations are properly investigated and reported on;
  - Comply with all relevant statutory requirements, codes of practice, and the ethical standards of relevant professional bodies;
  - Ensure that the identity of the person raising the concern is protected wherever possible;
  - Ensure that all evidence obtained is properly recorded and retained securely;

- Liaise as appropriate with the Operational Director (Legal and Democratic Services), Insurance Manager, the Police or other relevant agencies as required;
- Assist management in implementing the Council's disciplinary procedures;
- Advise and assist management in implementing improved procedures where necessary.

4.6 Where an investigation requires 'directed surveillance' or uses a 'covert human intelligence source', the investigating officer(s) must ensure that the investigation is undertaken in accordance with the Authority's RIPA policy. Any such surveillance may only be undertaken after the appropriate authorisation has been obtained by an officer with delegated powers under the policy.

4.7 At the conclusion of the investigation, the investigating officer(s) will produce a report setting out all of the facts relating to the case. The report shall be submitted to the Divisional Manager – Audit, Procurement and Operational Finance to determine how the matter should be progressed to a resolution. Dependent upon the circumstances of the case this decision may be taken in conjunction with the Strategic Director – Enterprise, Community & Resources, Operational Director (Legal and Democratic Services), Operational Director – Finance or the Chief Executive.

## **5. Recovery and Sanctions**

5.1 Where an investigation indicates fraud or corruption, the Council will use the full range of sanctions available to it, including criminal prosecution, civil recovery, internal discipline and referral to other law enforcement agencies and professional bodies in order to deter fraud, bribery and any other associated offences.

5.2 The Council's disciplinary procedures will be used where the outcome of an investigation indicates improper behaviour. This may be in addition to any other recovery action or sanctions. Referral to the Police will not prohibit action under the disciplinary procedure.

## **6. Review of the Fraud Response Plan**

The Fraud Response Plan will be reviewed and updated as required to reflect new legislative requirements, professional developments and any other relevant matters.

## Fraud Sanction and Prosecution Policy

### 1. Policy Statement

- 1.1 Halton Borough Council (the Council) will use the full range of sanctions available to it in order to deter fraud, bribery and any other associated offences. These sanctions may include criminal prosecution, civil recovery, internal discipline and referral to professional bodies. The Council will utilise its own Legal Services or agent solicitors and the Crown Prosecution Service to conduct prosecutions where appropriate. The Council will refer matters to the police and other law enforcement agencies or regulators where appropriate and support those agencies in bringing proceedings.

### 2. Introduction

- 2.1 The Council's Anti-Fraud, Bribery and Corruption Policy sets out the Council's aims and objectives with regard to tackling fraud and associated offences. The Council will seek the strongest possible sanction against any individual or organisation that defrauds, or seeks to defraud the Council. The use of sanctions will be governed by this policy and the principles of the policy shall apply equally to any fraud against the Council or against funds for which the Council has responsibility.

- 2.2 The objectives of this policy are:

- To ensure that the Council applies a full range of sanctions in a just and consistent manner;
- To ensure that sanctions are applied in an effective and cost efficient manner;
- To ensure that the sanction decision making process is stringent, robust and transparent.

- 2.3 This policy provides a framework to ensure the most appropriate resolution to a case is reached. The sanction decision will have regard at all times to the Council's Anti-Fraud, Bribery and Corruption Policy objectives, the individual circumstances of each person concerned and the overall impact of the sanction to both the individual and the community.

- 2.4 A range of sanctions are available to the Council. These include disciplinary action, civil recovery action, criminal proceedings and civil penalties. In appropriate cases the Council may take more than one form of action. For example, if an employee defrauds the Council, disciplinary action, prosecution and civil recovery action may all be taken.

- 2.5 When considering a case for prosecution it is generally accepted that there are two "tests" to be applied – the evidential test and the public interest test. These are currently set out in the Code for Crown Prosecutors 2018. The Evidential Stage test must be considered prior to the Public Interest Stage.

### **3. Evidential Stage Test**

- 3.1 Investigators and prosecutors must be satisfied that there is sufficient evidence to provide a realistic prospect of conviction against each suspect on each charge. They must consider what the defence case may be, and how it is likely to affect the prospects of conviction. A case which does not pass the evidential stage must not proceed, no matter how serious or sensitive it may be. The evidence must be acquired in a form which can be used by the court and be admissible and there must be enough evidence to form a realistic prospect of conviction.
- 3.2 In order to ensure that a “realistic prospect of conviction” exists, Investigation Officers will at all times ensure that investigations are conducted in accordance with all relevant legislation and Codes of Practice with regard to evidence gathering, interviewing and rules of disclosure.
- 3.3 The evidence gathered will be examined in the first instance by the investigator and their manager. When both are satisfied that sufficient evidence exists to successfully prosecute and that the Public Interest Stage is also satisfied the case file will be passed on to either the Council’s Legal Services, agent solicitors, or the Crown Prosecution Service. All prosecutors will then apply their own inspection of the evidence to ensure that both tests are met. Alternatively the case file may be passed to the police, other law enforcement agencies or regulators if appropriate.

### **4. Public Interest Test**

- 4.1 A prosecution will usually take place unless the prosecutor is sure that public interest factors tending against prosecution outweigh those tending in favour. The more serious the offence or the offender’s record of criminal behaviour, the more likely it is that a prosecution will be required in the public interest. Aggravating and mitigating factors will be taken into consideration when deciding on the appropriate sanction as set out in the Code for Crown Prosecutors.

### **5. Sanctions Available**

- 5.1 Legislation enables the Council to apply formal sanctions where appropriate these include:
- Imposing a financial penalty where a person has supplied incorrect information, failed to supply information requested or failed to notify the Council of a change of circumstances.
  - Offering a financial penalty as an alternative to a prosecution, or
  - Instigating prosecution proceedings.

The Council will only apply a formal sanction where permitted by certain legislation. Cases may however, be referred to the police or other law enforcement agencies for investigation. This may subsequently result in referral to the Crown Prosecution Service or other prosecutor.

## 5.2 **Penalty as Alternative to Prosecution**

5.2.1 A financial penalty can be offered as an alternative to prosecution. This will be offered usually in circumstances not deemed serious enough for prosecution and where the evidence indicates that:

- It was a first offence, or
- There was no planning involved, or
- There was no other person involved, and
- The person's circumstances and demeanour towards the offence indicates that a financial penalty would be the most appropriate action.

5.2.2 In these circumstances the Council may make an offer of a financial penalty as an alternative to prosecution in addition to requiring full repayment of the overpayment. However, there must be sufficient evidence to justify a prosecution. An individual does not have to admit an offence has been committed for a financial penalty to be offered as an alternative to prosecution. If a person refuses the offer of a financial penalty as an alternative to prosecution the case will be recommended for prosecution. The decision to issue a financial penalty as an alternative to prosecution, where permitted by certain legislation, will lay with the Divisional Manager – Audit, Procurement & Operational Finance.

## 5.3 **Financial penalty**

5.3.1 A financial penalty is a penalty that can be imposed where a person has negligently supplied incorrect information or failed to supply information that affects the amount of council tax support paid or council tax billed. An individual does not have to admit an offence has been committed for a Financial Penalty to be applied.

5.3.2 The decision to issue a financial penalty, where permitted by certain legislation, will lay with the Divisional Manager – Audit, Procurement & Operational Finance.

## 5.4 **Prosecution**

5.4.1 Prosecution proceedings will usually be instigated only after the evidential and public interest tests are satisfied as detailed in the Code for Crown Prosecutors.

5.4.2 Prosecution will be considered where:

- It was not a first offence, or
- The fraud has been deliberate and calculated, or
- The fraud had continued over a long period; or



- The person has failed to attend an interview under caution; or
- There were other persons involved in the fraud, or
- The person has declined the offer of a Financial Penalty or withdrawn agreement to pay a Financial Penalty.

5.4.3 The Council recognises that prosecution is a serious step to take and the decision to refer cases for prosecution will not be taken lightly. The ultimate decision on prosecution will be taken by the prosecuting body. In some cases this will be the Council, through the Council's Legal Services or agent solicitors, and in others the Crown Prosecution Service. The decision to refer cases to a prosecuting body will be taken by the Operational Director – Finance, the Strategic Director – Enterprise, Community and Resources or the Chief Executive.

## 5.5 Referrals to police, other law enforcement agencies or regulators

5.5.1 Referrals to police, other law enforcement agencies or regulators may occur in cases of staff fraud or the fraud is complex and/or of a serious nature. The decision to refer cases to the police or other agencies for investigation will be taken by the Operational Director – Finance, the Strategic Director – Enterprise, Community and Resources or the Chief Executive.

## 6. Publicity

6.1 It is the Council's intention to positively promote this policy as well as the outcome of any prosecutions, which will deter others from fraudulent activity.

## 7. Reporting and Review

7.1 An annual report on fraud and corruption matters will be produced for the Audit and Governance Board. This will provide a summary of actions taken under this Policy.

7.2 The Policy will be subject to periodic review and approval by the Audit and Governance Board, which is responsible for monitoring and reviewing the adequacy of the Council's anti-fraud and corruption policies and arrangements.



# **ANTI-FACILITATION OF TAX EVASION POLICY**

## HALTON BOROUGH COUNCIL

### ANTI-FACILITATION OF TAX EVASION POLICY

#### 1. Policy statement

- 1.1 Part 3 of the Criminal Finances Act 2017 creates a new corporate criminal offence where a corporate entity fails to prevent the facilitation of tax evasion by its staff, agents and contractual associates. This statement sets out Halton Borough Council's policy in relation to tax evasion.
- 1.2 The Council has a zero tolerance approach to all forms of tax evasion, whether under UK law or under the law of any foreign country. Employees of the Council, its agents and contractual associates must not undertake any transactions which:
- Cause the Council to commit a tax evasion offence; or
  - Facilitate a tax evasion offence by a third party.
- 1.3 The Council is committed to acting professionally, fairly and with integrity in all its business dealings and relationships wherever it operates and implementing and enforcing effective systems to counter tax evasion facilitation.
- 1.4 At all times, Council business should be conducted in a manner such that the opportunity for, and incidence of, tax evasion is prevented.

#### 2. Scope of the policy

- 2.1 The purpose of this policy is to:
- set out the Council's responsibilities, and the responsibilities of those working for the Council, in observing and upholding our position on preventing the criminal facilitation of tax evasion; and
  - provide information and guidance to those working for the Council on how to recognise and avoid tax evasion.
- 2.2 If the Council fails to prevent its employees, workers, agents or service providers facilitating tax evasion, the Council can be criminally prosecuted, subject to a large fine and incur reputational damage. The Council therefore takes its legal responsibilities seriously.

#### 3. Prevention measures

- 3.1 It is a defence to the corporate criminal offence of facilitating tax evasion if the Council can prove that it has in place such prevention procedures as it is reasonable to expect in the circumstances. Government guidance suggests an appropriate set of prevention measures which gives due recognition to the following:
- risk assessment;
  - the proportionality of risk-based prevention procedures;
  - top level commitment;
  - due diligence;
  - communication (including training);
  - monitoring and review.

- 3.2 **Risk assessment** - The Council's systems of control are designed to ensure regularity. Management is expected to consider risks from the Anti-Facilitation of Tax Evasion Policy within their established risk assessment procedures. The Council also operates a continuous internal audit function that provides ongoing assurance over the Council's financial and non-financial systems.
- 3.3 **Proportionality of risk-based prevention procedures** - The Council has governance processes and procedures to address specific counter fraud risks:
- The Audit and Governance Board is responsible for monitoring and reviewing the adequacy of the Council's anti-fraud and anti-corruption arrangements. It receives an annual report on the Council's anti-fraud, bribery and corruption arrangements.
  - This policy, the Anti-Fraud, Bribery and Corruption Policy, Whistleblowing Policy, Fraud Response Plan and Fraud Sanction and Prosecution Policy comprise the Council's suite of anti-fraud related plans and policies;
  - The Council is an active participant in the National Fraud Initiative;
  - The Council runs regular fraud awareness campaigns encouraging members of the public and employees to raise any concerns about fraud and corruption;
  - The Council collaborates with other local authorities across the region and shares best practice in regard to tackling fraud and corruption;
  - The Council maintains an effective system of internal control, which includes relevant policies and systems, e.g. Procurement Standing Orders, Finance Standing Orders, etc.
- 3.4 **Due Diligence** - Reasonable care and caution is exercised when processing all financial transactions, particularly high value/high risk payments. Regular monitoring takes place and particular caution is exercised when making payments to new suppliers. Specific controls are maintained in relation to payments being processed through the Council's Accounts Payable function which undertakes checks on suppliers prior to payments being made.
- 3.5 **Communication and training** - The Council is committed to ensuring that mandatory training on this policy is offered to those staff who have been identified as being at risk of exposure to criminal tax evasion. This may include staff involved with procurement, commissioning, invoice processing, property transactions, Bacs payments, Payroll and Pensions. Training will be provided through the completion of specific on-line training modules. All staff will be made aware of the Council's Anti-Facilitation of Tax Evasion Policy through internal briefing communications.
- The Council's zero-tolerance approach to tax evasion and foreign tax evasion must be communicated to all suppliers, contractors and business partners at the outset of our business relationship with them and as appropriate after that. This will be done by making reference to the Council's Anti-Facilitation of Tax Evasion Policy on our Supplier Set Up and Supplier Amendment forms and tender documentation.
- 3.6 **Monitoring and review** - The Operational Director – Finance (S151 Officer) will monitor developments that are relevant to the Anti-Facilitation of Tax Evasion Policy and the policy itself will be reviewed at least annually. Revisions will be published on the Council's Intranet and staff will be made aware through the usual channels.
- 3.7 **Top level commitment** – This policy is subject to review and approval by the Council's Audit and Governance Board.

#### **4. Who must comply with this policy?**

- 4.1 This policy applies to all persons working for the Council or on the Council's behalf in any capacity, including employees at all levels, directors, officers, agency workers, seconded workers, volunteers, interns, agents, contractors, external consultants, third-party representatives and business partners, sponsors, or any other person associated with the Council, wherever located.

#### **5. Who is responsible for this policy?**

- 5.1 The Audit and Governance Board has overall responsibility for ensuring this policy complies with the Council's legal and ethical obligations, and for taking steps to ensure that all those under our control comply with it.
- 5.2 The Operational Director - Finance has responsibility for implementing this policy, monitoring its use and effectiveness, dealing with any queries about it, and auditing internal control systems and procedures to ensure they are effective in preventing the facilitation of tax evasion.
- 5.3 Management at all levels are responsible for ensuring those reporting to them understand and comply with this policy and are given adequate and regular training on it.

#### **6. What is the facilitation of tax evasion?**

- 6.1 Tax evasion means the offence of cheating the public revenue or fraudulently evading UK tax, and is a criminal offence. The offence requires an element of fraud, which means there must be deliberate action or omission with dishonest intent.
- 6.2 Foreign tax evasion means evading tax in a foreign country, provided that conduct is an offence in that country and would be a criminal offence if committed in the UK. As with tax evasion, the element of fraud means there must be deliberate action or omission with dishonest intent.
- 6.3 Tax evasion facilitation means being knowingly concerned in, or taking steps with a view to, the fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person, or aiding, abetting, counselling or procuring the commission of that offence. Tax evasion facilitation is a criminal offence, where it is done deliberately and dishonestly, but not where it is done negligently or inadvertently.
- 6.4 Under the Criminal Finances Act 2017, a separate criminal offence is automatically committed by a corporate entity or partnership where tax evasion is facilitated by a person acting in the capacity of an "associated person" to that body. For the offence to be made out, the associated person must deliberately and dishonestly take action to facilitate the tax evasion by the taxpayer. If the associated person accidentally, ignorantly, or negligently facilitates the tax evasion, then the corporate offence will not have been committed. The organisation does not have to have deliberately or dishonestly facilitated the tax evasion itself; the fact that the associated person has done so creates the liability for the organisation.
- 6.5 Tax evasion is not the same as tax avoidance or tax planning. Tax evasion involves deliberate and dishonest conduct. Tax avoidance is not illegal and involves taking steps, within the law, to minimise tax payable (or maximise tax reliefs).

## 7. What you must not do

- 7.1 It is not acceptable for any person acting on behalf of the Council to:
- engage in any form of facilitation of tax evasion or foreign tax evasion;
  - aid, abet, counsel or procure the commission of a tax evasion offence or foreign tax evasion offence by another person;
  - fail to promptly report (i) any request or demand from any third party to facilitate the fraudulent evasion of tax (whether UK tax or tax in a foreign country), or (ii) any suspected fraudulent evasion of tax (whether UK tax or tax in a foreign country) by another person, in accordance with this policy;
  - engage in any other activity that might lead to a breach of this policy; or
  - threaten or retaliate against another individual who has refused to commit or facilitate a tax evasion offence or a foreign tax evasion offence or who has raised concerns under this policy.

## 8. Your responsibilities

- 8.1 You must ensure that you read, understand and comply with this policy. It is the responsibility of all staff to ensure they understand and comply with the Council's Anti-Facilitation of Tax Evasion Policy, with particular emphasis on those staff that are involved with invoice processing, property transactions, BACS payments, payroll and pensions, procurement and commissioning.
- 8.2 The prevention, detection and reporting of tax evasion and foreign tax evasion, or the facilitation of the same, are the responsibility of all those working for the Council or under our control. You are required to avoid any activity that might lead to, or suggest, a breach of this policy.
- 8.3 You must notify the Operational Director - Finance as soon as possible if you know or suspect that a conflict with this policy has occurred, or may occur in the future. For example, if an employee or supplier asks for payment to be made into an offshore bank account, without good reason, or a supplier asks to be paid in cash, indicating that this will mean the payment is not subject to VAT. Further "red flags" that may indicate potential tax evasion are set out in section 12.

## 9. How to raise a concern

- 9.1 You are encouraged to raise concerns about any issue or suspicion of tax evasion or foreign tax evasion, or facilitation of the same, at the earliest possible stage.
- 9.2 Preferably the disclosure will be made and resolved internally (e.g. to a line manager or head of department). Alternatively concerns can be raised with the Operational Director – Finance.
- 9.3 If you are unsure about whether a particular act constitutes tax evasion or foreign tax evasion, you should raise it with the Operational Director - Finance as soon as possible. You should note that the corporate offence is only committed where you deliberately and dishonestly take action to facilitate tax evasion or foreign tax evasion. If you do not take any such action, then the offence will not be made out. However, a deliberate failure to report suspected tax evasion or foreign tax evasion, or "turning a blind eye" to suspicious activity could amount to criminal facilitation of tax evasion.

- 9.4 The Council is committed to ensuring that there is a safe, reliable, and confidential way of reporting any suspicious activity, and wants each and every member of staff to know how they can raise concerns. There are multiple channels to help raise concerns. Please refer to the Council's Whistleblowing Policy and determine the favoured course of action. The Whistleblowing Policy makes reference to the following four officers you can raise a concern with:
- Operational Director and Monitoring Officer (Legal and Democratic Services);
  - Strategic Director – Enterprise, Community and Resources
  - Head of Internal Audit
  - Chair of the Standards Committee (who can be contacted by a letter addressed to the Chair of the Standards Committee and sent to the Municipal Building, Kingsway, Widnes, WA8 7QF)
- 9.5 Additionally, staff can call the Council's freephone confidential fraud hotline on **0800 034 5995** or access the [online confidential reporting](#) facility on the Council website.

## 10. Protection

- 10.1 Individuals who raise concerns or report another's wrongdoing, are sometimes worried about possible repercussions. The Council aims to encourage openness and will support anyone who raises genuine concerns in good faith under this policy, even if they turn out to be mistaken.
- 10.4 The Council is committed to ensuring no one suffers any detrimental treatment as a result of:
- refusing to take part in, be concerned in, or facilitate tax evasion or foreign tax evasion by another person;
  - refusing to aid, abet, counsel or procure the commission of a tax evasion offence or a foreign tax evasion offence by another person; or
  - reporting in good faith their suspicion that an actual or potential tax evasion offence or foreign tax evasion offence has taken place, or may take place in the future.

## 11. Breaches of this policy

- 11.1 Any employee who breaches this policy may face disciplinary action, which could result in dismissal for misconduct or gross misconduct.
- 11.2 The Council may terminate its relationship with other individuals and organisations working on our behalf if they breach this policy.

## 12. Potential risk scenarios “red flags”

- 12.1 The following is a list of possible red flags that may arise during the course of Council work and which may raise concerns related to tax evasion or foreign tax evasion. The list is not intended to be exhaustive and is for illustrative purposes only.
- 12.2 If you encounter any of these red flags while working for us, you must report them promptly to your manager, to the Operational Director – Finance or using the procedure set out in the Whistleblowing Policy or the online confidential reporting facility.
- 12.2.1 You become aware, in the course of your work, that a third party has made or intends to make a false statement relating to tax, has failed to disclose income

or gains to, or to register with, HMRC (or the equivalent authority in any relevant non-UK jurisdiction), has delivered or intends to deliver a false document relating to tax, or has set up or intends to set up a structure to try to hide income, gains or assets from a tax authority;

- 12.2.2 You become aware, in the course of your work, that a third party has deliberately failed to register for VAT (or the equivalent tax in any relevant non-UK jurisdiction) or failed to account for VAT;
- 12.2.3 A third party requests payment in cash and/or refuses to sign a formal commission or fee agreement, or to provide an invoice or receipt for a payment made;
- 12.2.4 You become aware, in the course of your work, that a third party working for us as an employee asks to be treated as a self-employed contractor, but without any material changes to their working conditions;
- 12.2.5 A supplier or other subcontractor is paid gross when they should have been paid net, under a scheme such as the Construction Industry Scheme;
- 12.2.6 A third party requests that payment is made to a country or geographic location different from where the third party resides or conducts business;
- 12.2.7 A third party to whom the Council has provided services requests that their invoice is addressed to a different entity, when the Council did not provide services to such entity directly;
- 12.2.8 A third party to whom we have provided services asks us to change the description of services rendered on an invoice in a way that seems designed to obscure the nature of the services provided;
- 12.2.9 You receive an invoice from a third party that appears to be non-standard or customised;
- 12.2.10 A third party insists on the use of side letters or refuses to put terms agreed in writing or asks for contracts or other documentation to be backdated;
- 12.2.11 You notice that the Council has been invoiced for a commission or fee payment that appears too large or too small, given the service stated to have been provided;
- 12.2.12 A third party requests or requires the use of an agent, intermediary, consultant, distributor or supplier that is not typically used by or known to us.

### 13. Useful links

Halton Borough Council's Whistleblowing Policy

<http://councillors.halton.gov.uk/documents/s58285/Whistleblowing%20Policy%20FINAL.pdf>

Halton Borough Council's Ant-Fraud, Bribery and Corruption Policy

<http://councillors.halton.gov.uk/documents/s58287/AntiFraud%20Bribery%20and%20Corruption%20Policy%20FINAL.pdf>

Halton Borough Council's Fraud Response Plan

<http://councillors.halton.gov.uk/documents/s58286/Fraud%20Response%20Plan%20FINAL.pdf>

Halton Borough Council's Fraud Sanction and Prosecution Policy



<http://councillors.halton.gov.uk/documents/s58288/Fraud%20Prosecution%20Policy%20FINAL.pdf>

Criminal Finances Act 2017, Part 3 – Corporate Offences of Failure to Prevent Facilitation of Tax Evasion <http://www.legislation.gov.uk/ukpga/2017/22/part/3/enacted>

**WHISTLE-BLOWING POLICY**

**June 2021**

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## WHISTLE-BLOWING POLICY

### 1.0 INTRODUCTION

- 1.1 Individuals working within or for an organisation are often the first to realise that there may be something seriously wrong within it. However, they may not express their concerns because they feel that speaking up would be disloyal to their colleagues or to the organisation. They may also fear harassment or victimisation. In these circumstances it may be easier to ignore the concern rather than report what may just be a suspicion of malpractice.
- 1.2 Whistle-blowing is the term used when someone who works within or for an organisation raises a concern about a possible fraud, crime, danger or other serious risk that could threaten customers, colleagues, the public or the organisation's own reputation. Blowing the whistle is more formally known as 'making a disclosure in the public interest'.
- 1.3 The Council is committed to the highest possible standards of openness, probity and accountability. In line with that commitment we expect employees, elected members and contractors who have serious concerns about any aspect of the Council's work, to come forward and voice those concerns.
- 1.4 This policy sets out the ways in which individuals may raise concerns that they have and explains how those concerns will be dealt with. It also gives protection to the person raising concerns.
- 1.5 The policy applies to all employees, elected members, ex-employees (within 3 months of cessation of their employment with Halton Borough Council), volunteers, or contractors working for the Council on Council premises (for example, agency staff, builders and drivers). It also covers suppliers and those providing services under a contract with the Council in their own premises, for example, care homes.
- 1.6 This policy has been developed taking into account:
- The Public Interest Disclosure Act 1998, which protects whistle-blowers who report concerns, from subsequent harassment, victimisation and other unfair treatment arising out of the disclosure. The Act is incorporated into the Employment Rights Act 1996, which already protects employees who take action over, or raise concern about, health and safety at work.
  - The sections of the Enterprise and Regulatory Reform Act 2013 relating to protected disclosures.
- 1.7 This policy has been discussed with the relevant trade unions and has their support.

## **2.0 AIMS OF THIS POLICY**

### **2.1 This policy aims to:**

- encourage individuals to feel confident in raising serious concerns and to question and act upon concerns about practice and procedures;
- provide avenues for individuals to raise those concerns and receive feedback on any action taken;
- ensure that individuals receive a response to their concerns and are aware of how to pursue them if not satisfied;
- reassure individuals that they will be protected from possible reprisals or victimisation from those working within or for the Council if they have a reasonable belief that they have made any disclosure in good faith.

### **2.2 The Policy of Conduct for Local Government Employees states that**

*“Employees will be expected through agreed procedures and without fear of recrimination to bring to the attention of the appropriate level of management any deficiency in the provision of service. Employees must report to the appropriate manager any impropriety or breach of procedure.”*

### **2.3 This policy supports that statement.**

## **3.0 SCOPE OF THIS POLICY**

**3.1** It is important to know the difference between a ‘Whistle-blow’ and a ‘grievance.’ A Whistle-blow has a public interest aspect to it, as it puts at risk others. A grievance by contrast has no public interest factors, as it is a complaint about a particular employment situation. A grievance should be reported using the Grievance Policy, not this policy.

**3.2** This policy is not a substitute for and does not replace other relevant policies within the Council. Where the concerns raised relate to a breach of one of those policies they will be investigated under that policy. This policy is not intended to be used where other more appropriate procedures are available. These may include, but are not limited to:

- Disciplinary Procedure
- Child and Adult Safeguarding Policies and Procedures
- Dignity at Work Policy
- Grievance Procedure
- Single Equalities Scheme
- Corporate Complaints Policy

**3.3** This policy supports the Council's Anti-Fraud and Anti-Corruption Strategy and the Fraud Response Plan. It is intended to help anyone working within or for the Council, if they have major concerns over any wrong-doing within the

organisation, to raise concerns internally rather than overlooking the problem or blowing the whistle externally unless the whistle blower feels that is the most appropriate way. However, the Council will support you in raising a matter externally if you feel this is the best course of action.

3.4 Specific examples of concerns that could be raised under this policy, if a reasonable belief that one or more of them may have occurred, could include:

- Concerns relating to matters covered by internal Council policies and procedures, such as;
- Actions or behaviour that make you feel uncomfortable in terms of falling below established standards of practice or which amount to improper conduct
- Actions in breach of the Council's Standing Orders and policies;
- Damage to the environment;
- Dangerous procedures or practices risking health and safety, including risks to the public, service users and to other employees;
- Other unethical conduct;

Concerns relating to matters that may, following investigation, need to be dealt with under policies and procedures external to the Council, such as;

- Conduct which is a criminal offence or a breach of the law;
- Disclosures related to miscarriages of justice;
- The unauthorised use of public funds;
- Fraud and corruption;
- Sexual or physical abuse of service users;
- Other unethical conduct;

3.5 These are known as qualifying disclosures under the Public Interest Disclosure Act 1998

3.6 This list is not meant to be exhaustive but gives examples of potential malpractice. The overriding concern should be that it is in the public interest for the potential malpractice to be corrected and sanctions taken if need be

3.7 This policy will be referenced where relevant and made available for inspection and use as part of the awarding of any Council contracts.

#### **4.0 SAFEGUARDS AND PROTECTION**

4.1 The Council recognises that the decision to report a concern can be a difficult one to make. The Council will not tolerate any harassment, victimisation

(including informal pressures), disadvantage, detrimental action or deliberate failure to act. The Council will take appropriate action to protect you when you raise a concern which you have a reasonable belief to be in the public interest and has disciplinary policies, including those on Harassment & Bullying at Work, which are designed to protect Whistle-blowers from all forms of harassment in the workplace.

- 4.2 Any investigation into allegations of potential malpractice will normally not be interrupted by any employment procedures that may already be underway. It is not the Council's intention to delay action taken under the disciplinary or other policies, pending the completion of investigations taken in accordance with this policy, unless the Council considers that the merits of a particular case warrant this, or unless the matter becomes a police matter which prevent further internal processes.
- 4.3 In all cases, the provisions of The Public Interest Disclosure Act (PIDA) will be adhered to. However, the Enterprise & Regulatory Reform Act (ERRA) introduces a Public Interest test requirement on Whistle-blowers. In order to receive the protection of PIDA, whistle-blowers will be required to show that they reasonably believed that the disclosure they are making is in the Public Interest. This should be done through the evidence they present when raising their concern. The procedure for making allegations is set out in Section 7 of this policy. Further information on the ERRA can be found at [www.legislation.gov.uk](http://www.legislation.gov.uk)
- 4.4 If an allegation is made that is reasonably believed to be in the public interest, but it is not confirmed by the investigation, no action will be taken against the person making the allegation. If it is found, however, during the investigation that an allegation has been made vexatiously, maliciously or for personal gain, disciplinary action may then be taken.
- 4.5 As a whistle blower, legal protection is also given by the Public Interest Disclosure Act 1998. If a whistleblower makes what is known as a "qualifying disclosure" under the 1998 Act to their employer or certain other persons/bodies, and this is done reasonably and in the public interest, it will be unlawful to subject them to any detriment.
- 4.6 If a case progresses to an Employment Tribunal, compensation may be awarded if the Council breaches the 1998 Act, following a successful claim for 'detrimental treatment'. Compensation may be reduced however if the allegation was not made in good faith.

## **5.0 CONFIDENTIALITY**

- 5.1 All concerns will be treated in confidence and every effort will be made not to reveal the identity of the person making the allegation if they so wish (subject to any legal requirements or decisions). This cannot be guaranteed however if a person needs to come forward as a witness. For example, if a hearing is

needed, either by law, or under a Council procedure, the employee disclosing the concern may be required to give evidence.

- 5.2 The employee disclosing a concern should ensure that they only inform the person(s) identified in part 7 below.
- 5.3 If the nature of the whistle blow requires disclosure to other people to conduct an investigation, then the employee who originally disclosed this will be informed that this needs to happen.

## **6.0 ANONYMOUS ALLEGATIONS**

- 6.1 This policy encourages those making the allegation to put their name to your disclosure and receive the protection of PIDA whenever possible. Concerns expressed anonymously are much less powerful but will be considered where there is enough detail to justify further investigation.
- 6.2 Any anonymous concerns or allegations received under this policy will be referred to the Head of Internal Audit and will be logged and investigated as far as possible under the process outlined in section 8 of this policy.

## **7.0 HOW TO RAISE A CONCERN**

- 7.1 As a first step, the person making the allegation should normally raise concerns with their immediate manager or the supervisor of their manager. This depends, however, on the seriousness and sensitivity of the issues involved and who is suspected of the malpractice. For example, if the person making the allegation believes that their own manager is involved, they should approach one of the following:
- Operational Director and Monitoring Officer (Legal and Democratic Services);
  - Strategic Director – Policy and Resources
  - Head of Internal Audit
  - Chair of the Standards Committee (who can be contacted by a letter addressed to the Chair of the Standards Committee and sent to the Municipal Building, Kingsway, Widnes, WA8 7QF)
- 7.2 These individuals may also provide advice and guidance on matters of concern under this policy.
- 7.3 Concerns may be raised verbally or in writing. Individuals who wish to make a written report are invited to use the following format:
- the background and history of the concern (giving relevant dates);
  - the reason why you are particularly concerned about the situation.



- 7.4 The earlier a concern is expressed, the easier it is to take action. Although a person is not expected to prove beyond doubt the truth of an allegation, they should demonstrate to the person contacted that there are reasonable grounds for the concern.
- 7.5 The person making the allegation is able to invite a trade union representative, professional association representative or a colleague to be present during any meetings or interviews in connection with the concerns raised.
- 7.6 Wherever possible concerns or allegations should be reported internally. If the person making the allegation is unwilling or unable to report the matter internally there are a number of other agencies they may be able to report their concerns to and which can be accessed at the following link:

[List of prescribed people and bodies](#)

- 7.7 The Small Business, Enterprise and Employment Act 2015 amends the Employment Rights Act to require "prescribed persons" under the whistleblowing legislation to produce annual reports on all whistleblowing disclosures made to them. These reports will not contain the names of the people who made the disclosures.
- 7.8 The full list of prescribed people and bodies is included at Appendix 2 in the version of this policy published on the Councils intranet.
- 7.9 A new Whistleblowing Advice Line ran by the NSPCC Helpline has officially launched. This has been developed to provide support to employees wishing to raise concerns over how child protection issues are being handled in their own or other organisations. The NSPCC Whistleblowing Advice Line can be reached on 0800 028 0285.
- 7.10 The advice line is not intended to replace any current practices or responsibilities of organisations working with children. The helpline advisors would encourage professionals to raise any concerns about a child to their own employer in the first instance. However, the advice line offers an alternative route if whistleblowing internally is difficult or professionals have concerns around how matters are being handled.

## **8.0 HOW THE COUNCIL WILL RESPOND**

- 8.1 The Council will respond to and investigate any concerns raised under this policy. All allegations and concerns raised under this policy will be formally recorded and logged in a secure register held by the Responsible Officer (or their designated representative) identified in section 9 of this policy.

8.2 Matters raised may be:

- Investigated by management;
- Investigated by internal audit;
- Progressed through internal procedure;
- Referred to the Police;
- Referred to the external auditor;
- The subject of an independent enquiry;
- Dealt with via any other appropriate procedure, for example, child protection, abuse of vulnerable adults' procedure.

8.3 In order to protect anybody accused of misconduct, an initial review will be made to decide whether a full investigation is appropriate and, if so, what form it should take. If appropriate, Human Resources will be informed.

8.4 Some concerns may be resolved following an initial review without the need for full investigation.

8.5 Within ten working days of your concern being raised, the person making the allegation may be invited to a meeting in person to discuss your concern.

8.7 The Council will write to the person making the allegation:

- indicating how it plans to deal with the matter
- giving an estimate of how long it will take to provide a full response
- Supplying information on staff support mechanisms, for example welfare or Occupational Health

8.8 The amount of contact between the person making the allegation and any officers considering the issues will depend on the nature of the matters raised, the potential difficulties involved and the clarity of the information provided.

8.9 If, following an initial review, a formal investigation of an allegation is required under this policy, this will be conducted in line with the process set out within the Council Disciplinary procedure.

8.10 The Council will minimise any difficulties which may be experienced as a result of raising a concern. For instance, if a person is required to give evidence in criminal or disciplinary proceedings the Council will arrange for them to receive advice about the procedure. It is important for whistle-blowers to understand that making a whistle-blowing allegation doesn't give them an automatic right to anonymity, but does give them protection from harassment or victimisation and that the Council will not tolerate any form of this from anyone working within or for the Council.

- 8.11 If urgent action is required, for example if there is an urgent health and safety or safeguarding concern, this will be taken before any investigation is conducted.
- 8.12 This process is set out in the form of a flowchart and attached at Appendix 1 of this policy

## **9.0 THE RESPONSIBLE OFFICER**

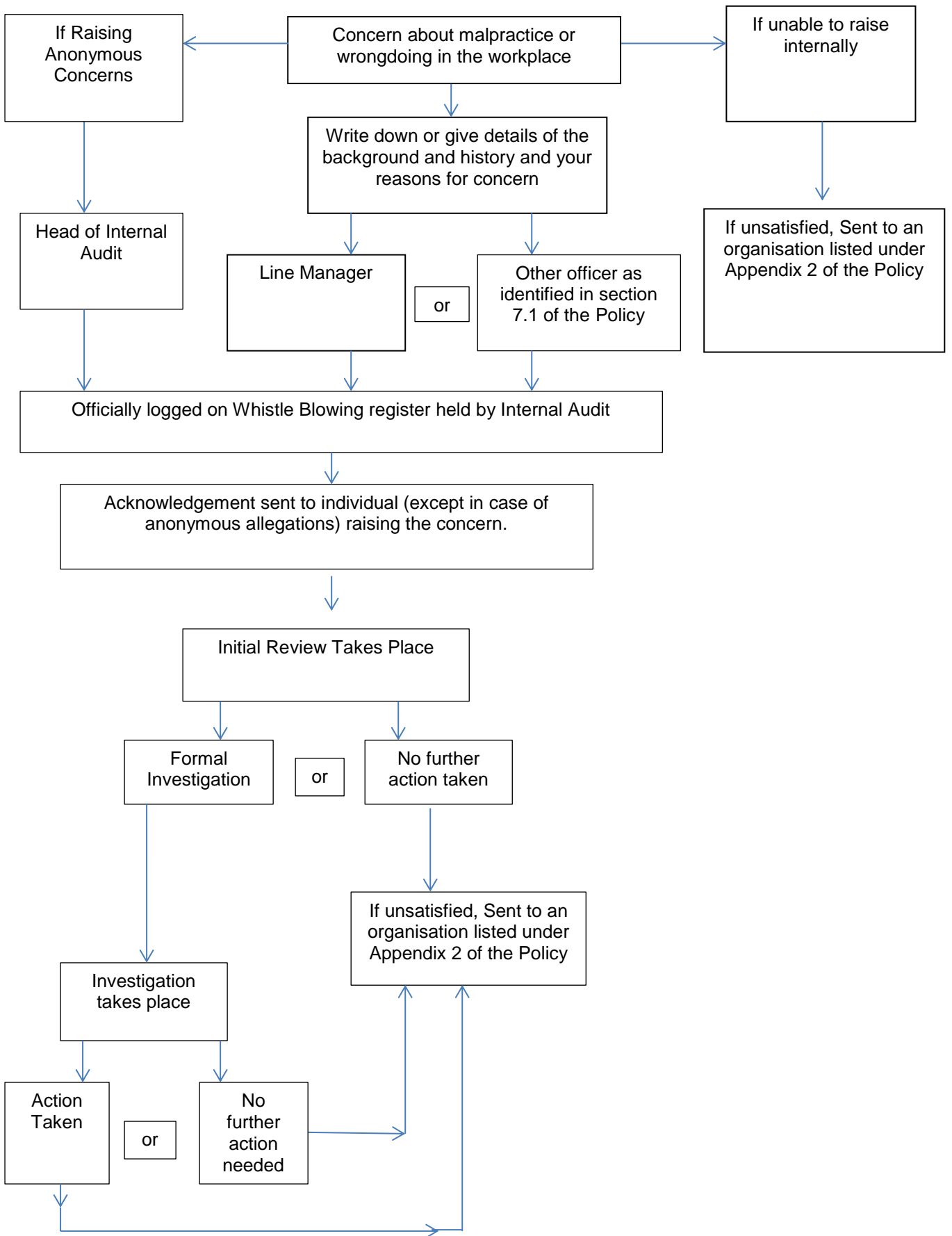
- 9.1 The Head of Internal Audit has overall responsibility for the maintenance and operation of this policy and will maintain a record of all concerns raised and any outcomes. This record will be in a form which does not compromise your confidentiality and may be officially delegated to a named officer to maintain. The Head of Internal Audit will report as necessary to the Council.

## **10.0 HOW THE MATTER CAN BE TAKEN FURTHER**

- 10.1 If the person making the allegation feels it is right to take the matter outside the Council, the following are possible contact points:
- the external auditor
  - Citizens' Advice Bureau
  - relevant professional bodies or regulatory organisations
  - a relevant voluntary organisation
  - the police
  - organisations prescribed from time to time by the Secretary of State for the purpose of protected disclosure under the Public Interest Disclosure Act
- 10.3 The aim of this policy is to provide an internal mechanism for reporting, investigating and remedying any potential wrongdoing in the workplace. In the majority of cases it should not be necessary to alert anyone externally.
- 10.4 The law recognises however, that in some circumstances it may be appropriate to report your concerns to an external body, such as a regulator. A list of these agencies and contacts are linked to at paragraph 7.6 and again at Appendix 2 of this policy as published on the intranet.
- 10.5 If the matter is taken outside the Council, confidential information should not be exposed, for example such as that covered by the Data Protection Act 1998. It is advised that advice is sought before reporting a concern externally. The independent whistle blowing charity, [Public Concern at Work](#), operates a confidential hotline (020 7404 6609) and can provide advice as necessary.

## **11.0 REVIEW OF THE POLICY**

- 11.1 This policy will be reviewed annually, and changes made to the policy as deemed appropriate following necessary consultation with interested parties.



**REPORT TO:** Audit and Governance Board  
**DATE:** 27 September 2023  
**REPORTING OFFICER:** Operational Director, Finance  
**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 **CLIMATE CHANGE IMPLICATIONS**

9.1 None.

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

10.1 None under the meaning of the Act.



### Land and buildings valuation 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 recognised.
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 2021/22, and if so what was the reason for the change?	Detail is included in the Accounting Policies to the Statement of Accounts.  None
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2021/22, and if so what was the reason for the change?	Based on professional advice or latest available information.  None
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2021/22, and if so what was the reason for the change?	Source data provided by service providers or management experts  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 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. Clarification sought where there are material differences in estimates between years which has not been addressed
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 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.
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.



## Net pension liability valuation 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 assets to 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?  Were any changes made to these methods or models in 2022/223, and if so what was the reason for the change?	Based on professional advice.  No Changes
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	Based on professional advice.  No Changes
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	Source data provided by Cheshire Pension Fund to pension actuary (Hymans Robertson LLP).  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

## Assets held for sale valuation 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?	Valuation estimations supported by professional advice.
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 2022/23, and if so what was the reason for the change?	Valuation identified immediately before classification applied as an asset held for sale.  No Changes
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	Based on professional advice or latest available information.  No Changes
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	Source data provided by service providers or management experts  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 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, through information provided by management experts.
8. Were any changes made to the key control activities this year? If so please provide details.	No
9. How do management consider the estimation uncertainty related to this accounting estimate and address this uncertainty when selecting the point estimate to use?	Not considered a major source of estimation uncertainty.
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?	NA

## Depreciation 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?	There is uncertainty to the Council sustaining spend on maintenance of assets which adds uncertainty to the assets useful life.
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 2022/23, and if so what was the reason for the change?	Estimated useful lives are applied for each different class of asset. Based on professional advice.  When assets are revalued, new asset lives are provided and updated before running the following year's depreciation  No
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	Based on professional advice or latest available information.  None
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	Source data provided by service providers or management experts  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 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, through information provided by management experts.
8. Were any changes made to the key control activities this year? If so please provide details.	No
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 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.
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 values 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?  Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	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.  No.
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	As per Q2.  No
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	From latest available information.  No.
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 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.	No.
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?	Cost of living increase continues to add some uncertainty, considered for each separate provision if required.
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 2022/23, and if so what was the reason for the change?	Model based on historical experience and latest available information.  None
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	As per Q2  None
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	From latest available information as at 31 March.  No.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	No.
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?	Assessing comparison between years, reasonableness.
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.	No.
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?  Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	Latest available information.  No.
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	As Q2.  No.
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	From latest available information as at 31 March.  No.
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	No.
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?	Assessing comparison between years, reasonableness.
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.	No.
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

## Bad debt provision 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?  Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	Model based on historical experience and latest available information.  No
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	As per Q2  No
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	From latest available information as at 31 March.  No
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	No
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?	Assessing comparison between years, reasonableness.
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.	No
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

## Expected credit loss 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?  Were any changes made to these methods or models in 2022/23, and if so what was the reason for the change?	Model based on historical experience and latest available information.  No
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	As per Q2  No
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	From latest available information as at 31 March.  No
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 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. Clarification sought where there are material differences in estimates between years which has not been addressed
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.	No
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 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?	No
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 2022/23, and if so what was the reason for the change?	Latest available information.  No.
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	As Q2  No
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	From latest available information as at 31 March.  No
5. Were any specialised skills or knowledge used in respect of this accounting estimates, and if so how were these specialist skills procured?	No
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?	Assessing comparison between years, reasonableness.
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.	No.
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

## PFI 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?	No
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 2022/23, and if so what was the reason for the change?	Model based on latest available information and information relevant to PFI type schemes.  No
3. How do management select the assumptions used in respect of this accounting estimate?  Were any changes made to these assumptions in 2022/23, and if so what was the reason for the change?	As Q2  No
4. How do management select the source data used in respect of this accounting estimate?  Were any changes made to this source data in 2022/23, and if so what was the reason for the change?	Information available from PFI contractual documents.  No
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 acquired in previous years 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?	Assessing comparison between years, reasonableness.
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.	No
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



# Informing the audit risk assessment for Halton Borough Council 2022/23

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit 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 your business or any 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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## Purpose

The purpose of this report is to contribute towards the effective two-way communication between Halton Borough Council's external auditors and Halton Borough Council's Audit and Governance Board, as 'those charged with governance'. The report covers some important areas of the auditor risk assessment where we are required to make inquiries of the Audit and Governance Board under auditing standards.

## Background

Under International Standards on Auditing (UK), (ISA(UK)) auditors have specific responsibilities to communicate with the Audit and Governance Board. ISA(UK) emphasise the importance of two-way communication between the auditor and the Audit and Governance Board and also specify matters that should be communicated.

This two-way communication assists both the auditor and the Audit and Governance Board in understanding matters relating to the audit and developing a constructive working relationship. It also enables the auditor to obtain information relevant to the audit from the Audit and Governance Board and supports the Audit and Governance Board in fulfilling its responsibilities in relation to the financial reporting process.

## Communication

As part of our risk assessment procedures we are required to obtain an understanding of management processes and the local authority's oversight of the following areas:

- General Enquiries of Management
- Fraud,
- Laws and Regulations,
- Related Parties,
- Going Concern, and
- Accounting Estimates.

## Purpose

This report includes a series of questions on each of these areas and the response we have received from Halton Borough Council's management. The Audit and Governance Board should consider whether these responses are consistent with its understanding and whether there are any further comments it wishes to make.

## General Enquiries of Management

Question	Management response
<p>1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2022/23?</p>	<p>Funding provided from Government continues to fall behind the level of growth required for Council services. Demand led services (particularly children in care) have increased number of users and increasing costs.</p> <p>The high cost of living impact and high inflation has had an impact on the Council's finances, pay deal awarded in 2022/23 was significantly higher than forecast when setting the 2022/23 budget. In addition energy costs for the year were significantly higher than previous years. These issues were identified at the start of the year and reserves set aside to fund additional costs.</p> <p>Difficulties in staff recruitment have led to greater agency costs across the Council</p> <p>The lack of certainty for financial planning purposes of only having a one year Grant Settlement.</p> <p>The Council has reviewed its structure over the past year, resulting in an increase in the number of reporting directorates from 2 to 5, which it is considered will provide more robust management arrangements for each of the directorates and a stronger Chief Officers leadership team for the Council.</p> <p>Council agreed in February 2023 the establishment of the Transformation Programme. The programme formally commenced on 1 April 2023, and is an addition to the Council's establishment using a mix of seconded employees from other service areas and external expertise. The programme is funded through a capitalisation order of £7m across the period April 2023 to March 2026. The programme is tasked with identifying fundamental changes to the way services are delivered, in order to bring costs more in line with benchmark comparators and thereby provide sustainable efficiency savings of £2m in 2023/24, £8m in 2024/25 and £10m in 2025/26</p>
<p>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? If so, what are they?</p>	<p>The Council's accounting policies have been reviewed. There have been no events or transactions which have required changes to or the adoption of new accounting policies.</p> <p>There have been no events or transactions resulting in a change or adoption of new accounting policies.</p>



## General Enquiries of Management

Question	Management response
5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?	None in which the Council are aware of.
6. Are you aware of any guarantee contracts? If so, please provide further details	There are none.
7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details	None, other than 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

## General Enquiries of Management

Question	Management response
9. Have any of the Halton Borough Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No.
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	<p>PWC provided advice on VAT and CIS matters.</p> <p>Aon provided advice as the Council's insurance broker.</p> <p>Link Asset Services provided treasury management advice during the year and provided information on the Financial Instruments note to the accounts.</p> <p>Innovate/external consultants and DFE continued to work with Children Services on Ofsted Improvement Plan.</p> <p>Consultants were in place to start the Council's 3 year Transformation Programme</p>
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Credit loss provisions considered on an annual basis for both general and collection fund matters.

# Fraud

## Matters in relation to fraud

ISA (UK) 240 covers auditors responsibilities relating to fraud in an audit of financial statements.

The primary responsibility to prevent and detect fraud rests with both the Audit and Governance Board and management. Management, with the oversight of the Audit and Governance Board, needs to ensure a strong emphasis on fraud prevention and deterrence and encourage a culture of honest and ethical behaviour. As part of its oversight, the Audit and Governance Board should consider the potential for override of controls and inappropriate influence over the financial reporting process.

As Halton Borough Council's external auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error. We are required to maintain professional scepticism throughout the audit, considering the potential for management override of controls.

As part of our audit risk assessment procedures we are required to consider risks of fraud. This includes considering the arrangements management has put in place with regard to fraud risks including:

- assessment that the financial statements could be materially misstated due to fraud,
- process for identifying and responding to risks of fraud, including any identified specific risks,
- communication with the Audit and Governance Board regarding its processes for identifying and responding to risks of fraud, and
- communication to employees regarding business practices and ethical behaviour.

We need to understand how the Audit and Governance Board oversees the above processes. We are also required to make inquiries of both management and the Audit and Governance Board as to their knowledge of any actual, suspected or alleged fraud. These areas have been set out in the fraud risk assessment questions below together with responses from Halton Borough Council's management.

## Fraud risk assessment

Question	Management response
<p>1. Has Halton Borough Council assessed the risk of material misstatement in the financial statements due to fraud?</p> <p>How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?</p> <p>How do the Local Authority's risk management processes link to financial reporting?</p>	<p>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. External fraud has generally tended to be of a low level attritional nature predominantly relating to Council Tax and Benefits.</p> <p>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.</p> <p>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> <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 &amp; 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 &amp; Governance Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>The Council has an established Anti-Fraud &amp; 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</p>

## Fraud risk assessment

Question	Management response
<p>4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?</p>	<p>The Audit &amp; 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 &amp; 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 &amp; Governance Board through regular progress reports.</p> <p>The Audit &amp; Governance Board also receives an annual report on the Council's anti-fraud and corruption arrangements. The Board received the report in September 2022.</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>5. Have you identified any specific fraud risks? If so, please provide details</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>11</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>There are also other areas where local authorities may be at risk of fraud. For Halton these include:</p> <ul style="list-style-type: none"> <li>Council Tax (Single Person Discounts, Student Exemptions, Non-occupancy)</li> <li>Business Rates (Reliefs and Exemptions)</li> <li>Online Banking Transactions</li> <li>Procurement</li> <li>Supplier Payment Fraud</li> <li>Payroll</li> <li>Grants</li> <li>Insurance Claims</li> <li>Travel and Subsistence Claims</li> </ul>

## Fraud risk assessment

Question	Management response
<p>7. How do you assess the overall control environment for Halton Borough Council, including:</p> <ul style="list-style-type: none"> <li>• the existence of internal controls, including segregation of duties; and</li> <li>• the process for reviewing the effectiveness the system of internal control?</li> </ul> <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)? If so, please provide details</p>	<p>The Council believes that the Council operates a robust control environment, which is borne out by the annual opinions provided by the Head of Internal Audit over an extended period.</p> <p>Internal Audit provides a continuous audit of the Council's control environment and undertakes regular reviews of the core systems which provide the information used for the financial statements. This includes assessing the adequacy and operation of internal controls plus the risk of fraud, as part of each audit review.</p> <p>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. The results of each Internal Audit review and follow-up reviews are reported to the Audit &amp; Governance Board.</p> <p>A fraud awareness e-learning module operates in-house to raise staff awareness of potential fraud risks.</p> <p>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.</p> <p>The Audit &amp; 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> <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.</p>
<p><sup>12</sup> 8. Are there any areas where there is potential for misreporting? If so, please provide details</p>	<p>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</p>

## Fraud risk assessment

Question	Management response
<p>9. How does Halton Borough Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>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.</p> <p>E-learning has been used to improve employee awareness of the Bribery Act, Fraud and Corruption, and Information Governance.</p> <p>Staff are expected to report any concerns regarding potential fraud, corruption and unethical or unprofessional behaviour.</p> <p>The Council operates a whistleblowing policy for staff and contractors to report any concerns. All reports received are investigated. The list of reports received during 22/23 can be shared with external audit if required.</p>
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Any posts having high value levels of delegation are considered potentially higher risk from a fraud and corruption perspective, as well as those dealing with the procurement of contracts. However, the Council operates a scheme of delegation which ensures that an appropriate structure of financial authorisation is in place, to ensure controls are operated to mitigate potential risks. Appropriate segregation of duty is inbuilt into the Council's finance and banking systems to ensure that the same officer cannot initiate a transaction and authorise it.</p>

## Fraud risk assessment

Question	Management response
<p>12. 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 &amp; 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 &amp; 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 &amp; Governance Board through progress reports to each meeting of the Board</p> <p>The Audit &amp; Governance Board also receives an annual report on the Council's anti-fraud and corruption arrangements. The Board received the 2021/22 report in September 2022, the 2022/23 version will be reported in September 2023.</p>
<p>13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?</p>	<p>Yes - All whistleblowing complaints are logged and investigated by the Audit &amp; Investigations Team.</p>
<p>14. Have any reports been made under the Bribery Act? If so, please provide details</p>	<p>No.</p>



## Law and regulations

### Matters in relation to laws and regulations

ISA (UK) 250 requires us to consider the impact of laws and regulations in an audit of the financial statements.

Management, with the oversight of the Audit and Governance Board, is responsible for ensuring that Halton Borough Council's operations are conducted in accordance with laws and regulations, including those that determine amounts in the financial statements.

As auditor, we are responsible for obtaining reasonable assurance that the financial statements are free from material misstatement due to fraud or error, taking into account the appropriate legal and regulatory framework. As part of our risk assessment procedures we are required to make inquiries of management and the Audit and Governance Board as to whether the body is in compliance with laws and regulations. Where we become aware of non-compliance or suspected non-compliance we need to gain an understanding of the non-compliance and the possible effect on the financial statements.

Risk assessment questions have been set out below together with responses from management.

## Impact of laws and regulations

Question	Management response
<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 Local Authority's regulatory environment that may have a significant impact on the Local Authority'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>
<p>2. How is the Audit and Governance Board provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>The Audit &amp; 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>
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2022 with an on-going impact on the 2022/23 financial statements? If so, please provide details</p>	<p>There have been no such instances of non-compliance or suspected non-compliance since 1 April 2022.</p>
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>Only for those where it is possible the liability is with the Council and there is uncertainty over the amounts. These are covered within the contingent liabilities note.</p>

## Impact of laws and regulations

Question	Management response
<p>5. What arrangements does Halton Borough Council have in place to identify, evaluate and account for litigation or claims?</p>	<p>Senior Officers, the Legal Department and Finance Officers are requested on an annual basis to consider potential litigation and claims. Regular financial reporting and budget monitoring also help with the identification process.</p> <p>Assessments are undertaken by the Revenues &amp; 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>
<p>6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details</p>	<p>None</p>

# Related Parties

## Matters in relation to Related Parties

Halton Borough Council are required to disclose transactions with bodies/individuals that would be classed as related parties. These may include:

- bodies that directly, or indirectly through one or more intermediaries, control, or are controlled by Halton Borough Council;
- associates;
- joint ventures;
- a body that has an interest in the authority that gives it significant influence over the Local Authority;
- key management personnel, and close members of the family of key management personnel, and
- post-employment benefit plans (pension fund) for the benefit of employees of the Local Authority, or of any body that is a related party of the Local Authority.

A disclosure is required if a transaction (or series of transactions) is material on either side, i.e. if a transaction is immaterial from the Local Authority's perspective but material from a related party viewpoint then the Local Authority must disclose it.

ISA (UK) 550 requires us to review your procedures for identifying related party transactions and obtain an understanding of the controls that you have established to identify such transactions. We will also carry out testing to ensure the related party transaction disclosures you make in the financial statements are complete and accurate.

## Related Parties

Question	Management response
<p>1. Have there been any changes in the related parties from previous year including those disclosed in Halton Borough Council's 2021/22 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and Halton Borough Council</li> <li>whether Halton Borough Council has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul>	<p>A list of related parties are included within the Council's draft 2022/23 Statement of Accounts. There have been no material changes from those disclosed in the 2021/22 financial statements.</p>
<p>2. What controls does Halton Borough Council have in place to identify, account for and disclose related party transactions and relationships?</p>	<p>An 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.</p>
<p>3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?</p>	<p>All transactions with related parties are subject to the Council's normal controls over authorisation and approval of transactions in line with Finance Standing Orders.</p>
<p>4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?</p>	<p>There are no transactions outside the normal course of business and all transactions are subject to the normal authorisation and approval controls.</p>

# Going Concern

## Matters in relation to Going Concern

The audit approach for going concern is based on the requirements of ISA (UK) 570, as interpreted by Practice Note 10: Audit of financial statements and regularity of public sector bodies in the United Kingdom (Revised 2020). It also takes into account the National Audit Office's Supplementary Guidance Note (SGN) 01: Going Concern – Auditors' responsibilities for local public bodies.

Practice Note 10 confirms that in many (but not all) public sector bodies, the use of the going concern basis of accounting is not a matter of significant focus of the auditor's time and resources because the applicable financial reporting frameworks envisage that the going concern basis for accounting will apply where the body's services will continue to be delivered by the public sector. In such cases, a material uncertainty related to going concern is unlikely to exist.

For this reason, a straightforward and standardised approach to compliance with ISA (UK) 570 will often be appropriate for public sector bodies. This will be a proportionate approach to going concern based on the body's circumstances and the applicable financial reporting framework. In line with Practice Note 10, the auditor's assessment of going concern should take account of the statutory nature of the body and the fact that the financial reporting framework for local government bodies presume going concern in the event of anticipated continuation of provision of the services provided by the body. Therefore, the public sector auditor applies a 'continued provision of service approach', unless there is clear evidence to the contrary. This would also apply even where those services are planned to transfer to another body, as in such circumstances, the underlying services will continue.

For many public sector bodies, the financial sustainability of the body and the services it provides are more likely to be of significant public interest than the application of the going concern basis of accounting. Financial sustainability is a key component of value for money work and it is through such work that it will be considered.

## Going Concern

Question	Management response
1. What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by Halton Borough Council will no longer continue?	Council Executive Board receive quarterly reports covering the Council's financial position, this will highlight any risk to the Council's finances which may have a detrimental impact on continued delivery of Council services. Financial Management undertake forecasting of estimated outturn position during the financial year and a rolling medium term financial forecast is also produced which reviews the Council's financial position over a three year term. This will enable the Council to identify risks to statutory services continuing to be provided.
2. Are management aware of any factors which may mean for Halton Borough Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	None.
3. With regard to the statutory services currently provided by Halton Borough Council, does Halton Borough Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for Halton Borough Council to cease to exist?	The Council expects to deliver statutory services for the foreseeable future.
4. Are management satisfied that the financial reporting framework permits Halton Borough Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial	Management are satisfied on both counts

# Accounting estimates

## Matters in relation to accounting estimates

ISA (UK) 540 (Revised December 2018) requires auditors to understand and assess a body's internal controls over accounting estimates, including:

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

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

Specifically do Audit and Governance Board members:

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

We would ask the Audit and Governance Board to satisfy itself that the arrangements for accounting estimates are adequate.



## Accounting Estimates - General Enquiries of Management

Question	Management response
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
2. How does the Local Authority's risk management process identify and address risks relating to accounting estimates?	Consideration is given to such whilst preparing the financial statements. These have been noted in the 2022/23 Statement of Accounts and include: <ul style="list-style-type: none"> <li>• Property, Plant &amp; Equipment</li> <li>• Pensions Liability</li> <li>• Collection Fund Provisions</li> </ul>
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	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, economic climate and use of best available data is used with regard to provisions
4. How do management review the outcomes of previous accounting estimates?	Comparison of values is undertaken between current and prior year. Where material differences apply guidance is sought on the reasons.
5. Were any changes made to the estimation processes in 2022/23 and, if so, what was the reason for these?	No Changes

## Accounting Estimates - General Enquiries of Management

Question	Management response
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Need for specialist skills or knowledge will be considered separately for each class of estimation.
7. How does the Local Authority determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	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.
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	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.
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> <li>- Management's process for making significant accounting estimates</li> <li>- The methods and models used</li> <li>- The resultant accounting estimates included in the financial statements.</li> </ul>	Detailed information on each estimate is included within the Statement of Accounts.

## Accounting Estimates - General Enquiries of Management

Question	Management response
10. Are management aware of any 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 in Appendix A)? If so, what are they?	None
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Use of service providers or management experts where required.
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.

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuations	Management experts engaged to provide information.	Market and economic conditions	Yes	Considered under accounting policies and major source of estimation uncertainty.	None
Depreciation	Estimated useful lives are applied for each different class of asset	Depreciation applied to valuation provided by management experts	Yes	Considered under accounting policies and major source of estimation uncertainty.	No
Assets held for sale	Management experts engaged to provide information.	Market and economic conditions	Yes	Considered under accounting policies and major source of estimation uncertainty.	No
Valuation of defined benefit net pension fund liabilities	Management experts engaged through Cheshire Pension Service to provide information.	Market and economic conditions	Yes	Considered under accounting policies and major source of estimation uncertainty.	No

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Provisions	Historical experience and current available information.	Comparison made to previous years	No	To be considered if material	None
Fair value estimates	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.	Market and economic conditions	Yes	To be considered if material	None
Accruals	Latest available information.	Comparison to previous years, in-year costs.	No	To be considered if material	None
<sup>27</sup> Credit loss and impairment allowances /	Historical experience and current available information.	Comparison made to previous years. Market and economic	No	To be considered if material	None

## Appendix A Accounting Estimates

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Amounts due under finance leases	Latest available information	Comparison to previous years.	No	To be considered if material	None
PFI Liabilities	Model based on latest available information and information relevant to PFI type schemes.	Comparison to previous years.	Experts used in previous years in setting up initial models.	To be considered if material	None
[Please add Any other estimate you feel we should be aware of]					



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<b>REPORT TO:</b>	Audit and Governance Board
<b>DATE:</b>	27 September 2023
<b>REPORTING OFFICER:</b>	Corporate Director – Chief Executive’s Delivery Unit
<b>PORTFOLIO:</b>	Corporate Services
<b>SUBJECT:</b>	Corporate Risk Register annual update 2023/24
<b>WARD(S)</b>	Borough-wide

**1.0 PURPOSE OF THE REPORT**

1.1 To report on the annual update of the Corporate Risk Register for 2023/24.

**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 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 listed 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. Delivery of Services to Vulnerable Adults (25:16) (25:20)
- ii. Safeguarding Children and Adults (25:16)
- iii. Health & Wellbeing (16:12)
- iv. Cyber Risk (25:20)
- v. Data Protection (25:15)
- vi. Capacity and Resilience (20:16)(20:16)
- vii. Council Finances (25:20)(25:20)
- viii. Keeping Halton Community Safe (15:12)
- ix. Changes to Government Arrangements (25:15)
- x. Partnerships (9:4)
- xi. Fraud (20:4) and
- xii. Funding and Income Generation (16:12)

#### 4.0 **POLICY IMPLICATIONS**

4.1 To provide a framework 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 **CLIMATE CHANGE**

9.1 There are no climate change implications.

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

10.1 None under the meaning of the Act.

# Corporate Risk Register

Lead Officer: **Richard Rout**

Risk Management Coordinator: **Lynn P Ramsden**

Initial Register Implementation: **2011**

Register Review Date: **April 2023**

Progress update: **September 2023**

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## Halton Borough Council Risk Register Summary

Ref	Risk Name	
1A	Failure to deliver quality services to vulnerable adults could negatively affect their health and wellbeing.	16
1B	Adult Social Care Charging Reforms, likely to cause a shortfall in funding to meet the full cost of care.	20
2	Failure to support and protect the safeguarding of adults could adversely impact on their health, safety and opportunity to reach their potential.	16
3	Childrens Services – safeguarding and finance.	16
4	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.	12
5	Risk of adverse business Impact as a result of the failure of key business systems brought about by cyber incidents.	20
6	Data Protection: Risk of breach of data caused by mishandling of personal data.	15
7A	Reduced capacity to sustain the delivery of services and respond to emergency situations in line with Council Priorities.	16
7B	Reduced capacity to continue service provision across various services due to recruitment and / or retention difficulties.	16
8A	The Council's funding available from Government grant and/or locally raised business rates/council tax, is not sufficient to meet increasing service demands.	20
8B	Total council spending for the year exceeds available budget provision.	20
9A	A failure to monitor and appropriately manage the risks created by global, national and local events.	12
9B	Depleted staffing resource impacting on ability to provide out of hours on call Emergency Planning Officer role working towards resolution late August 2023.	4
10	Changes to Government arrangements and other public sector organisations could potentially lead to a deterioration of local services.	15
11	Failure to prevent and detect fraud and/or corruption.	4
12	Failure to maximise and identify funding opportunities in light of government cuts.	12

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

### DELIVERY OF SERVICES TO VULNERABLE ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
1a	<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 and cost of living</p>	5	5	<b>25</b>	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"> <li>Effectively allocating and using available finances and resources in the delivery of services.</li> <li>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.</li> <li>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.</li> </ul>	4	4	<b>16</b>	6 monthly	Executive Director - Adults

<ul style="list-style-type: none"> <li>• Delivery of prevention and early intervention to vulnerable adults through a range of services.</li> <li>• Effective use of alternative funding streams and community assets to provide services.</li> <li>• Joint approach with Health to ensure efficient quality assurance across all adult social care services.</li> </ul> <p><b><u>COVID-19</u></b></p> <ul style="list-style-type: none"> <li>• Continued focus and support to Care Homes</li> <li>• Support the flu and COVID booster programmes</li> <li>• Ensure any emergency funding is allocated immediately</li> <li>• Continued focus on resilience</li> </ul>					
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Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
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Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
1b	Adult Social Care Charging Reforms, as announced September 2021 likely to cause a shortfall in funding to meet the full cost of care. This in turn may trigger a judicial review if Local Authority do not fully fund	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"> <li>ADASS regional groups to review risks and approaches and address areas of concern.</li> <li>Local task and finish group to fully understand risks and make recommendations to Local Authority.</li> <li>Reforms delayed until 2025- waiting for further information and guidance.</li> <li>Cost of care exercise now published.</li> </ul>	5	4	20	6 monthly	Executive Director - Adults



**SAFEGUARDING ADULTS**

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
2	Failure to support and protect the safeguarding adults could adversely impact on their health, safety and opportunity to reach their potential	5	5	<b>25</b>	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"> <li>Halton’s Safeguarding Adults Board meets on a quarterly basis, to ensure effective oversight of safeguarding in the Borough.</li> <li>Peer review completed in July 2023- the board will implement findings.</li> <li>Safeguarding Adult’s Board works with strategic groups within the Borough to ensure accountability and effectiveness of safeguarding.</li> <li>Multiagency audits are completed and reported to the Board to ensure oversight of quality and consistency of practices.</li> <li>Comprehensive performance dashboard for Adults are reviewed at least monthly and compared with regional and national benchmarks.</li> <li>Improving the health and wellbeing of adults through early intervention and prevention services.</li> </ul>	4	4	<b>16</b>	6 monthly	Executive Director - Adults
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<ul style="list-style-type: none"> <li>• 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.</li> <li>• Support local care home and community providers to drive up the quality of care within their services to ensure positive outcomes for vulnerable adults.</li> <li>• Regular reports to health PPB.</li> <li>• Quarterly assurance meetings with the leader, chief executive and chair of the board.</li> </ul> <p><b><u>COVID-19</u></b></p> <ul style="list-style-type: none"> <li>• Continue to monitor concerns in relation to care home outbreaks</li> <li>• Maintain focus on quality</li> <li>• Maintain focus on ensuring visiting is available to all care home residents, including families and other professionals.</li> </ul>					
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## CHILDREN SERVICES

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
3a	<p>Death or serious harm to a child that was or should have been in receipt of services, either from the council (or a partner agency). There is an on-going need to ensure that services to all vulnerable children and young people have a focus on safeguarding and prevention of harm. Failure to support and protect children could adversely impact on their health and safety and compromise their ability to fulfil their potential.</p>	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"> <li>Leadership system across children's services and the wider corporate council are connected to the child's voice by the golden thread</li> <li>Children are seen and heard and their assessed needs and voice are used to inform SMART plans for them</li> <li>Management oversight and intervention is strong</li> <li>Quality Assurance processes including audit, supervision and performance data management provide oversight and assurance</li> <li>DfE Improvement Notice Jan 2022: Children's Improvement Board in place</li> </ul>	4	4	16	6 monthly	Executive Director - Childrens
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<ul style="list-style-type: none"> <li>• Halton’s Children’s and Young People Safeguarding Partnership Board fully operational connecting partners across the Borough</li> <li>• Attendance of CYP in education is monitored, supported, challenged and shared with appropriate services to ensure children are seen, supported and safe</li> </ul>					
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Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
3b	<p>Overspend in Children's Services</p> <p>a. Demand at the front door and throughout the 'child's journey' in the child services system has been exacerbated by a risk averse approach which is being challenged to ensure an appropriate intervention at the right (earliest) time</p> <p>Extensive additional resources have been provided to address this inflated demand, but resources are finite and cannot be continued beyond the next year</p> <p>b. The number of children with an Education Health and Care plan is, proportionally, significantly higher than regionally and the needs of this large cohort cannot be met through 'in Borough' placements alone. Transport to 'out of Borough' placements is a consequence and is extremely costly</p>	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)		
<p>a. Children's social care</p> <ul style="list-style-type: none"> <li>Staffing Establishment 'as is' position</li> <li>Analysis of the demand for HBC children's services</li> </ul>	4	4	16	6 monthly	Executive Director - Childrens

<ul style="list-style-type: none"> <li>• TDU Children Services Transformation Programme</li> <li>• Desired position established and budget control system introduced</li> </ul> <p>b. SEND - Out of Borough Placements and Transport</p> <ul style="list-style-type: none"> <li>• Baseline position established providing tracking data for children 'in the system'</li> <li>• Review of EHCP assessment process and further development of graduated approach to identify, assess and intervene/ meet need earlier</li> <li>• Sufficiency strategy and JSNA to inform provision required and work with wider stakeholders to develop further specialist provision in borough</li> <li>• Management oversight, monitoring and analysis of data to inform future planning, development and training of workforce</li> <li>• Partnership working with health, social care and multi-agency services to share and learn effective practice whilst providing scrutiny and challenge to partner agencies as appropriate to meet need</li> <li>• Analysis of effective implementation of transport policy and practice; review of promotion for independence and preparation for adulthood with partners, wider council services, parent/carers and young people</li> </ul>					
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**HEALTH AND WELLBEING**

Item	Identified risk	Impact <sup>i</sup> (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>	4	4	<b>16</b>	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"> <li>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</li> <li>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</li> </ul>	4	3	<b>12</b>	6 monthly	Director of Public Health

<ul style="list-style-type: none"> <li>• Health and Wellbeing Strategy has been refreshed; additional public health plans produced e.g. healthy weights, tobacco control etc. Public Health Annual Report completed annually. Account taken of local need and national policy</li> <li>• Appropriate health and wellbeing services commissioned e.g. tobacco control, screening, vaccinations and immunisations, sexual health services, obesity programmes</li> <li>• Public Health, health intelligence, Public Protection and Health Improvement Teams in place</li> <li>• Collaborative working with wider partners across NHS, LA's, Voluntary and community sector</li> <li>• Public Health Intelligence Team in place, and recruitment ongoing</li> <li>• Joint Strategic Needs Assessment in place and regularly updated; awaiting steer One Halton</li> <li>• Key Public health staff engaged appropriately with wider public health systems for early alerts, advice, mutual support and training,</li> <li>• Senior public health staff engaged with local authority response arrangements</li> <li>• Contribution to and development of multi-agency joint response plans; development of local contingency plans (heatwave, floods, etc) and environmental health plans</li> <li>• Key Public Health staff linked with the potential systems response to COVID-19 as well as shared HPB with Warrington PH team Responses are also in line with Government response Vaccination on going.</li> </ul>					
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**CYBER RISK**

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
5	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"> <li>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</li> <li>A dedicated service within ICT Services that has the responsibility of managing the cyber risk facing the Council</li> <li>Clear reporting lines to senior management allowing the risk to be managed.</li> <li>Numerous Compliance regimes that provide the necessary assurance frameworks to demonstrate how the Council complies with industry standards</li> <li>Ongoing education and awareness programme for key staff</li> <li>Ongoing adoption and implementation of advice and guidance from NCSC</li> <li>Continuous improvement - ongoing upskilling of security and Information Governance teams to expand their capabilities against the prevailing cyber climate through training and certification</li> </ul>	5	4	20	6 monthly	Operational Director – IT and Support Services

• Migration to office 365 will significantly enhance security posture					
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**DATA PROTECTION**

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
6	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  Failure to comply with information governance requirements, e.g. Data Protection Act (General Data Protection Regulation); Freedom of Information Act	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"> <li>• Policies and procedures for council staff including Data Protection</li> <li>• Policy and Information Governance Handbook</li> <li>• Wide range of guidance about handling personal data available to council staff on the internal intranet site</li> <li>• Mandatory training for council staff via E-Learning module</li> <li>• Reporting to senior Management Team Reviews and internal audits</li> </ul>	5	3	15	6 monthly	Operational Director – IT and Support Services

<ul style="list-style-type: none"> <li>• Privacy Impact Assessments for new technologies or where processing is likely to result in a high risk to individuals</li> <li>• Contractor’s compliance</li> <li>• Management controls, including effective logging and tracking, complaints and appeals procedures</li> <li>• Effective use of technology</li> <li>• The model publication scheme approved by the Information Commissioner adopted</li> <li>• Improvement plan developed and being implemented</li> </ul>					
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**CAPACITY AND RESILIENCE**

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
7a	Reduced capacity to sustain the delivery of services and respond to emergency situations in line with Council Priorities	5	4	<b>20</b>	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"> <li>Maintaining a supportive working environment through shared service organisational ethos, pride and value across Members, staff, management, Unions and partners. Work on values and branding has commenced summer 2023</li> <li>Focusing delivery of performance on the council’s corporate vision and key strategic priorities leading to a clearly understood and shared set of priorities</li> <li>Revised priorities and new Corporate Plan in development during 2023, for launch April 2024</li> <li>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</li> </ul>	4	4	<b>16</b>	6 monthly	All Directors

<ul style="list-style-type: none"> <li>• Maintaining a workforce that are skilled, informed, flexible and competent in order to ensure that they deliver efficient and effective services</li> <li>• Deliver the Council’s Transformation Programme 2023-26 to align service provision to resources and provide prioritised resilient services in the community</li> <li>• Utilise learning from the management of working practices during the pandemic to inform future ways of working and optimise resources. This will be done in a controlled way, incorporating an office accommodation review, through implementation of a ‘Future Work Programme’, sponsored by Management Team and delivered in a structured way using programme management principles</li> </ul>				
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Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
7b	Reduced capacity to continue service provision across various services due to recruitment and / or retention difficulties and high sickness absence levels	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"> <li>• Development of a medium-term strategic approach to resourcing in order to address the issue of an ageing workforce</li> </ul>	4	4	16	6 monthly	All Directors

<ul style="list-style-type: none"> <li>• Development of a short-term strategic approach to resourcing in order to address emerging labour market difficulties, recruitment to hard-to-recruit professional roles, and recruitment to a growing number of vacant posts</li> <li>• Design and implementation of career pathways to attract younger potential employees to the workforce</li> <li>• Collaborative working with LCR CA and LA's to implement broader projects and initiatives to attract potential employees to the sub-regional Local Government Sector</li> <li>• Development of broader projects and initiatives to retain employees within the Council (e.g. flexible working)</li> <li>• Continue to use the corporate contract that is in place to obtain and manage temporary resources (Matrix SCM)</li> <li>• Use of controlled 'off-contract' arrangements, via procurement, where the corporate contract cannot meet a requirement</li> <li>• Develop a new 'Employer Value Proposition' as part of the Council's Transformation Programme</li> <li>• Development of short term/long term plans to improve management of employee absences</li> </ul>					
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**COUNCIL FINANCES**

Item	Identified risk	Impact <sup>ii</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
8a	The Council’s funding available from Government grant and/or locally raised business rates/council tax, is not sufficient to meet increasing service demands and associated costs, which may lead 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	5	5	<b>25</b>	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"> <li>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</li> <li>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 Financial Strategy.</li> <li>The Government once again announced only a one-year grant settlement for 2023/24. In addition, the proposed review of the Local</li> </ul>	5	4	<b>20</b>	6 monthly	Operational Director – Finance



<p>Government funding regime has been postponed until at least the next Parliament. This continues to provide great uncertainty in terms of medium term financial planning</p> <ul style="list-style-type: none"> <li>• Following the grant settlement, Council on 8<sup>th</sup> March 2023 set a balanced revenue budget for 2023/24 by utilising a significant amount of one-off reserves. This was required in order to provide sufficient time to develop and implement the three-year Transformation Programme, which is intended to bring Council spending back in line with budget by 2025/26. This creates a significant risk for the Council; therefore, a robust process has been being established to ensure the Transformation Programme will deliver sufficient, permanent cost reductions over the three-year period</li> <li>• Governance arrangements for the Transformation Programme are being led by the Executive Board, with regular briefings for the Scrutiny Chairs Group and all Members</li> <li>• Effective business planning is undertaken to ensure that appropriate resources are directed towards the Councils key strategic priorities.</li> <li>• Budget setting is aligned to the annual business planning cycle in order to ensure that the value of financial resources is maximised</li> <li>• A budget risk register is maintained which works in conjunction with the budget setting cycle to ensure that emerging budget risks are identified together with relevant mitigating measures</li> </ul>					
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Item	Identified risk	Impact <sup>iii</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
8b	Total Council spending for the year significantly exceeds available budget provision and thereby requires funding from available reserves	5	5	25	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"> <li>Budget monitoring information is provided to budget managers on a monthly basis, with support and advice provided by Finance Officers</li> <li>Spending is monitored closely, and exceptions highlighted in order that corrective action can be taken as soon as possible</li> <li>Action is being taken to reduce the use of agency staff placements, which is a particular area of concern given the high costs involved.</li> <li>The forecast outturn position is updated on a monthly basis</li> <li>Where significant overspend positions emerge, action plans are put in place to address the situation, with close monitoring by relevant budget managers and Management Team</li> <li>Budget monitoring reports for each Department are presented to the relevant Policy and Performance Boards on a quarterly basis and the overall council wide position is reported to Executive Board.</li> <li>When Council sets the annual budget, a central contingency budget is included to provide for unexpected and excessive costs</li> </ul>	5	4	20	6 monthly	Operational Director – Finance

<ul style="list-style-type: none"> <li>Where possible steps are taken to replenish reserves, in case they are required to fund overall council wide net overspends.</li> </ul>					
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**KEEPING HALTON COMMUNITY SAFE**

Item	Identified risk	Impact <sup>v</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
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### KEEPING HALTON COMMUNITY SAFE

Item	Identified risk	Impact <sup>iv</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
9a	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	<b>15</b>	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"> <li>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</li> <li>Multi agency Community Safety team that addresses anti-social behaviour and crime thus supporting the SHP agenda</li> <li>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</li> </ul>	2 (4)	2 (3)	<b>4 (12)</b>	Quarterly to MT	Operational Director – Community and Greenspace
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<ul style="list-style-type: none"> <li>• Emergency Planning team have developed and tested Multi-Agency Response plans to mitigate a number of risks within the borough</li> <li>• 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</li> <li>• Emergency Planning Teamwork in partnership with the Cheshire Resilience Forum to provide an integrated approach for facilitating and responding with emergencies across Cheshire</li> <li>• Emergency Planning Teamwork with cross border organisations and responding agencies within the Liverpool City Region regarding cross border risks and resilience planning</li> <li>• Critical Incident Management procedures, including ‘lockdown’, have been developed, communicated and tested for Council buildings and schools.</li> <li>• Security surveys conducted for main council buildings and schools</li> </ul>					
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Item	Identified risk	Impact <sup>v</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
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Item	Identified risk	Impact <sup>v</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
9b	Depleted staffing resource impacting on ability to provide out of hours on call Emergency Planning Officer role	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"> <li>Local pay agreement agreed with EPO on call staff for 12 months from 21<sup>st</sup> August 2023</li> <li>EPO on call re-established from 21<sup>st</sup> August 2023</li> <li>EPO vacant posts recruited to</li> <li>Accelerated training programme for new recruits in place</li> <li>Mandatory refresher training for all First Responders delivered May 2023, ongoing training offer developed</li> <li>Corporate review of on call arrangements by 1<sup>st</sup> August 2024</li> </ul>	2 (4)	2 (3)	4 (12)	Quarterly to SMT	Operational Director – Community and Greenspace
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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)
10	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"> <li>Ensuring that both Members and officers from the Council play an active role in the Combined Authority for the Liverpool City Region</li> <li>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 the governance arrangements of the Integrated Care System</li> </ul>	5	3	15	6 monthly	Chief Executive

**FRAUD**

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Council Priority Area(s)
11	Large-scale fraud and/or corruption may lead to significant financial loss and reputational damage	4	5	20	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"> <li>• Maintenance of an effective system of internal control</li> <li>• Rigorous pre-employment checks of new employees</li> <li>• Officers’ Code of Conduct</li> <li>• Members’ Code of Conduct</li> <li>• Gifts and Hospitality Policy</li> <li>• Registration of Interests</li> <li>• Local Code of Corporate Governance</li> <li>• Whistleblowing arrangements</li> <li>• Finance Standing Orders</li> </ul>	2	3	4	6 monthly	Operational Director – Finance



<ul style="list-style-type: none"> <li>● Procurement Standing Orders</li> <li>● Anti-Fraud, Bribery &amp; Corruption Strategy</li> <li>● Fraud Response Plan</li> <li>● Fraud Sanction and Prosecution Policy</li> <li>● Anti-Facilitation of Tax Evasion Policy</li> <li>● Fraud, corruption and bribery awareness training</li> <li>● A continuous internal audit of the Council's systems and services</li> <li>● A corporate fraud investigation team, which receives fraud referrals, investigates allegations, recovers losses and sanctions fraudsters</li> <li>● External testing and assurance over the Council's cyber security arrangements</li> <li>● Crime insurance policy to indemnify the Council against significant financial loss resulting from fraud</li> <li>● Participation in the National Fraud Initiative</li> <li>● Fraud awareness campaigns encouraging members of the public and employees to raise any concerns about fraud and corruption</li> <li>● Collaboration with other local authorities and sharing of best practice in regard to tackling fraud and corruption</li> <li>● 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</li> <li>● 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</li> </ul>					
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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)
12	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"> <li>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</li> <li>Review team structures and redeploy staff to respond to emerging funding streams e.g. housing, climate change and town centre funding.</li> <li>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</li> <li>Corporate reports to Executive Board and Management Team to highlight services the Team can offer and meets with Departments to identify funding requirements; regularly signposts Council services to specific</li> </ul>	3	4	12	6 monthly	All Executive Directors

<p>funding streams</p> <ul style="list-style-type: none"> <li>• 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.</li> <li>• Continue to work with colleagues to improve the methods of dissemination and ensure prioritisation of/submission to relevant funding streams</li> </ul>					
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## 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.	01.09.21
10.1		01.09.21	Progress Commentary.	
11.0		01.04.22	Reviewed and updated.	01.09.22
11.1		01.09.22	Progress Commentary.	
12.0		01.04.23	Reviewed and updated in line with Zurich Municipal 1 <sup>st</sup> review. 2 <sup>nd</sup> review will progress on September update. Mersey Gateway and Community Expectations removed after consultation with relevant managers/directors. Education	01.09.23

			<p>risk removed as being dealt with as a separate matter at the request of the interim Executive Director for Adults/Childrens Services.</p> <p>Depleted staffing resource for Emergency Planning added to 'Keeping Halton's Community Safe'.</p>	
12.1		01.09.23	<p>Reviewed and updated in line with Zurich Municipal 2<sup>nd</sup> review. Risk Register summary and matrix added at beginning of document as a quick reference. Safeguarding of adults and Childrens split into 2 separate sections at request of Executive Director of Adults Services. Information for the new section, Children's Services now included. Partnerships removed after consultation with Community Safety DM. Keeping Halton's community safe updated with new EPOs on call and rota agreement.</p>	01.04.24

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## Appendix 'A'

### 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:

**See below.**

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.

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**Lynn Pennington- Ramsden**  
**Principal H & S Adviser and Risk Management Co-Ordinator**  
**1<sup>st</sup> September 2023**

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

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