



Audit and Governance Board

Wednesday, 24 September 2025 at 6.30
p.m.
The Board Room - Municipal Building,
Widnes

A handwritten signature in black ink, appearing to read 'G. Ferguson'.

Interim Chief Executive

BOARD MEMBERSHIP

Councillor Rob Polhill (Chair)	Labour
Councillor Neil Connolly (Vice-Chair)	Labour
Councillor John Abbott	Labour
Councillor Valerie Hill	Labour
Councillor Margaret Ratcliffe	Liberal Democrats
Councillor Sharon Thornton	Labour
Councillor Pamela Wallace	Labour

***Please contact Gill Ferguson on 0151 511 8059 or e-mail
gill.ferguson@halton.gov.uk for further information.***

The next meeting of the Board is on Wednesday, 19 November 2025

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

Part I

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1. MINUTES	1 - 6
2. DECLARATION OF INTEREST	
Members are reminded of their responsibility to declare any Disclosable Pecuniary Interest or Other Disclosable Interest which they have in any item of business on the agenda, no later than when that item is reached or as soon as the interest becomes apparent and, with Disclosable Pecuniary interests, to leave the meeting during any discussion or voting on the item.	
3. NEW RISK MANAGEMENT POLICY	7 - 30
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PART II

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

11.INTERNAL AUDIT PROGRESS REPORT

379 - 532

12.MERSEY GATEWAY PROJECT

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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, 4 June 2025 at the Civic Suite, Town Hall, Runcorn

Present: Councillors Polhill (Chair), Connolly (Vice-Chair), Abbott, V. Hill, Ratcliffe, Thornton and Wallace

Apologies for Absence: None

Absence declared on Council business: None

Officers present: E. Dawson, M. Murphy, S. Baker, G. Ferguson, S. Middlehurst and R. Rout

Also in attendance: L. Luddington and M. Derrick – Grant Thornton UK LLP

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

		<i>Action</i>
AGB1	MINUTES	
	The Minutes of the meeting held on 19 March 2025, were taken as read and signed as a correct record.	
	It was noted that Councillor Thornton would be appointed as a representative on the Transformation Board.	
AGB2	CORPORATE RISK REGISTER REVIEW - MAY 2025	
	The Board considered a report of the Corporate Director – Chief Executive's Delivery Unit, on the annual update of the Corporate Risk Register for 2025/26.	
	The Board was advised that the Council recognised its responsibility to manage both internal and external risks as a key component of good corporate governance. The Risk Control Measures had been reviewed and updated in line with current charges within the Authority and as proposed by managers and internal stakeholders.	
	It was noted that a new Risk Management Policy was in development which would be accompanied by a new risk register design. This was being completed over the summer	

of 2025 and it was anticipated that it would be submitted to the Board in September 2025 for consideration and approval.

A Board Member raised an issue around vulnerable adults in social care and it was agreed that this would be reported back to the relevant department.

RESOLVED: That

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

AGB3 ANNUAL REPORT ON WAIVERS OF PROCUREMENT
STANDING ORDERS

The Board considered a report of the Director of Finance, which set out the Council's arrangements for the waiver of Procurement Standing Orders and provided details of all the waivers approved in 2024/25.

The Board was advised that there were three procedures for the approval of requests to waiver Procurement Standing Orders:

- Emergency Procedures;
- Non-Emergency Procedures (exceeding £100k)
- Non-Emergency Procedures (up to £100k)

The report detailed the advantages waivers can offer when used appropriately, the process for waiver requests including checks and confirmations and a summary of those waivers approved in 2024/25.

RESOLVED: That

- 1) the Board confirms its assurance in the appropriateness of the processes followed for the approval of waivers to Procurement Standing Orders; and
- 2) the waivers of Procurement Standing Orders approved in 2024/25 be noted.

AGB4 INTERNAL AUDIT ANNUAL REPORT AND OPINION –
2024/25

The Board considered a report of the Head of Audit, Procurement and Operational Finance, which summarised the work completed by Internal Audit during 2024/25, provided his annual opinion on the Council's risk management, control and governance processes and outlined how Internal Audit complied with the PSIAS throughout the year.

The Public Sector Internal Audit Standards (PSIAS) required the Head of Internal Audit to produce an annual report that included an overall opinion to support the Council's Annual Governance Statement.

RESOLVED: That the Board receives and notes this report as a source of independent assurance on the effectiveness of the Council's risk management control and governance arrangements during 2024/25.

AGB5 EXTERNAL AUDITOR'S ANNUAL REPORT 2023/24 – ACTION PLAN UPDATE

The Board considered a report of the Director of Finance, which provided an update on the actions being taken to address the recommendations arising from the External Auditor's 2023/24 Annual Report (AAR) which was presented to the Board at its meeting on 25 November 2024. The AAR included two statutory recommendations, which given their importance were required to be approved by Council on 5 December 2024. In addition, the External Auditor highlighted a number of recommendations made for the previous year which were still being addressed.

An action plan had been prepared to manage the work being undertaken in response to the External Auditor's recommendations. The Board noted that good progress had been made in addressing all of the recommendations and the Appendix presented details of progress in relation to the Action Plan.

RESOLVED: That the progress update regarding the 2023/24 AAR Action Plan as presented in the Appendix be noted.

AGB6 EXTERNAL AUDIT PLAN – 2024/25 YEAR-END

The Board considered a report of the Director of Finance, which set out the 2024/25 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 2024/25 year-end be noted.

AGB7 INFORMING THE EXTERNAL AUDIT RISK ASSESSMENT

The Board considered a report by the Director of Finance, which presented for information the draft response provided to the annual letter to the Board from Grant Thornton, the Council's external auditors, regarding their year-end audit of accounts work.

The Appendix to the report outlined the draft responses provided to a number of questions contained in a letter from Grant Thornton, which it was proposed to provide to them in order to assist with their year-end audit of accounts.

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

AGB8 DRAFT ANNUAL GOVERNANCE STATEMENT 2024/25

The Board considered a report of the Director of Finance, which sought approval of the draft 2024/25 Annual Governance Statement (AGS). The final version would be reported to the Board in September.

It was noted that the AGS, attached to the report at Appendix 1, provided an overview of the governance framework in place for 2024/25 and a Governance Review Action Plan Update. In addition, the AGS offered a transparent assessment of the Council's governance arrangements and the challenges it currently faced.

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

It was noted that there were eight areas previously identified for improvement last year and details of the actions taken were set out in the report, together with eight areas identified for the forthcoming year.

RESOLVED: That the Annual Governance Statement 2024/25 be approved.

AGB9 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.

AGB10 SIRO REPORT Q1

The Board considered a report of the Director of ICT and Support Services, that provided a quarter one update on the Council's overall Information Governance, Cyber Security and Data Protection risk. The report provided information on:

- Subject Access Requests
- Freedom of Information Requests
- Data Breaches
- Update on Cyber Security and the Cyber Assessment Framework

It was requested that a copy of the cyber assessment framework could be circulated to the Board for information.

RESOLVED: That the report be noted and approved.

AGB11 INTERNAL AUDIT PROGRESS REPORT

The Board considered a report of the Head of Audit and Operational Finance, which provided an update on internal audit activity since the last progress to the Board on 19 March 2025. Members were referred to Appendix One, which listed all the planned work for the year and its current status. The schedule of audits had been updated to reflect the progress made in completing audits since the last update to the Board. By the end of April 2025, 87 days of audit work had been completed, which represented just over 8.3% of the total planned days for the year.

Appended to the report were the executive summaries of the reports issued numbering 2 to 12, as listed in the report.

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

Meeting ended at 7.33 p.m.

REPORT TO: Audit & Governance Board
DATE: 24 September 2025
REPORTING OFFICER: Director of HR and Corporate Affairs (Interim)
PORTFOLIO: Corporate Services
SUBJECT: New Risk Management Policy
WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 Following on from an External Audit visit and subsequent recommendations the Council was advised to urgently revise its Risk Management Policy.

A new proposed Policy, (see appendix 1) has been drafted in conjunction with subject matter experts at Zurich Municipal, the Council's Insurers.

The aim of the Policy is to provide direction and alignment to current Risk Management processes across all the Council's Directorates.

Executive Board approved the new proposed policy on September 11th and recommended that the Audit & Governance Board oversee the implementation of the new Risk Management Policy and associated actions.

2.0 RECOMMENDED: That

1)the report be noted, and

2) Audit & Governance Board approves the updated Risk Management Policy, with changes outlined in Section 3.3 of this report.

3.0 SUPPORTING INFORMATION

- 3.1 Risk Management is a key aspect of Halton Borough Council's approach to handling uncertainties. This process is embedded in the Council's decision-making framework, ensuring alignment with its strategic objectives.
- 3.2 The Council is committed to fostering a positive risk culture that values openness, transparency, constructive challenge, and collaboration across all levels of the organisation.
- 3.3 Recommended changes within the new policy:
(Section 4 of proposed Policy)
- Quarterly Risk Reports to Audit & Governance Board.

- Quarterly Progress Reports to go to both Audit & Governance Board and the Executive Board.
 - Monthly Portfolio Holder meetings with formalised discussion of the Risk Register.
 - A quarterly briefing provided to the Executive Board outlining priority strategic risks and risk management actions, aligned with performance and finance reporting.
 - To include Corporate/Directorate risks in quarterly performance reports to PPBs.
- 3.4 This draft Risk Management Policy was approved at Management Team (June 3rd) and Executive Board (September 11th), with final approval at Audit & Governance Board (September 24th).
- 3.5 As part of this new approach, a new risk register and monitoring regime will also be implemented – this will be supported by training and a new toolkit for both Officers and Members, of which will be undertaken and developed by Zurich Municipal.

4.0 POLICY IMPLICATIONS

- 4.1 A new updated and operational Policy.

5.0 FINANCIAL IMPLICATIONS

- 5.1 An effective Policy will protect the Council's resources and reduce exposure to potential losses and liabilities.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence
- 6.2 Building a Strong, Sustainable Local Economy
- 6.3 Supporting Children, Young People and Families
- 6.4 Tackling Inequality and Helping Those Who Are Most In Need
- 6.5 Working Towards a Greener Future
- 6.6 Valuing and Appreciating Halton and Our Community

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

7.0 RISK ANALYSIS

- 7.1 The risk of not updating this Policy would be irresponsible and leave the Council open to potential accidents and claims. This Policy will put in place a number of key objectives which will collectively ensure effective Risk Management across the organisation.

8.0 EQUALITY AND DIVERSITY ISSUES

- 8.1 An Equality Impact Assessment will be undertaken as part of any new Council Policy being implemented.

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.

Appendix 1: Halton Borough Council Draft Risk Management Policy

HALTON BOROUGH COUNCIL

RISK MANAGEMENT POLICY



2025 - 2028

Document Control:

Reference	Halton Risk Management Policy 2025 - 2028
Date	February 2025
Authors	Rosie Marr Ella Dunne
Approved By	MM

Version History:

Date	Version Number	Revision Notes
February 2025	1	New Risk Management Policy
March 2025	2	New Risk Management Policy
June 2025	3	New Risk Management Policy

Contents Page

1. Overview and Purpose
2. Core Principles of Risk Management
3. Strategic Approach
4. Risk Management Process
5. Understanding Risk Appetite and Tolerance
6. Risk Management Levels
7. Managing Escalation and De-escalation of Risks
8. Risk Evaluation: Matrix and Scoring Criteria
9. Risk Register System
10. Roles and Responsibilities
11. Guidance, Education and Training
12. Driving Continuous Improvement
13. Review

1. Overview and Purpose

A **risk** is a potential future event or condition that may impact objectives, characterised by uncertainty – something which may happen, but hasn't yet. In contrast, an **issue** is a problem that has already occurred or is certain to happen, requiring immediate resolution. Risks are managed proactively to mitigate potential impacts, while issues demand reactive solutions to minimize immediate adverse effects. This distinction enables to effective allocation of resources, ensuring that both future uncertainties and present challenges are addressed appropriately.

Risk Management is a key aspect of Halton Borough Council's approach to handling these uncertainties. This process is embedded in the Council's decision-making framework, ensuring alignment with its strategic objectives. The Council is committed to fostering a positive risk culture that values openness, transparency, constructive challenge, and collaboration across all levels of the organisation.

A well-defined and proactive risk management framework allows Halton Borough Council to:

- Strengthen governance and boost stakeholder confidence
- Inform strategy development and decision-making processes
- Assess and deliver projects, programmes, and policy objectives effectively
- Allocate and prioritise resources efficiently
- Maintain high standards of operational efficiency
- Safeguard performance, assets, and other critical resources
- Achieve strategic objectives and drive improved outcomes
- Consider opportunities as well as threats on a balanced basis

This policy takes guidance from *"The Orange Book, Management of Risk - Principles and Concepts"* (HM Government, 2020), providing a structured framework to manage risks comprehensively and coherently throughout the organisation. The Council's approach emphasises the need to identify, assess, and address risks and opportunities in a consistent manner. This enables Halton Borough Council to embrace challenges while fostering innovation and excellence in service delivery.

The key objectives for ensuring effective Risk Management are to:

- Foster a risk-aware culture throughout the organisation.
- Integrate risk management into strategic and operational frameworks.
- Provide tools and support to help the Council anticipate and mitigate risks.
- Minimise the financial and operational impact of identified risks.
- Adapt to emerging risks and evolving external influences.

- Establish consistent and measurable methods for managing risks.

Halton Borough Council believes that effective risk management is a shared responsibility: it requires a collective understanding of risk at every level, supported by a culture that encourages accountability and informed decision-making.

As part of its corporate responsibility, Halton Borough Council aims to protect its resources and reduce exposure to potential losses and liabilities. The Council is committed to equipping its employees with the necessary skills, knowledge, and tools to manage risks effectively.

This commitment to risk management is a long-term priority for the Council, forming a key pillar of its governance practices. The approach is strongly supported by the Management Team, elected members, and the Audit and Governance Board, ensuring robust oversight and continuous improvement.

2. Core Principles of Risk Management

The HM Government *Orange Book (2020)* principles of risk management, adopted by Halton Borough Council, outlines the following key commitments:

- **Governance and Leadership:** Risk management is an essential component of governance and leadership, forming the foundation of how the Council is directed, managed, and controlled at all levels.
- **Integration into Activities:** Risk management is fully embedded in all Council activities, supporting informed decision-making and the achievement of objectives.
- **Collaboration and Expertise:** Risk management processes are collaborative, drawing on the best available information and expertise to ensure effectiveness.
- **Structured Processes:** The Council's risk management processes are systematic and include:
 1. **Risk Identification and Assessment:** Identifying and prioritising risks to determine appropriate management actions. Within this stage, it is also important to remain aware of risk proximity i.e. how soon a risk could impact the organisation.
 2. **Risk Treatment:** Selecting, designing, and implementing treatment options that support intended outcomes while managing risks to an acceptable level.
 3. **Monitoring:** Designing and operating integrated, insightful, and informative risk monitoring systems.
 4. **Reporting:** Delivering timely, accurate, and meaningful risk reporting to enhance decision-making and support oversight responsibilities.

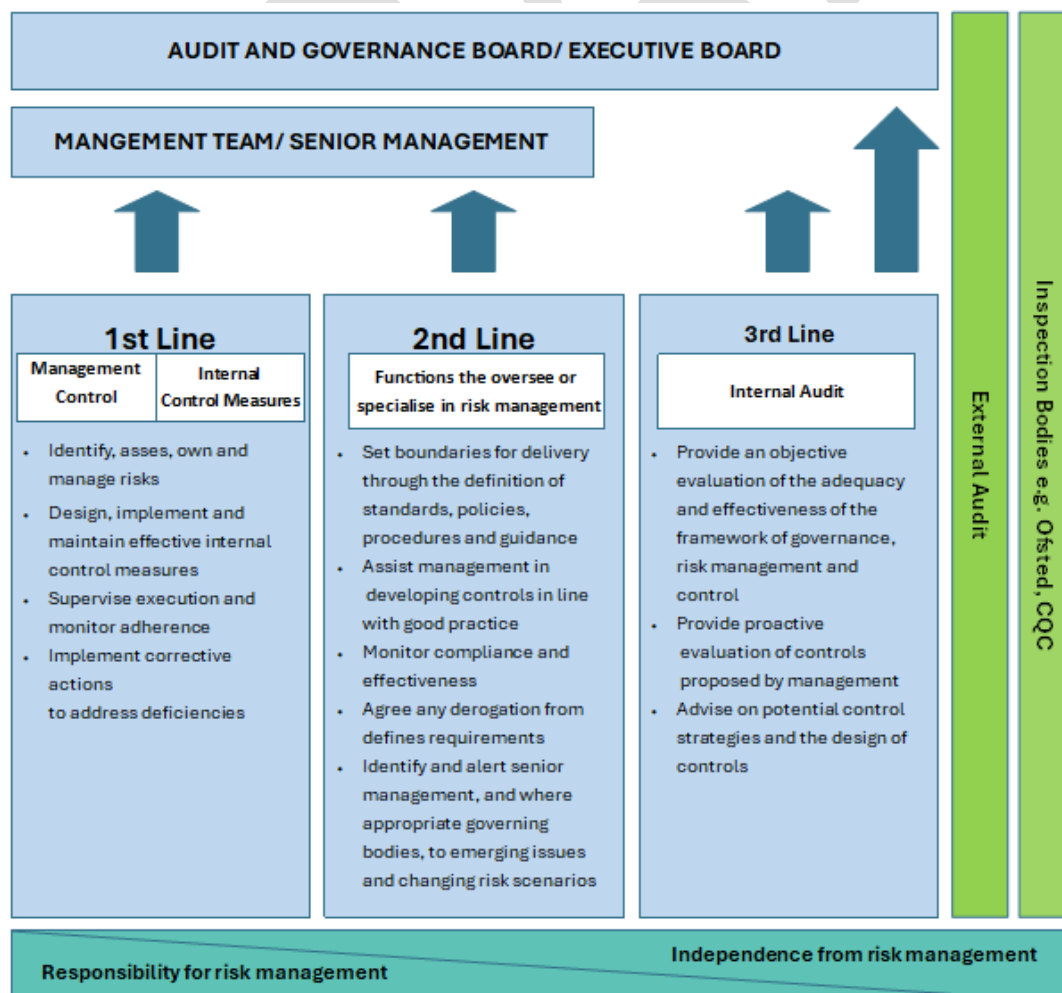
5. **Continuous Improvement:** Risk management is continuously improved through learning and experience, ensuring that practices evolve to address emerging challenges and opportunities.

By adhering to these principles, Halton Borough Council ensures a robust, informed, and proactive approach to managing risk across all levels of the organisation.

3. Strategic Approach

Led by Management Team, but with responsibility embedded across all levels of the Council's structure, Halton integrates risk management into all areas of strategic planning and prioritisation. This approach supports the Council in its pursuit of its strategic objectives, enhances service delivery, and ensures value for money. This approach also allows Halton to remain agile in responding to emerging challenges and new opportunities.

Halton Borough Council adopts successful risk management practices guided by the HM Government Orange Book – *Management of Risk – Principles and Concepts (2020)*. These practices operate within a framework of robust governance and leadership, integrating risk management across organisational activities to support informed decision-making aligned with the Council's strategic priorities.



The Council fosters a collaborative and evidence-based approach to risk management, drawing on the best available information and expertise. This is underpinned by a comprehensive risk management process and a commitment to continuous improvement. Halton Borough Council utilises a *Three Lines of Defence* model, where all employees share responsibility for managing risks (see diagram above).

Halton's second line of defence within Risk Management includes compliance functions, such as the Information Governance Team, the Performance Management Framework, Health and Safety, Emergency Planning, and the Quality Assurance function within Adult Social Care.

4. Risk Management Process

Halton Borough Council's risk management process follows a structured approach, ensuring that:

- Risks are **identified and assessed** to determine their priority and the most effective methods for management.
- Appropriate **treatment** options are selected, designed, and implemented to achieve desired outcomes while managing risks to an acceptable level.
- Comprehensive, integrated, and insightful risk **monitoring** systems are established to provide ongoing oversight.
- Timely, accurate, and meaningful risk **reporting** is conducted to improve decision-making and support the Senior Management Team and the Council in fulfilling their responsibilities.
- The risk management process goes through **continuous improvement**, where systems, processes are refined over time. Although risk management has a sequential approach, it is often iterative in practice.



Risk Identification and Assessment

New and emerging risks are identified by considering internal and external changes, tangible and intangible risk sources, uncertainties, assumptions, the reliability of information, and risk proximity (staff should remain aware of how close potential risks are to affecting operations and decision-making). The identification of new risks should be agile and may occur informally at the Service or Management Team level or through regular risk meetings. Key risks identified at the Service level are consolidated into the Directorate Risk Register, with any new strategic risks being reported immediately to the Management Team by the Risk Management Lead.

These risks are then reviewed by members of the Senior Management Team and the Risk Management Lead to determine whether they should be addressed at an operational or strategic level:

- **Operational risks** typically arise from flawed or failing processes, policies, or systems and are more closely tied to day-to-day activities. These risks are generally managed at the directorate level.
- **Strategic risks** relate to the potential failure to achieve corporate objectives and often have broader, cross-cutting implications. Responsibility for these risks is typically held by the Management Team.

The Corporate Risk Register is subsequently updated with key corporate risks from the Directorate Risk Register, along with any other relevant risks reported by the Management Team. Corporate risks are highlighted in the quarterly reports to the Audit and Governance Board, which has the authority to review and challenge risks, and raise concerns with the Council's Executive Board.

It is important to note that throughout this policy, quarterly meetings and reporting may not always coincide with financial quarters, but will occur 4 times per year.

To proactively mitigate potential risks, the Council has established robust controls, including annual training programmes, ensuring it remains ahead in limiting risk impact.

Risk Treatment

Each identified risk is addressed through a 'mitigation plan' by the risk owner, which outlines the treatment strategy. This plan takes into account the risk appetite, expected benefits, actions, ownership, resources, assurance sources, performance indicators, constraints, and a target resolution date.

Risk Monitoring

Continuous monitoring before, during, and after the implementation of risk treatments helps the Council understand how its risk profile evolves. This provides assurance that

risks are managed to a manageable level. Transparent recording and reporting of these activities enhance decision-making, improve practices, and ensure proper engagement with all stakeholders involved in risk management.

Risk Reporting

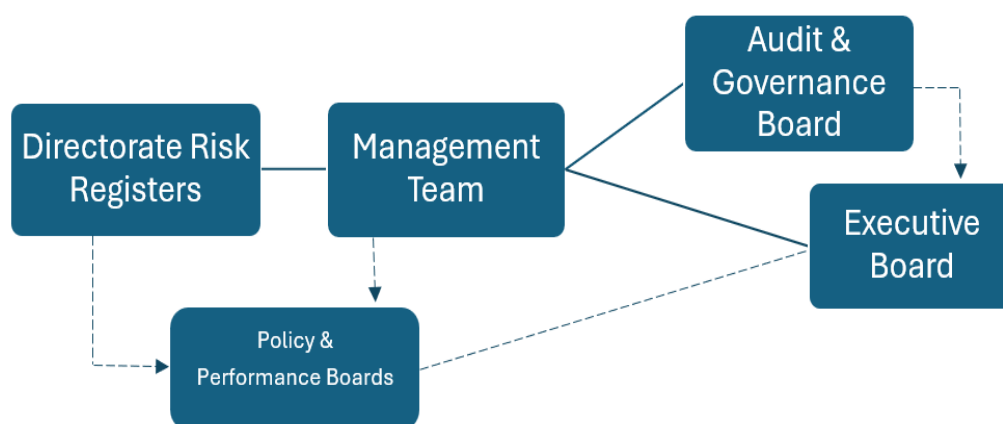
The risk reporting process is co-ordinated by the Risk Management Lead, who provides input in each stage of reporting. The Risk Management Lead partners with Directorates to develop and maintain the Directorate Risk Register. In collaboration with the Management Team, the Risk Management Lead use the Directorate Risk Register to facilitate the escalation and de-escalation of risks on the Corporate Risk Register, while also identifying any other relevant risks during quarterly Management Team risk meetings. The Management Team prepares a quarterly progress report on risk management for the Audit and Governance and the Executive Board. The Audit and Governance Board has the authority to review, challenge, and make recommendations to the Executive Board regarding identified risks.

A quarterly briefing is provided to the Executive Board outlining priority corporate risks and risk management actions, aligned with performance and finance reporting. This quarterly cycle ensures comprehensive and ongoing risk monitoring.

This briefing will also be provided to all Policy and Performance Boards.

Annually, a risk assurance briefing and review of the current risk management strategy are presented to the Audit and Governance Board.

Risk Management Proces



Project Risk Policy

Programmes and projects manage risks using a model that tracks risks, assumptions, issues, and dependencies, which are reviewed by the Transformation Board overseeing the programme of work, in terms of all Transformation projects. This approach will also apply to all other projects being undertaken within the Council.

5. Understanding Risk Appetite and Tolerance

Halton Borough Council recognises that risk is an inherent part of delivering and commissioning services. The Council's approach is to consider all options for responding to risks appropriately, enabling informed decisions that support successful delivery and value for money.

The Council does not seek to, and cannot, avoid all risks; however, the acceptance of risk is based on ensuring that potential benefits and risks are thoroughly evaluated, and appropriate mitigation measures are in place before decisions are made. The Council recognises that its risk appetite will vary depending on the activity and the ability to implement controls. Consequently, different risk appetites and tolerances are applied.

The Council's Management Team conduct an annual review of risk appetite across the key risk categories to ensure the framework remains fit for purpose and aligned with the organisation's strategic direction. As the owners of the Council's risk appetite, the Management Team use this review to guide the treatment of specific risks. The Council's values (including transparency, ownership, ambition, and consideration for people and customers) inform its approach to risk. While the aim is to reduce high risks to a manageable level wherever possible, the Council also recognises the importance of avoiding over-control.

Halton Borough Council utilises three levels of risk appetite:

- **Low Risk/Averse:** Avoids almost all risk, only engaging in activities with virtually no risk.
- **Medium Risk/Cautious:** Chooses safe options with low risk but may accept some risk for significant benefits.
- **High Risk/Eager:** Actively pursues innovation and opportunities, even when high residual risks are involved.

Risk appetite and tolerance are considered in relation to strategic outcomes and service delivery. The Council deems risks unacceptable if they:

- Breach laws or regulations

- Endanger the safety of residents, employees, or service users
- Critically harm the Council's reputation
- Threaten the Council's financial resilience or future operations

The Council acknowledges diverse risks that could impact its ability to meet statutory requirements and strategic goals. These risks categories include:

1. **Infrastructure:** Functioning of transport, communications and utilities infrastructure. The impact of storms, floods, pollution.
2. **Legislative:** Effects of change of government policy, UK or EC legislation, national or local political pressures or control, meeting the administration's manifesto commitments. (pushing boundary to maximise)
3. **Social Factors:** Effects of changes in demographic, residential and social trends on ability to deliver objectives.
4. **Technology:** Capacity to deal with obsolescence and innovation, product reliability, development and adaptability or ability to use technology to address changing demands.
5. **Commercial:** Affecting the competitiveness (cost and quality) of the service &/or ability to deliver Best Value and general market effectiveness. – Commercial development including assets.
6. **Stakeholder-related factors:** Satisfaction and representation of: the community, users, central and regional government and other stakeholders.
7. **Environmental:** Environmental consequences of progressing strategic objectives (e.g. in terms of energy efficiency, pollution, recycling emissions etc.) Also relating to pollution, noise or the energy efficiency of ongoing operations.
8. **Financial:** Associated with accounting and reporting, internal financial delegation and control, e.g. schools finance, managing revenue and capital resources, neighbourhood renewal funding taxation, pensions.
9. **Human Resources:** Recruiting and retaining appropriate staff and applying and developing skills in accordance with corporate objectives, employment policies, health & safety, and absence rates.
10. **Contacts and Partnerships:** Failure of contractors to deliver services or products to the agreed cost & specification. Procurement, contract and

relationship management. Overall partnership arrangements, e.g. for pooled budgets or community safety. PFI, LSVT and regeneration.

11. **Tangible Assets:** Security of land and buildings, safety of plant and equipment, control of IT hardware.
12. **Cyber:** Minimising attack risks whilst also avoiding becoming a hyper controlled environment which can make access to technology more difficult for organisation and staff.
13. **Governance and Procedures:** Risks inherent in professional work, such as assessing patients' welfare or designing buildings or teaching vulnerable children, response to the Human Rights Act.

It is also vital to consider **Governance Factors**, including:

- **Integrity:** Fraud and corruption, accountability and openness, legality of actions and transactions and limits of authority
- **Leadership:** Reputation, authority, democratic renewal, trust and identity
- **Policy and Strategy:** Ensuring clarity of purpose and communication. Policy planning, community planning and monitoring and managing overall performance.
- **Data and Information for Decision Making:** Data protection, data reliability and data processing. Information and communication quality. Effective use and interpretation of information. Control of data and information. E-government and service delivery.
- **Risk Management:** Incident reporting and investigation, risk measurement, evaluation and monitoring. Taking advantage of opportunity.

By systematically addressing these risks, Halton Borough Council ensures resilient and effective service delivery while safeguarding its strategic priorities.

6. Risk Management Levels

Halton Borough Council's approach to risk management is built upon ensuring that risks are effectively and consistently managed across all levels of the organisation.

Strategic Level: Strategic and business-critical risks are managed at the Management Team level. The Management Team, supported by the Risk Management Lead, reviews risk reports and the Corporate Risk Register quarterly to ensure alignment with organisational priorities. This level sets the tone for a culture of effective risk

management across the entire Council. The Audit and Governance Board plays a vital role in reviewing risks and overseeing the risk management strategy.

Service Level: Day-to-day management activities provide assurance that tactical and operational risks arising from service areas are identified, assessed, mitigated, monitored, and documented. Strong collaboration between the Directors, Service Managers, and the Risk Management Lead ensures a consistent and effective risk management approach within and across services.

Programme/Project Level: Risks are identified early in the programme/project lifecycle, starting from the initial business case stage. Ongoing risk management throughout ensures successful delivery of programme and project objectives. The Risk Management Lead will support in aligning risk management practices with both service-level and strategic-level requirements, ensuring appropriate escalation when necessary.

Through this structured, multi-level approach, Halton Borough Council ensures that risk management is a fully integrated and proactive part of achieving its strategic objectives.

7. Managing Escalation and De-escalation of Risks

Strategic risks, as opposed to a ‘big risk’, are those where there is a likelihood that an event could disrupt the whole Council’s business model or strategic objectives. If a single risk or a group of risks meet the escalation criteria outlined below, the risk(s) should be escalated to the Management Team and the Risk Management Lead. The risk owner is initially responsible for determining an appropriate course of action or escalating the issue further up the process if:

- The risk becomes too complex or unwieldy to manage at the current level.
- The risk rating cannot be controlled or managed effectively at its current level.
- The risk remains extremely high even after mitigation measures are applied.
- The risk could impact multiple services or projects if it materialises.
- The risk appears beyond the risk owner’s control.
- The risk moves outside the boundaries of the Council’s risk appetite.

De-escalation of a risk or set of risks should also be considered when they become operational, related to processes or transactions, and meet the following criteria:

- The risk can be effectively controlled or managed at the Service, Directorate or Programme level.
- The risk score meets its target level or decreases significantly.
- The risk event is limited to a single service area or team, with minimal wider impact.

- The risk is monitored after de-escalation to ensure it is being properly managed.

Escalation/De-escalation Process

If a risk owner identifies a need to escalate or de-escalate a risk or group of risks based on the above criteria, they should:

- **Seek Advice:** Consult the Risk Management Lead to discuss the proposed change in risk level.
- **Engage Stakeholders:** For risks that are multi-service or organisation-wide, consult with other relevant parties before making a recommendation to change the risk level.
- **Recommend Action:** Present the recommendation for escalation or de-escalation, ensuring it is informed by consultation and aligned with the Council's risk management framework.

By following this process, Halton Borough Council ensures that risks are managed at the most appropriate level, supporting effective governance and decision-making across the organisation.

Escalation: From Service Area/ Directorate Level to Corporate Risk Register



De-escalation: From Service Area/ Directorate Level to Corporate Risk Register

8. Risk Evaluation: Matrix and Scoring Criteria

Halton Borough Council employs a risk matrix to assess risks and understand the level of exposure. This evaluation informs the appropriate level of risk treatment needed to manage, reduce, or prevent risks from occurring.

By ensuring all business risks are assessed and managed using the Council's established risk management methodology, consistency is maintained across the risk management framework. This approach allows risks to be compared and reported on in a consistent manner. Additionally, it enables the Council to map its collective risk exposure across specific activities, objectives, outcomes, functions, or the entire operation of the Council.

Halton's Risk Management Scoring System

Risk Score	Overall Rating (Impact x Likelihood)
20-25	Very High
10-20	High
4-10	Medium
3-8	Low
1-4	Very Low

Impact/ Severity	Very High	5	5	10	15	20	25
	High	4	4	8	12	16	20
	Medium	3	3	6	9	12	15
	Low	2	2	4	6	8	10
	Very Low	1	1	2		4	5
			1	2	3	4	5
			Highly Improbable	Improbable	Possible	Probable	Highly Probable
			Likelihood/ Probability				

Likelihood/Probability

Factor	Score	Description
Highly probable	5	More than 75% chance of occurrence.
Probable	4	40% – 75% chance of occurrence.
Possible	3	10% – 40% chance of occurrence.
Improbable	2	5% – 10% chance of occurrence.
Highly Improbable	1	Less than 5% chance of occurrence.

Impact/Severity

Factor	Score	Effect on Service	Reputation	Personal Safety	Personal Privacy Infringement	Failure to Provide Statutory Duties/ Meet Legal Requirements	Financial	Effect on Project Objectives / Schedule Deadlines
High	5	Major loss of services, including several important areas of service and/or protracted period. Service disruption 5+ days.	Adverse and persistent national media coverage. Adverse central government response, involving (threat of) removal of delegated powers. Officer(s) and/or Members forced to resign.	Death of an individual or several people.	All personal details compromised/ revealed.	Litigation/ claims/ fines from: Departmental £250k+ Corporate £500k+.	Costing over £500,000. Up to 75% of Budget.	Complete failure of project/ extreme delay of 3 months or more.
Severe	4	Complete loss of an important services area for a short period. Major effect to services in one or more areas for a period of weeks. Service disruption 2-3 days.	Adverse publicity in professional/ municipal press affecting perception/ standing in professional/local government community. Adverse local publicity of a major and persistent nature.	Major injury to an individual or several people.	Many individual personal details compromised/ revealed.	Litigation/ claims/ fines from: Departmental £50k to £125k Corporate £100k to £250k.	Costing between £50,000 and £500,000. Up to 50% of Budget.	Significant impact on project or most of expected benefit fail/ major delay of 2-3 months.
Medium	3	Major effect to an important services area for a short period. Adverse effect to services in one or more areas for a period of weeks. Service disruption 2-3 days.	Adverse local publicity/ local public opinion aware. Statutory prosecution of a non-serious nature.	Severe injury to an individual or several people.	Some individual personal details compromised/ revealed.	Litigation/ claims/ fines from: Departmental £25k to £50k Corporate £50k to £100k.	Costing between £5000 and £50,000. Up to 25% of Budget.	Adverse effect on project/ significant slippage of 3 weeks - 2 months.
Low	2	Brief disruption of important services area. Significant effect to non-crucial services area. Service disruption 1 day.	Contained within section/ unit or Directorate. Complaint from individual/ small group, of arguable merit.	Minor injury or discomfort to an individual or several people.	Isolated individual person detail compromised/ revealed.	Litigation/ claims/ fines from: Departmental £12k to £25k Corporate £25k to £50k.	Costing less than £5000. Up to 10% of Budget.	Minimal impact to project/ slight delay of less than 2 weeks.
Highly Improbable	1	Brief to zero disruption. Minor effect to non-crucial services area. Less than 1 day disruption.	Contained with no complaints.	Minor to zero injury to an individual or several people.	Rare chance or isolated individual personal detail compromised/ revealed.	Litigation/ claims/ fines from: Departmental £1k to £11k Corporate £12k to £25k.	Costing less than £1000.	Minimal impact to project/ slight delay of less than 1 week.

9. Risk Register System

As part of strong governance, Halton Borough Council maintains a Corporate Risk Register, with designated individuals assigned as responsible officers to ensure that risks, along with their treatment and assurance measures, are effectively monitored and managed.

The Corporate Risk Register is a vital tool for capturing and reporting on risk activities and the Council's overall risk profile. It is a dynamic, 'live' document where new, strategic risks are recorded, existing risks are managed to an acceptable level, some are closed, and others may be de-escalated to service area, programme, or the Directorate Risk Register for ongoing operational management. Additionally, services, programmes, projects, and companies can escalate risks to the Corporate Risk Register when necessary.

The Risk Register will be available on the staff intranet and regularly updated, alongside a Risk Management Toolkit.

10. Roles and Responsibilities

Group or Individual	Responsibilities
Chief Executive	• Demonstrate a clear understanding and responsibility of the nature of the key risks facing the Council. • Be accountable for the Corporate Risk Register. • Ensure that risk management is embedded within the job descriptions of the Management Team. • Promote a positive risk management culture.
Executive Board	• Approve and review the Authority's Corporate Risk Register. • Updated on a quarterly basis.

Policy and Performance Boards	• Challenge and review risk management arrangements and activities within their areas of responsibility through corporate performance monitoring arrangements and mid-year risk mitigation reports.
Audit & Governance Board	• Updated by Management Team quarterly. • Review the adequacy of arrangements for identifying and managing business risks, including the Corporate Risk Management Policy, its implementation and approval. • Review the robustness of the Corporate Risk Register and the adequacy of the associated risk management arrangements. • Make such recommendations to the Executive Board when necessary and appropriate. • Receive and consider regular reports on the risk environment and associated management action. • Monitor effective development of risk management in the Council. • Monitor progress in addressing risk-related issues reported to the Board.
S151 Officer	• Provide advice to underpin the financial regulations that Members, officers, and others acting on behalf of the authority, are required to follow including matters of financial risk.
Management Team	• Review the Council's risk management policy. • Review the effective management of risks and internal controls and governance supported by the Risk Management Lead. • Own, review and maintain risks on the Corporate Risk Register with quarterly reviews in place. • Consult with members as required to appraise them of corporate risks. • Promote a positive risk management culture and monitor the effectiveness of risk management activities. • Agree any resources required to support the work. • Review the Annual Governance Statement.

	• Approve the Corporate Business Continuity Plan.
Directorate Level <i>Reporting quarterly* to Management Team, with strategic risks reported immediately.</i>	• Ensure that the Directorates manage risk effectively in line with their Directorate Plan and objectives. • Analyse information from Quarterly Monitoring Reports to assess & prioritise risks according to Departmental Service activity and corporate objectives. • Enter all risks onto the Directorate Risk Register and submit to the Risk Management Lead. • Agree any resources required to support the work within Directorate. • Communicate and involve relevant employees, who should manage risks in relation to their service areas. • Maintain appropriate Directorate Business Continuity plans.
Service Level Teams	• Contribute to the effective implementation of risk management through reporting risks to their appropriate Director, supported by the Risk Management Lead. • Promote a positive risk management culture. • Provide updates concerning the implementation of all high- risk mitigation measures. • Maintain appropriate Business Continuity plans.
Risk Management Lead <i>Reporting regularly to Management Team.</i>	• Prepare and promote the Council's risk management policy. • Maintain and report on the Council's integrated Corporate Risk Register. • Advise and report to Management Team, Internal Audit and the Audit and Governance Board on whether the Councils' governance, appropriate risk management processes, control systems and operational procedures are in place and operating properly. • Provision education and training for the Council regarding risk management. • Share Risk Management Toolkit and Risk Register on Intranet for availability of all staff.

	• Strive for continuous improvement of risk management across the organisation and promote a positive risk management culture.
Internal Audit <i>Reporting annually to the Audit and Governance Board.</i>	• Advise and report independently and objectively on whether the Councils' governance, appropriate risk management processes, control systems and operational procedures are in place and operating properly.
All Staff Members	• Proactively identify risks and report to their managers where necessary. • Report inefficiencies, irrelevant or unworkable controls. • Ensure loss events or near misses are escalated promptly to management. • Attend relevant training courses focusing on risk and risk management.
All Elected Members	• Provide scrutiny and overview of reported risks.

Quarterly meetings, reports and updates may not always coincide with financial quarters.

In relation to individual risks:	
Risk Owner	• Accountable for the management and control of all risks assigned to them. Determine, authorise, implement, and monitor the selected controls and actions to address the threats and maximise the opportunities.
Mitigation and Control Owner	• Responsible for the management and control of all risks assigned to them. Implement and monitor the selected controls and actions to address the threats and maximise the opportunities.

	Accountable for providing the assurance that specified management control is effective and fit for purpose.
Action owner	Responsible for managing the action on the owner's behalf and to keep them apprised of progress.

11. Guidance, Education and Training

The Risk Management Lead is responsible for developing the organisation's risk management capability by providing guidance, education, training, and support to the workforce.

Guidance, educational materials, and training resources are regularly reviewed to ensure they meet the needs and levels of the organisation, align with the HM Government *Orange Book* (2020), and foster a positive, dynamic risk culture with strong engagement from stakeholders.

12. Driving Continuous Improvement

Risk management is an ongoing and evolving process that Halton Borough Council is committed to, ensuring agility in responding to internal and external changes. The Council will continually strive to enhance the suitability, adequacy, and effectiveness of its risk management framework, drawing on lessons learned and conducting an annual review of the risk management strategy. As any gaps and opportunities for improvement are identified, the Council will develop plans, assign tasks, and delegate actions to those responsible for their implementation.

13. Review

The risk management strategy, guidance and associated working templates will be annually reviewed by the Risk Management Lead as part of the Council's overall approach to the risk management process.

REPORT TO: Audit and Governance Board

DATE: 24 September 2025

REPORTING OFFICER: Director of Finance

SUBJECT: Anti-Fraud and Corruption Update

PORTFOLIO: Corporate Services

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

1.1 This report provides the Audit and Governance Board with a comprehensive overview of the Council's counter-fraud and corruption activity during 2024/25. It includes:

- A summary of key developments in the fraud risk landscape
- Details of HR investigations and whistleblowing complaints received, and actions taken
- The Council's strategic plans for tackling fraud and corruption, as set out in the Counter Fraud Strategy 2025 - 2030
- The Annual Fraud Plan, which outlines the Council's operational approach to preventing, detecting, and responding to fraud and related irregularities

The report is intended to provide assurance to the Board that the Council continues to take a proactive and coordinated approach to managing fraud risks and promoting integrity across its operations.

2.0 RECOMMENDATIONS: That the Board

- 1) consider the annual update on anti-fraud and corruption activity;**
- 2) formally support the counter-fraud work being undertaken;**
- 3) approve the Counter Fraud Strategy 2025 – 2030; and**
- 4) approve the Annual Fraud Plan 2025/26**

3.0 SUPPORTING INFORMATION

3.1 Annual Fraud and Investigations Update Report

The Annual Fraud and Investigations Update Report (Appendix 1) provides a detailed overview of the Council's counter-fraud and corruption activity during 2024/25. It outlines the current fraud risk landscape, highlighting key threats and emerging trends. The report also summarises HR investigations,

whistleblowing complaints, and the Stage Two corporate complaints reviewed by the Audit & Investigations Team, along with the actions taken in response.

3.2 Counter Fraud Strategy 2025 - 2030

The Counter Fraud Strategy 2025 - 2030 (Appendix 2) sets out the Council's strategic approach to preventing, detecting, and responding to fraud and corruption over the next five years. This strategy should be considered in conjunction with the Anti-Fraud, Bribery and Corruption Policy, which forms part of the Council's Constitution.

3.3 Fraud Plan 2025 - 2026

The Annual Fraud Plan (Appendix 3) details the Council's operational approach to managing fraud and related irregularities. It supports the objectives of the Counter Fraud Strategy 2025 - 2030 and aligns with national guidance, including the principles set out in the *Fighting Fraud and Corruption Locally (FFCL) strategy*.

The Plan sets out a structured programme of activity designed to address fraud risks across the organisation. It ensures that counter-fraud efforts are targeted at areas of highest risk, supports the delivery of corporate priorities, enables effective resource allocation, and establishes a framework for monitoring performance.

A detailed programme for 2025/26 is included, featuring proactive fraud detection work scheduled for the year. Plans for future activity are also outlined and will be updated annually in line with the outcomes of the Council's fraud risk assessment.

3.4 Governance and Oversight

In accordance with the Council's Constitution, the Audit and Governance Board holds delegated responsibility for oversight of counter-fraud and corruption matters. Specifically, the Board is tasked with:

- Reviewing the assessment of risks and potential harm to the Council from fraud and corruption
- Reviewing, approving and monitoring the Council's counter-fraud policies and strategies, counter-fraud activity, and associated resourcing

Consequently, relevant documents will be updated as necessary to incorporate any feedback provided by the Board.

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

- ### **4.1**
- The Council's commitment to robust anti-fraud and corruption arrangements is reflected in the development and implementation of the Counter Fraud Strategy 2025 -2030 and the Annual Fraud Plan. These documents reinforce existing policy frameworks, including the Anti-Fraud, Bribery and Corruption Policy, and align with national best practice guidance.

- 4.2 There are no direct financial implications arising from this report. However, effective counter-fraud activity contributes to the protection of public funds, supports financial resilience, and helps to minimise losses due to fraud. The proactive measures outlined in the Annual Fraud Plan are designed to ensure that resources are targeted efficiently and that fraud risks are managed in a cost-effective manner.
- 4.3 The report also supports the Council's wider governance and assurance processes, including the Annual Governance Statement.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

Counter-fraud activity supports the responsible management of public funds, helping to ensure resources are used effectively and for their intended purpose. This directly contributes to the delivery of all Council priorities by protecting financial integrity, enabling efficient service delivery, and reinforcing public trust in the organisation.

5.2 Building a Strong, Sustainable Local Economy

See 5.1 above

5.3 Supporting Children, Young People and Families

See 5.1 above

5.4 Tackling Inequality and Helping Those Who Are Most In Need

See 5.1 above

5.5 Working Towards a Greener Future

See 5.1 above

5.6 Valuing and Appreciating Halton and Our Community

See 5.1 above

6.0 RISK ANALYSIS

- 6.1 Fraud and corruption present significant risks to the Council's financial integrity, reputation, and ability to deliver services effectively. The implementation of the Counter Fraud Strategy 2025–2030 and the Annual Fraud Plan helps to mitigate these risks by strengthening the Council's preventative, detective, and responsive measures.
- 6.2 Failure to maintain robust counter-fraud arrangements could result in financial loss, reputational damage, and reduced public confidence. The proactive approach outlined in this report supports the Council's overall risk management framework and contributes to the assurance required for the Annual Governance Statement.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 There are no direct equality or diversity implications arising from this report. However, the Council's counter-fraud activity is delivered in accordance with its commitment to fairness, transparency, and inclusion. All investigations and related processes are conducted in line with the Council's Equality and Diversity Policy, ensuring that individuals are treated equitably and without bias.

8.0 CLIMATE CHANGE IMPLICATIONS

- 8.1 None arising directly from this report.

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

- 9.1 None under the meaning of the Act.

Appendix 1

Fraud and Investigations Update 2024/25



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1. Executive Summary

Background

Fraud and error continue to pose a significant challenge across the public sector. According to the National Audit Office (NAO), these issues cost UK taxpayers between £55 billion and £81 billion in 2023/24, with only around £13 billion detected and known about for investigation and recovery¹²³. The majority of losses remain undetected, highlighting the importance of robust preventative measures.

While the level of identified fraud in Halton remains low, it is essential that the Council maintains strong, regularly reviewed anti-fraud and corruption arrangements to minimise risk and uphold public trust.

The Audit and Governance Board plays a key role in overseeing the adequacy of these arrangements, which form an integral part of the Council's wider risk management, control, and governance framework. This annual report provides the Board with an update on the Council's counter-fraud and corruption activities and serves as a key source of assurance for the Annual Governance Statement.

The Audit & Investigations Team leads the Council's counter-fraud work and is responsible for:

- Investigating allegations of fraud
- Planning and participating in counter-fraud campaigns
- Delivering fraud awareness activities
- Maintaining and updating the Council's counter-fraud policies

In addition to its core fraud-related responsibilities, the team also undertakes:

- HR-related investigations
- Whistleblowing investigations
- Stage Two corporate complaint reviews

Key Activity in 2024/25

During the 2024/25 financial year, the team:

- Received and reviewed 124 allegations of fraud and other offences
- Opened 46 investigations into suspected fraud
- Submitted Council data for the National Fraud Initiative (NFI) and supported departments in investigating the matches received back
- Reviewed non-responses to the Single Occupancy Discount review (conducted by DataTank) and issued financial penalties where appropriate
- Completed 12 disciplinary investigations and 2 bullying and harassment investigations
- Investigated 4 whistleblowing allegations
- Investigated 9 Stage Two corporate complaints

2. Fraud in Context: What it Means for Halton

The Crime Survey for England and Wales (CSEW) estimated 3.9 million fraud incidents in the year ending September 2024 - a 19% increase compared to the 3.2 million incidents reported in the previous year. While this figure aligns with levels seen in March 2020, it highlights the persistent and evolving nature of fraud across the UK.

All organisations, including public bodies, are exposed to fraud risks in various forms. Recognising this reality is essential to developing and maintaining a strong and proactive anti-fraud response.

For Halton, minimising losses due to fraud and corruption is critical to ensuring that public funds are used as intended — to deliver essential services to residents and maintain public confidence.

As a unitary authority, Halton faces similar fraud risks to other councils delivering a wide range of services. The areas most vulnerable to fraud and corruption include:

- Adult Social Care – Financial assessments, financial abuse of vulnerable persons
- Council Tax – Single Person Discounts, Council Tax Reduction Scheme
- Business Rates
- Procurement and Supplier Invoice Fraud
- Blue Badges and Concessionary Travel
- Grants to individuals or organisations
- Payroll and Pensions
- Recruitment and Expenses
- Insurance claims against the Council
- Cash Handling
- Development Control
- Direct Payments
- School Admission Application Fraud
- Elections
- Ransomware and Cyber Threats

To stay ahead of emerging risks and support the wider Council, the Audit & Investigations Team actively shares intelligence and best practice with other local authorities and regional fraud groups. The team also receives regular updates and bulletins from trusted sources, including:

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

3. Transparency Code reporting requirements

The Local Government Transparency Code requires councils to publish information about their fraud arrangements. The table below summarises these requirements alongside the corresponding details of the Council's current fraud-related activities. This information is also publicly available on the Council's website.

Reporting requirement		HBC
1.	Number of occasions the Council have used the powers under the Prevention of Social Housing Fraud Regulations 2014 or similar powers *.	20
2.	Number (absolute and FTE) of employees undertaking investigations and prosecutions of fraud	3.8
3.	Number (absolute and FTE) of professionally accredited counter fraud specialists	3
4.	Total amount spent by the authority on the investigation and prosecution of fraud	£138k
5.	Total number of fraud cases investigated	124

** For example, the Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013 provide local authorities with powers to request information from specified bodies when investigating suspected fraud related to applications for, or awards of, council tax reductions. These powers support the detection and prevention of fraud and include the ability to impose penalties for false statements or failure to report changes in circumstances.*

Please note that the figures above also include time spent by the team on non-fraud related activities, such as HR investigations, whistleblowing cases, and corporate complaints.

4. Counter-fraud work

4.1 Fraud referrals

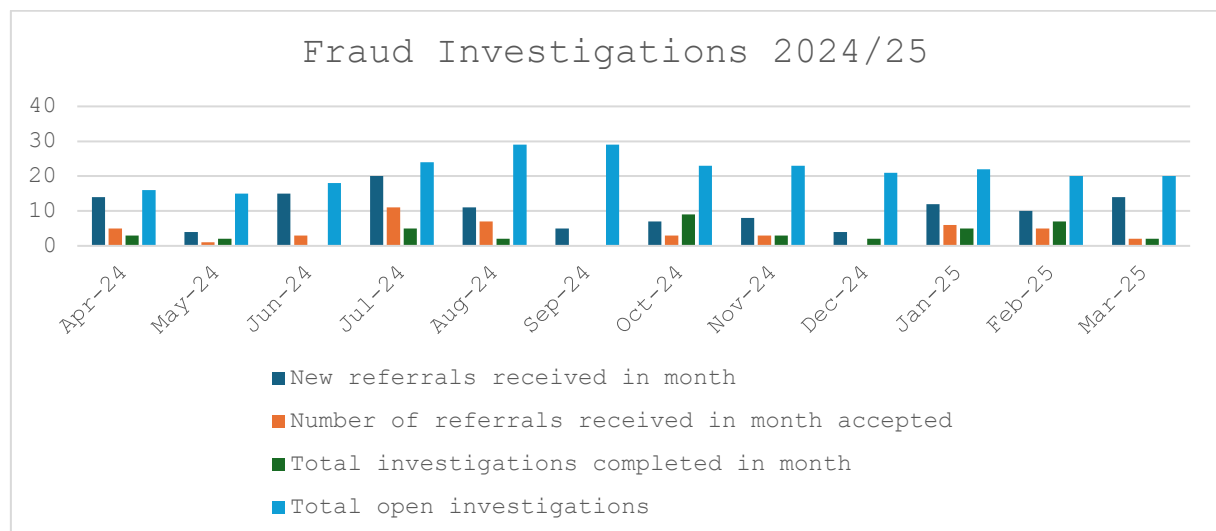
The Council received a total of 124 fraud referrals in the year ending 31 March 2025. As a result, the Investigations Team opened 46 new investigations, of which 26 were completed during the year. In addition, 14 investigations that had been opened in the previous financial year were also concluded during 2024/25.

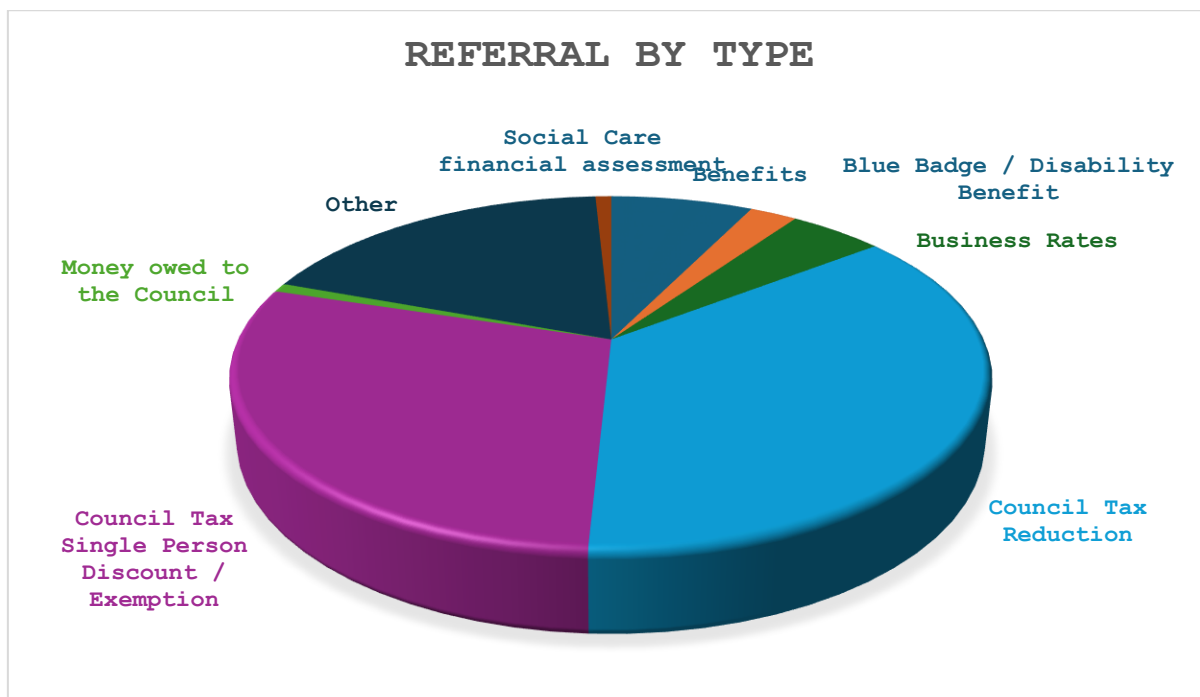
Through its counter fraud activity, Halton Borough Council issued financial penalties with a value of £3k and identified overpayments of £42k.

During 2024/25, the Investigations Team made effective use of the Fraud Sanction and Prosecution Policy, which was previously approved by the Board. The policy enables the Council to impose financial penalties where individuals have provided false information, failed to report changes in circumstances, or have not responded to requests for information relating to Council Tax. It also allows for a financial penalty to be offered as an alternative to prosecution.

During the year, 73 penalties were issued, with a total value of £6,460. Of this, £4,130 has been successfully recovered, while £2,330 remains outstanding. In addition, a balance of £1,897 remains unpaid from penalties issued in previous years.

The graph below illustrates the number of referrals received, along with the investigations that were opened and completed throughout the year.





Further details regarding the referrals and investigations are provided in Appendix A.

4.2 National Fraud Initiative

The National Fraud Initiative (NFI) is a UK-wide data matching exercise conducted biennially by the Cabinet Office to help prevent and detect fraud across the public sector. It involves comparing datasets from various public and private sector bodies to identify inconsistencies that may indicate fraud or error. Importantly, no assumptions are made about the presence of fraud or error until a full investigation is carried out.

The Cabinet Office conducts data matching under Part 6 of the Local Audit and Accountability Act 2014, which provides statutory authority for the use of data without requiring individual consent under the General Data Protection Regulation (GDPR) 2018. All data matching is carried out in accordance with a published Code of Practice, ensuring transparency and accountability.

Locally, the Audit & Investigations Team manages the Council's participation in the NFI. For the 2024/25 exercise, the team:

- Uploaded all required datasets
- Managed the resulting data matches
- Supported service areas in investigating matches
- Independently reviewed a significant number of matches

Participation in the NFI supports the Council's efforts to prevent and detect fraud. For the 2024/25 National Exercise, the following datasets were submitted to the Cabinet Office for matching:

- 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 / Pensions
- Housing waiting lists
- Electoral register
- Housing tenants
- Students eligible for a loan (data provided by the Student Loans Company)

A total of 4,626 matches were identified following the submission of data for the National Fraud Initiative exercise. By the end of June 2025, the team had reviewed xx of these matches.

4.3 National Fraud Initiative 'ReCheck'

The National Fraud Initiative (NFI) 'ReCheck' is a data matching service that enables participating organisations to re-run data matching exercises on their own datasets. It complements the main NFI exercise by facilitating proactive checks against existing customer records and identifying changes in circumstances.

This exercise is conducted annually, with the aim of identifying cases where Single Occupancy Discount (SOD) may have been incorrectly awarded — specifically, where a second, undeclared adult may be residing at the property.

In December 2024, the team submitted the following datasets for matching:

- Council Tax Single Occupancy Discount
- Electoral Register

As a result, 8,940 matches were identified. By the end of June 2025, 1,977 matches had been reviewed, leading to the cancellation of SOD in applicable cases and recorded outcomes totalling £28,000.

4.4 Single Occupancy Discount Review

In February 2025, the Council engaged an external company, DataTank, to carry out a review of all Council Tax accounts in receipt of Single Occupancy Discount (SOD) but not receiving Council Tax Reduction (CTR). As part of the review, DataTank matched approximately 14,000 Council Tax accounts against financial and credit file data. This exercise identified around 2,600 accounts where a third party could be linked to the address, despite a Single Occupancy Discount being in place.

In mid-December 2024, review letters were issued to the liable persons on each of these 2,600 accounts. The letters requested further information regarding the linked individual and advised that a response was required within 14 days. They also warned that failure to respond could result in a financial penalty.

Reminder letters were issued in mid-January 2025 to those who had not responded, reiterating the potential for a financial penalty.

Where responses confirmed that the Single Occupancy Discount was no longer applicable, the discount was cancelled. This exercise has led to a forecast increase in Council Tax revenue of approximately £244,000, comprising backdated charges as well as projected revenue for the 2025/26 financial year.

A total of 540 account holders failed to respond to either the initial review or the reminder letter and were subsequently issued with a £70 financial penalty by the Corporate Fraud team at the end of January 2025. The accompanying letter again requested information about the matched individual and advised that failure to respond by 3 March 2025 would result in an additional £280 penalty. These letters were followed by formal invoices for the £70 penalty.

For those who did not respond to the £70 penalty letters, a second letter was issued in May 2025, advising of the £280 financial penalty. This was also followed by the issue of a penalty invoice.

A number of appeals against the financial penalties have been received. Each appeal has been reviewed by the Investigator, who completed a Template of Consideration and submitted it to the Senior Auditor and Head of Audit for a final decision.

Following review, some financial penalties were upheld, while others were revoked. All customers were notified of the outcome of their appeal in writing. Where an appeal was unsuccessful, the correspondence included details on how to escalate the matter further, including contact information for the Valuation Tribunal Service.

To date, the following financial penalties have been issued and not appealed:

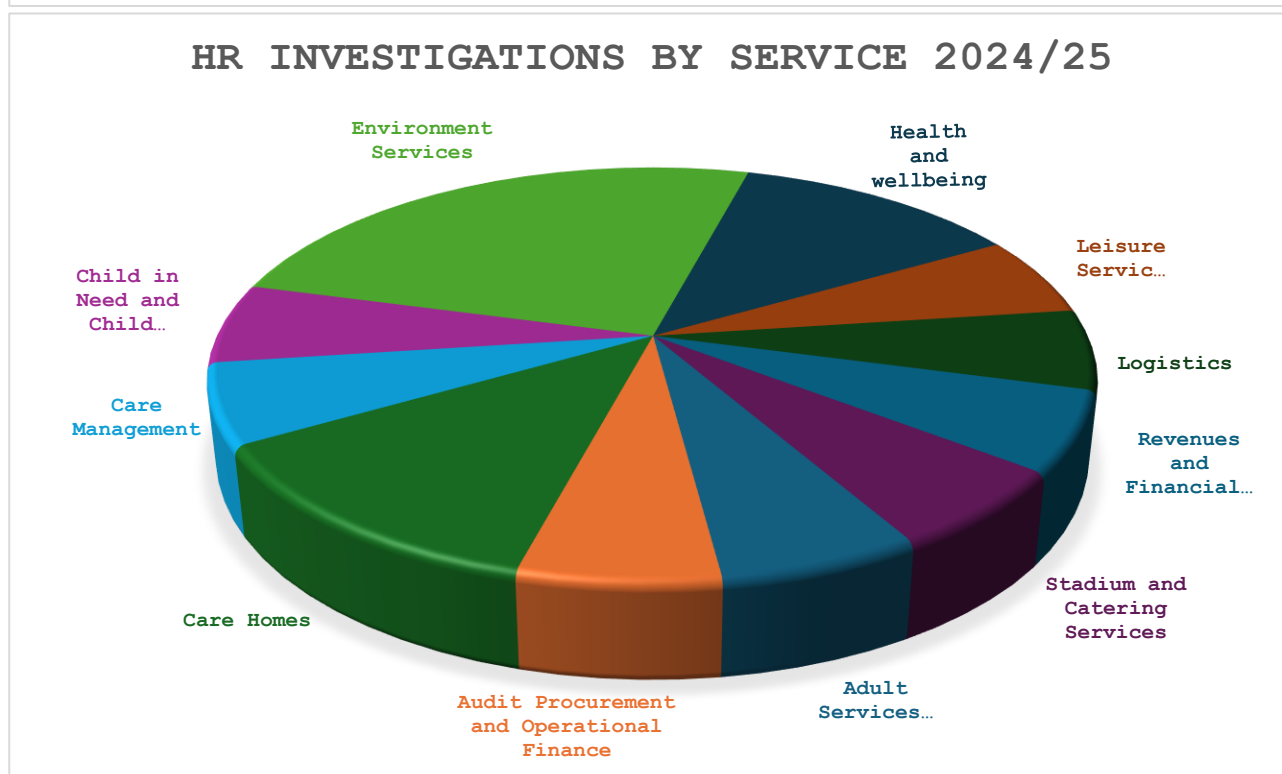
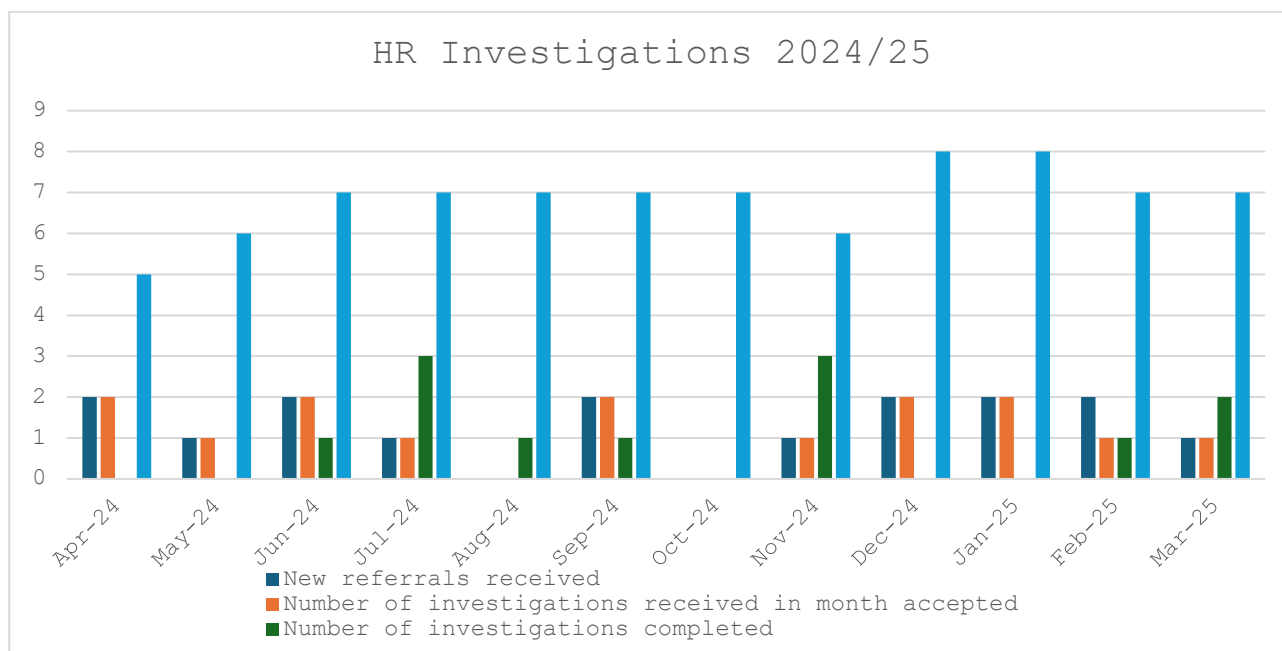
Financial Penalty	Number issued	Total value
£70	358	£25,060
£280	201	£56,280
Total	559	£81,340

5. HR-related investigations

During the 2024/25 financial year, 16 investigations were commissioned by management — an increase of five compared to the 11 investigations conducted in 2023/24. Of these:

- 3 investigations were conducted under the Bullying and Harassment Policy
- 12 investigations were conducted under the Disciplinary Policy
- 1 investigation was later withdrawn by management

At the end of the year, six investigations remained ongoing, including one carried over from the previous year. Of the five investigations that were already ongoing from previous years, four were completed during 2024/25.



A total of 12 investigations were completed during the year, with a summary of outcomes given in the table below.

Outcome	Number
Dismissal	2
Final written warning	2
Resignation / retirement	4
Informal action	3
No further action	1

Further details relating to the investigations can be found in Appendix B.

6. Whistleblowing

Whistleblowing refers to the act of raising concerns about suspected fraud, criminal activity, danger, or other serious risks that could affect customers, colleagues, the public, or the organisation's reputation.

The Council's Whistleblowing Policy outlines how such concerns can be raised, how they will be handled, and the protections available under the Public Interest Disclosure Act 1998. The policy is accessible to all staff via the Council's Intranet and is also referenced in the mandatory fraud awareness e-learning module.

All allegations and concerns raised under the Whistleblowing Policy are formally recorded by the Audit & Investigations Team. Depending on the nature of the concern, cases 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 etc.

Four whistleblowing referrals were received during 2024/25, which are summarised below. This compares to seven referrals in 2023/24.

Concern	Outcome
Inappropriate wound care in a Care Home	Disciplinary investigation – resignation
Theft	Disciplinary investigation – dismissal
Failure to safeguard residents' finances in supported housing	Disciplinary investigation – resignation
Failure to implement policies and procedures in a Care Home	Disciplinary investigation – ongoing

7. Corporate Complaints

The Council operates a two-stage corporate complaints procedure, allowing individuals to express dissatisfaction with Council services. If a complainant remains dissatisfied after completing both stages, they may escalate the matter to the Local Government Ombudsman.

Stage One involves a review by the relevant service area, providing an opportunity to explain its actions and offer an appropriate remedy.

Stage Two allows the complainant to request an independent internal review, which may be carried out by the Audit & Investigations Team.

In 2024/25, a total of nine corporate complaints were referred to the Audit & Investigations Team for investigation. These required a combined total of 60 days to complete.

Service area	Outcome
Child in Need and Child Protection	Upheld
Housing Solutions	Upheld
Environmental Protection	Not upheld
Special Educational Needs & Disability Team	Upheld
Special Educational Needs & Disability Team	Upheld
The Brindley	Not upheld
Children in Care and Care Leavers	Partly upheld
Special Educational Needs & Disability Team	Partly upheld
Special Educational Needs & Disability Team	Partly upheld

At the conclusion of an investigation, the officer may make recommendations for service improvements to help reduce the risk of similar complaints arising in the future. Where Stage Two complaints are upheld, such recommendations are routinely made to address the issues identified.

The team also provides support in relation to previous Stage Two complaints that are under consideration by the Local Government Ombudsman.

Appendix A: Counter-fraud activity 2024/25

Summary of counter fraud work undertaken

Activity	Work completed
Data matching	NFI DataTank – single occupancy discount review
Awareness	National Fraud Awareness Campaign Launch of Fraud Prevention e-learning

Fraud investigations 2024/25

Status	2024/25
Previous year investigations brought forward	14
Referrals received	106
Number of investigations opened	45
Number of current year investigations completed	27
Number of previous year investigations completed	14
Number of investigation ongoing	18

Referral Source

Referral Source	Count
Anonymous	1
Benefits	5
Confidential Offence Report	13
Council Tax	8
DWP	4
Insurance Team	2
Joint Working Offer / DWP	1
MerseyGateway	1
National Fraud Initiative	9
Online Referral Form	1

Appendix A: Counter-fraud activity 2024/25

Outcomes

Fraud Type	Cases Investigated	Cases Proven	Financial Penalty Issued	Overpayment Identified
Council tax fraud	24	7	£1,820	£1,948
CTRS fraud	15	4	£1,389	£39,846
MerseyGateway fraud	2	0	£0	£0
Social care fraud	1	0	£0	£0
TOTAL	42	11	£3,209	£41,794

Appendix B: HR related investigations

As well as conducting fraud investigations, the Investigation Team also completes all the HR related investigations for the Council. During the year 16 investigations were commissioned by management which is four more than in 2023/24 (11).

The table below provides an overview of these investigations.

Service Area	Allegation	Outcome
Environment Services	Breach of management instruction in relation to absence reporting	Final written warning
	Breach of management instruction in relation to returning to the depot at the end of the working day	Case to answer – retired
	Foul and abusive language and aggressive behaviour	Informal action
	Aggressive and threatening behaviour towards a member of the public	Informal action
Care Homes	Inappropriate wound care	Case to answer – resigned
	Failure to implement policies and procedures and failure to report notifiable incidents	Ongoing
Health & Wellbeing	Failure to follow management instructions	Case to answer – resigned
	Working while off sick and conflict of interest	Incomplete – resigned
Child In Need & Child Protection	Bullying & harassment	Case to answer – resigned
Stadium	Theft of alcohol and consumption while on duty	Dismissal (reinstated at appeal)
Adult Services – Community	Failure to follow procedures for recording of tenants' finances	Case to answer – resigned
Care Management	Attending work when intoxicated with alcohol	Final written warning
Logistics	Bullying & harassment	Ongoing
Leisure Services	Failure to follow management instruction relating to persistent lateness	Withdrawn by management

Appendix B: HR related investigations

Service Area	Allegation	Outcome
Revenues & Financial Management	Sexual harassment	Ongoing
Audit & Operational Finance *	Bullying & harassment	No case to answer

* Note: the investigation within the Audit and Operational Finance service was carried out by a manager from another service to maintain independence.

Appendix B: HR related investigations

A further five investigations were ongoing from 2023/24, and the details are shown in the table below.

Service Area	Allegation	Outcome
Environment & Regeneration	Breach of management instruction - time recording	Dismissal
HR Operations	Unauthorised Zeus adjustments	Final written warning
Employment, Learning & Skills	Use of an inappropriate image	Informal action
Logistics	Working while under the influence of drugs	Dismissal
Highways	Failure to carry out highways inspections and record defects appropriately	Ongoing

Appendix C: Confidential Offence Reporting

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.

In 2024/25, 71 referrals were received through the Confidential Reporting System, which compares to 92 referrals in 2023/24.

The confidential offence reporting system was replaced by a new fraud reporting form in January 2025 to provide a simplified method of reporting. A further seven referrals were received via this route, bringing the total for the year to 78.

Service / Function	No.
Council Tax / Council Tax Reduction	43
Housing Benefit / Disability Living Allowance / Universal Credit / Working Tax Credits	5
Business Rates	5
Environmental Health	1
Blue Badge	3
Other (not fraud / insufficient detail provided)	21
Total	78

All referrals received are assessed and investigations undertaken where sufficient information is provided. The outcomes of these investigations have been included in the 2024/25 fraud figures provided earlier in this report, where appropriate.

Appendix D: National Fraud Initiative

The table below sets out the number and type of matches received as a result of the NFI exercise.

Match Type	Matches
Housing Benefits	20
Payroll	69
Blue Badge / Concessionary Travel	542
Housing Waiting List	95
Council Tax Reduction Scheme	794
Creditors	2,857
VAT overpaid	194
Procurement	55
Multiple Occurrence	99
Total	4,626

The team is in the process of working through the matches, with progress and outcomes as at the end of June 2025 shown in the table below:

Total matches	4,626
Matches processed	473
Investigating	45
Cleared	453
Frauds	0
Errors	20
Total match level outcomes	£310
Total report level outcomes	£0
Total estimated savings *	£72,811
Total overall outcomes	£73,121

* this figure relates to the estimated value of removing individuals from the housing waiting list.

Appendix D: National Fraud Initiative

The number and type of matches received as a result of the 'ReCheck' exercise are shown below.

Report Title	Matches
Council Tax to Electoral Register	2,621
Council Tax rising 18s	5
Council Tax to Other Datasets	819
Council Tax to All Datasets	3,440
Council Tax to DDRI Deceased Persons	296
Council Tax to HMRC Household Composition	1,759
Total	8,940

The DataTank exercise referred to in Section 3.3 of this report took place prior to the 'ReCheck' matches being reviewed. As a result, only matches that did not also appear in the DataTank exercise have been reviewed in order to avoid duplication.

A summary of progress and outcomes as at the end of June 2025 is shown below:

Total matches	8,940
Matches processed	1,977
Investigating	9
Cleared	1,959
Frauds	1
Errors	17
Total outcomes	£11,345
Total estimated savings	£16,685
Total overall outcomes	£28,030

Appendix 2

Counter Fraud Strategy: 2025 - 2030



1. Introduction

Fraud and corruption continue to present a significant challenge to local authorities. Every pound lost to fraud is a pound that cannot be spent on delivering essential services to local people.

Halton Borough 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.

This strategy sets out the Council's approach to combating fraud and corruption over the next five years, and should be read in conjunction with the Anti-Fraud, Bribery and Corruption policy that is contained within the Council Constitution.

2. Key Principles

The key principles of the Council's Counter Fraud Strategy are:

- **Zero tolerance to fraud** – fraud or corruption will not be tolerated at any level. Any allegations of fraud will be investigated and acted on promptly.
- **Proactive prevention and detection** – key fraud risks will be identified through an annual risk assessment and internal audits. Internal controls will be reviewed or implemented to reduce the risk of fraud occurring.
- **Accountability and transparency** – there will be clear accountability for fraud prevention, detection and investigation processes, and the Council will be transparent about fraud-related activities and outcomes.
- **Collaboration** – the Council will work with other public and private sector organisations to share knowledge and best practice related to fraud.
- **Training and awareness** – staff will receive regular fraud awareness training.

3. Objectives

The primary objectives of this Counter Fraud Strategy are to:

1. **Prevent** – Reduce opportunities for fraud through effective systems, controls, and awareness-raising activities.
2. **Detect** – Implement robust mechanisms for identifying fraud, including monitoring, audit, and reporting.
3. **Respond** – Investigate suspected fraud promptly, apply appropriate sanctions, and recover misappropriated resources where possible.

4. **Promote a strong anti-fraud culture** – Foster a culture of integrity that actively opposes fraud and corruption, and does not tolerate or enable it.

3.1 Fraud Prevention

The adoption of proper and adequate measures to prevent fraud and corruption are the responsibility of elected members and management. The following preventative measures are in place:

Policies and procedures

- The Council's Constitution sets out a framework for dealing with the affairs of the Council and all elected members and employees have a duty to adhere with its provisions.
- The Council's employees are expected to abide by the National and Local Conditions of Service relating to their employment, which include conduct issues. They are also expected to follow any Code of Conduct related to their personal professional qualifications.
- Elected members are required to comply with the National Code of Local Government Conduct, which provides guidance to members on recommended standards of conduct in carrying out their duties and in their relationships with the Council and the Council's officers.
- All elected members and employees are required to declare any offer or receipt of gifts or hospitality which are in any way related to their employment by or membership of the Council. A register is maintained of all declarations.

Internal controls

Managers are responsible for ensuring that appropriate controls are in place across all financial and operational systems, and that employees are properly trained in using these systems and following procedures. The internal control framework is designed to safeguard assets, ensure transactions are properly authorised, maintain segregation of duties, and prevent or detect material errors or irregularities.

The effectiveness of the Council's internal control framework is evaluated through the work of Internal Audit, with recommendations being made where improvements are necessary.

Risk assessment

An annual fraud risk assessment is undertaken to identify the key areas of fraud risk to the Council and to inform the annual fraud plan.

Annual fraud plan

An annual fraud plan is developed which sets out the Council's approach to preventing and detecting fraud over the coming year. It identifies key risk areas, outlines planned work and resource allocation, and supports the delivery of the Council's anti-Counter Fraud Strategy. The plan ensures a focused and proactive response to emerging fraud risks, promotes accountability and transparency, and reinforces the Council's commitment to maintaining a strong anti-fraud culture.

Training

The Council recognises that a key component of its Counter Fraud Strategy is ensuring a high level of awareness and responsiveness among employees across all services.

To support this, the Council is committed to providing regular training for staff involved in internal control systems. This training is designed to reinforce their responsibilities in preventing, detecting, and reporting fraud, and to ensure that awareness of fraud risks is embedded in day-to-day operations.

3.2 Fraud Detection

While controls can reduce the risk of fraud, it cannot be completely eliminated. It is therefore important to have measures in place to detect fraud. These include:

- **Internal controls** – well designed and properly operated controls should provide indicators of any fraudulent activity.
- **Budgetary control** – effective budgetary control can provide a useful indicator to managers of potential fraud or corruption, e.g. evidence of unusual spending patterns or shortfalls in expected income.
- **Complaints** – the recording and follow up of complaints, especially from service users, may help identify evidence of fraud or corruption.
- **Whistleblowing** – information received from concerned third parties under the Authority's Confidential Reporting Code may provide evidence of fraud and corruption.
- **Fraud reporting** – information received via the Council's fraud hotline or online reporting portal may provide evidence of fraud or corruption.
- **Information from other public bodies** – this may take the form of specific individual referrals or by the Council taking part in national schemes, such as the National Fraud Initiative run by the Cabinet Office.
- **Reviews by Internal and External Audit** – work undertaken by Internal and External Audit may disclose evidence of fraud and corruption.

Employees should report all suspected irregularities to Internal Audit either directly or through line management. This ensures the consistent treatment of information

regarding fraud and corruption and facilitates proper investigation by experienced personnel.

3.3 Fraud Response

The Council takes all reports of suspected fraud and corruption seriously. Investigations are typically carried out by qualified staff within the Audit & Investigations Team, in accordance with relevant legislation, Council policies, and recognised best practice.

The detailed procedures for investigating suspected fraud or irregularity are set out in the Fraud Response Plan, which forms part of the Council's Constitution.

3.4 Organisational Culture

The Council is committed to fostering a culture of integrity, transparency, and zero tolerance towards fraud and corruption. It is essential that fraud and corruption are neither tolerated nor allowed to be perpetuated within the organisation.

All elected members, employees, consultants, contractors, service users, and external partner organisations are expected to uphold the highest standards of honesty and integrity in all dealings conducted on behalf of the Council.

The Council expects its members and employees to lead by example by demonstrating a clear commitment to the prevention of fraud and corruption. This includes adherence to all relevant Council regulations, procedures, practices, and Codes of Conduct.

The same expectations apply to any individuals or organisations working with or on behalf of the Council. They must act with integrity and without intent to engage in fraudulent or corrupt activities.

Council employees, elected members, and members of the public play a vital role in supporting the Council's stance against fraud and corruption. They are actively encouraged to report any concerns relating to suspected fraud or irregularity involving Council activities.

Where appropriate, the Council will collaborate with other public bodies, agencies, and local authorities to prevent, detect, and investigate instances of fraud and corruption.

4. Review Arrangements

This strategy covers the five-year period from 2025 to 2030 and will be reviewed in line with this timescale unless earlier review is required due to developments in the prevention or detection of fraudulent or corruption activity.

Appendix 3

Anti-Fraud and Corruption Plan

2025/26



1 EXECUTIVE SUMMARY

1.0 Introduction

Halton Borough Council has a duty to safeguard the public funds entrusted to it. The Council expects the highest standards of conduct and integrity from everyone it engages with - this includes employees, elected members, contractors, volunteers, and members of the public.

The Council is firmly committed to the prevention and elimination of fraud and corruption. It is dedicated to conducting all of its activities ethically, transparently, and with the utmost honesty and accountability. This commitment is essential to protecting public funds and maintaining public safety.

Counter-fraud activity plays a critical role in protecting resources and ensuring that they are used efficiently and for their intended purpose. Through the prevention, detection, and investigation of fraud, the Investigations Team helps to uphold the integrity of the Council's operations and supports the delivery of high-quality, value-for-money services. This work reinforces public confidence and directly supports the Council's corporate priorities, including financial sustainability, service effectiveness, and public trust.

1.1 Purpose of the Anti-Fraud and Corruption Plan

The Anti-Fraud and Corruption Plan sets out the Council's approach to preventing, detecting, and responding to fraud and related irregularities. It supports the objectives of the Fraud Strategy 2025–2030 and is aligned with national guidance, including the principles set out in the *Fighting Fraud and Corruption Locally (FFCL)* strategy.

The Plan provides a structured programme of activity aimed at addressing fraud risk across the organisation. It will ensure that counter-fraud efforts are focused on areas of greatest risk, support the achievement of corporate priorities, enable effective resource allocation, and provide a framework for monitoring performance.

1.2 Key Principles

The Plan reaffirms the Council's zero tolerance approach to fraud and outlines how proactive prevention measures will be implemented alongside activities focused on detection, investigation, training, and strengthening internal controls.

1 EXECUTIVE SUMMARY

Effective collaboration between Internal Audit, the Investigations Team, and individual service areas will be critical to ensuring that fraud risks are identified early and addressed appropriately.

1.3 Approach to Planning

This document summarises the results of the Investigation Team's planning in relation to anti-fraud work, and sets out the:

- Responsibilities and scope of the Investigations Team
- Resourcing and delivery of the Council's counter-fraud arrangements
- Arrangements for reporting of suspected fraud and corruption
- Proposed programme of work for 2025/26 (the Anti-Fraud and Corruption Plan)

In developing this Anti-Fraud and Corruption Plan, a range of internal and external sources have been considered to ensure that the programme of work is risk-based, proportionate, and appropriately targeted. These include:

- Key risks identified in the annual fraud risk assessment
- Findings and recommendations arising from previous internal audit and fraud investigation work
- Emerging fraud risks and trends, informed through engagement with professional networks such as the North West Fraud Group

2 RESPONSIBILITIES AND SCOPE

2.1 Responsibilities for fraud prevention and detection

The primary responsibility for the prevention and detection of fraud rests with management. This includes fostering a culture of integrity and ethical behaviour, where fraud is not tolerated and accountability is promoted at all levels of the organisation. Management is expected to identify and assess fraud risks relevant to their operations, implement robust internal controls, and ensure that these controls are reviewed regularly and updated. In addition, management should encourage the reporting of concerns, and respond promptly and effectively to any suspected incidents of fraud.

2.2 Responsibilities for fraud investigation

The Council operates a dedicated Investigations Team that is responsible for all fraud-related and HR investigatory work. Specifically, this includes:

- Reviewing and developing the Council's counter-fraud arrangements
- Assessing the main fraud and corruption risks faced by the Council
- Planning and delivering proactive counter-fraud work
- Investigating suspected fraud and corruption
- Investigation of stage two corporate complaints

2.3 Responsibilities of the Audit and Governance Board

The Audit and Governance Board is responsible for the following in relation to counter-fraud and corruption:

- To review the assessment of risks and potential harm to the Council from fraud and corruption
- To review, approve, and monitor the Council's counter-fraud policies and strategies, counter-fraud activity, and associated resourcing

2.4 Scope of counter-fraud activities

The scope of counter-fraud work includes:

- Investigating suspected fraud and corruption and taking appropriate action

2 RESPONSIBILITIES AND SCOPE

- Reviewing whistleblowing complaints and undertaking an investigation where appropriate
- Participation in the National Fraud Initiative (NFI) and investigation of the resulting data matches
- Delivering information and training in relation to fraud awareness across the Council
- Carrying out proactive fraud detection work and subsequent investigation of any anomalies
- Working to recover funds lost through fraud and error

3 RESOURCING

3.1 Resourcing and delivery of the Anti-Fraud and Corruption Plan

The 2025/25 Anti-Fraud and Corruption Plan will be delivered by an experienced and appropriately qualified in-house team comprising 3.8 FTE officers, with three members of the team holding accredited counter-fraud qualifications. This level of resourcing is considered sufficient to deliver the planned programme of work.

Where appropriate, the Investigations Team will also work jointly with colleagues from the Department of Work and Pensions (DWP) in relation to the completion of investigations and any subsequent legal action or recovery of funds.

3.2 Legislation

As Authorised Officers under Regulation 3 of The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013, the Investigating Officers can require organisations to provide information under Regulation 4 and Regulation 5 of The Council Tax Reduction Schemes (Detection of Fraud and Enforcement) (England) Regulations 2013.

The Public Authorities (Fraud, Error and Recovery) Bill 2025 will give the Public Sector Fraud Authority (PSFA), within the Cabinet Office, new powers to investigate fraud against public authorities outside of tax and social security. The PSFA will be able to initiate or adopt investigations into public sector fraud at the request of the public authority.

The Data Protection Act 1998 permits sharing of personal data for the purposes of:

- a) the prevention or detection of crime,
- b) the apprehension or prosecution of offenders, or
- c) the assessment or collection of a tax or duty or an imposition of a similar nature.

3.3 National Anti-Fraud Network (NAFN)

The team is a member of NAFN, which enables requests to be made for external organisations to provide information to support our investigations into suspected fraud.

3 RESOURCING

3.4 Reporting

The Anti-Fraud and Corruption Plan will be reviewed annually and submitted to the Board for approval each March. Progress in delivering the Plan will be reported in the Annual Fraud and Corruption Update, which is next scheduled for presentation to the Board in June 2026.

4 KEY PRINCIPLES

This Plan is aligned with the five key principles set out in the Counter Fraud Strategy 2025 – 2030 and covers the period from October 2025 to March 2026. Future plans will be submitted to the Board for approval each March.

Key Principle	Area	Context	Coverage
Zero tolerance to fraud	Fraud investigation	The Council takes a zero-tolerance approach to fraud and takes reports of suspected fraud seriously.	All reports of suspected fraud will be investigated and actions taken, where possible, to recover any losses.
	Use of sanctions policy	The Council's Fraud Sanction and Prosecution Policy allows sanctions to be imposed against any individual or organisation that defrauds, or seeks to defraud the Council.	Where fraud is proven, full use will be made of the available sanctions, including financial penalties or prosecution where appropriate.
Pro-active prevention and detection	Failure to prevent fraud duty	The failure to prevent fraud offence, introduced by the Economic Crime and Corporate Transparency Act 2023, comes into force on 1 September 2025. In the event of prosecution, an organisation would have to demonstrate to the court that it had reasonable fraud prevention measures in place at the time that the fraud was committed.	Fraud-related policies and procedures are currently under review to ensure they reflect and address the implications of the new offence.
	Proactive fraud detection work	By proactively matching data sets and identifying anomalies, potential fraud can be investigated and any losses to the Council minimised.	See Section 5 for the details of proactive work to be undertaken in 2025/26.
Accountability and transparency	Corporate Risk Register	The risk of fraud is highlighted in the Corporate Risk Register as one of the Council's key strategic risks.	Ongoing monitoring of fraud risk and the effectiveness of associated mitigation measures will be reported to the Audit and Governance Board through updates to the Corporate Risk Register.
	Reporting to the Board	The Audit and Governance Board is responsible for approving and monitoring the Council's counter-fraud activity.	An annual Anti-Fraud and Corruption Plan will be submitted to the Board for approval in March each year, and a fraud update report will be presented in June each year.

4 KEY PRINCIPLES

Key Principle	Area	Context	Coverage
	Transparency Code	The Local Government Transparency Code requires local authorities to publish information about their counter fraud work.	The required information will be collated and published annually on the Council's website.
Collaboration	Internal Audit	The Investigations Team works closely with Internal Audit to identify fraud risks across the Council.	The Investigations Team will work collaboratively with Internal Audit to identify and investigate suspected fraud, and to explore opportunities for strengthening controls to reduce the risk of fraud.
	National Fraud Initiative	The National Fraud Initiative provides a data matching service to identify anomalies that may require investigation as suspected fraud.	Data will be compiled and submitted for the annual National Fraud Initiative exercise to match single occupancy discount data to the electoral roll to identify cases where a second, undeclared adult may be resident.
	Joint working	The Single Fraud Investigation Service (SFIS) allows local authorities to work closely with the Department for Work and Pensions (DWP) to investigate benefit fraud.	The Investigations Team will conduct joint investigations with DWP where appropriate.
	Regional fraud groups	Regional fraud groups enable local authorities to share resources, intelligence, and best practices to address fraud risks more effectively.	Attendance at the regional fraud group meetings and membership of the Fighting Fraud and Corruption Locally (FFCL) Knowledge Hub enables collaboration with other local authorities in the fight against fraud.
	National Anti-Fraud Network	The Council is a member of the National Anti-Fraud Network, which supports members in protecting the public interest by providing a secure, single point of contact to access a wide range of information providers using robust legal gateways.	Information will be sought through NAFN where required to support investigations.
Training and awareness	Fraud awareness training	The team has developed a fraud awareness e-learning module, which is mandatory for all staff.	The team will review and update the e-learning module training as necessary, as well as promoting it to staff and monitoring completion.

4 KEY PRINCIPLES

Key Principle	Area	Context	Coverage
	International Fraud Awareness Week	International Fraud Awareness Week takes place in November each year with the aim of raising awareness about fraud prevention.	Materials to raise awareness of fraud prevention will be developed to be circulated via social media during International Fraud Awareness Week.
	Fraud bulletins	Fraud alerts may be received from a number of sources, and provide valuable information relating to emerging fraud risks.	Fraud bulletins will be compiled and circulated across the organisation, as needed, to raise awareness of specific fraud risks and help services remain vigilant.
	Advice and support	If fraud is suspected, staff may require advice and support regarding the best way to deal with it.	Advice and support will be provided across the Council as required.

5 PROACTIVE FRAUD DETECTION WORK – 2025/26

The proactive fraud detection work to be undertaken in the 2025/26 financial year is detailed below, and is based on the results of the annual fraud risk assessment.

Fraud Risk Assessment Rank	Area	Context	Planned Coverage
3	Council Tax – Single Person Discount (SPD)	An exercise has recently been carried out by DataTank to match Council Tax accounts with SPD applied to credit reference data. As a result, SPD was cancelled on 517 accounts, generating an additional £244k in billed revenue. Residents are able to reapply for SPD online without any checks on eligibility or whether it has been previously cancelled.	To review cases identified as part of the DataTank rolling exercise to establish whether a fraud investigation is required. To compare the list of accounts where Single Person Discount (SPD) was cancelled following the DataTank exercise with a list of accounts where SPD has been re-awarded since cancellation. This will help identify any cases where SPD may have been reclaimed fraudulently.
3	Council Tax Reduction / Housing Benefit	If an individual is in receipt of Housing Benefit or Council Tax Reduction, but fails to declare a change in circumstances such as income, capital, or a permanent move to a care home, this may give rise to an overpayment.	To compare a list of individuals who have permanently moved into a care home with Benefits records, it is possible to identify cases where this change has not been declared. Similarly, comparing social care financial assessment records with Housing Benefit and Council Tax Reduction data can help identify instances where a change in circumstances may not have been reported.
3	Business Rates – Small Business Rates Relief (SBRR)	Business Rates are not paid on a property with a rateable value of £12,000 or less, if that is the only property used by the business. For properties with a rateable value of £12,001 to £15,000, the rate of relief is tapered. Businesses may be eligible for Small Business Rate Relief on a second property for up to 12 months if certain conditions apply.	To identify where multiple properties may be linked to a business by matching on e-mail address, mobile phone number, correspondence address and bank details.

6 PROACTIVE FRAUD DETECTION WORK – FUTURE YEARS

Proactive fraud detection work to be undertaken in future years is detailed below. This plan will be updated annually following review of the fraud risk assessment.

Fraud Risk Assessment Rank	Area	Context	Planned Coverage
5	Bankline payments	The NatWest's Bankline system is used to make Faster Payments and CHAPS payments directly from the Council's bank account. There is a risk that fraudulent payments may be made to an employee's own bank accounts using the Bankline system.	To match the recipient details of Bankline payments to employee bank details to identify payments that may have been made fraudulently.
5	Direct Payments	Clients may choose to receive a Direct Payment, allowing them to arrange their own care and support. These payments are made directly into a dedicated bank account. Direct Payments should cease upon the death of the individual; however, if the Council is not promptly notified, payments may continue in error, resulting in an overpayment.	To match the list of Direct Payment clients to the list of deaths to identify any cases where the DP team have not been notified that someone is deceased.
16	Purchasing – credit card expenditure	Corporate credit cards are in use across the Council to provide flexibility in purchasing. There is a risk that cardholders could fraudulently use the card for personal purchases.	Reviewing a sample of credit card statements may highlight anomalies warranting further investigation to establish whether the transactions represent legitimate Council expenditure.
21	Refunds	Elsewhere in the UK, a recent case of fraud involved a Council Tax manager diverting account refunds into their own personal bank account.	To match the bank details of Council Tax and Business Rates staff to refunds to identify any that have been paid to an employee.

6 PROACTIVE FRAUD DETECTION WORK – FUTURE YEARS

Fraud Risk Assessment Rank	Area	Context	Planned Coverage
26	Local User Discount Scheme	Residents of Halton are eligible to apply for the Local User Discount Scheme (LUDS), which provides unlimited bridge crossings for an annual fee. Applicants must evidence their residency by providing copies of their driving licence, council tax bill, and vehicle registration document. There is therefore a risk that individuals may continue to benefit from the scheme after moving out of the borough, without notifying the relevant authorities, thereby retaining access to discounted crossings to which they are no longer entitled.	By matching employees who have declared a Local User Discount Scheme (LUDS) account on the mileage claims system to their home addresses held in the payroll system, it may be possible to identify individuals who continue to benefit from a LUDS account despite residing outside of the borough. This could help detect cases where eligibility no longer applies and ensure that appropriate action is taken.
32	Car mileage	Home to work mileage cannot be claimed by employees in accordance with the Flexible Working Policy.	A comparison of home addresses recorded in the payroll system with journeys submitted on mileage claims could help identify cases where employees may have inappropriately claimed home-to-work mileage, which is generally not reimbursable. This would support the detection of potential errors or misuse of the mileage claims process.
31	Bridge tolls	When making a mileage claim for business journeys, employees declare what type of account they hold with MerseyFlow (if any). This then determines whether they are reimbursed for business journeys that involve crossing either of the Mersey Gateway or Silver Jubilee bridges. Employees without a LUDS account are reimbursed for the cost of the toll, whereas the cost of the tolls for LUDS account holders is paid directly to MerseyFlow by the Council.	By matching the MerseyFlow account type declared for mileage claim purposes to home address recorded in the Payroll system, employees claiming toll reimbursement inappropriately could be identified.

6 PROACTIVE FRAUD DETECTION WORK – FUTURE YEARS

Fraud Risk Assessment Rank	Area	Context	Planned Coverage
32	Discretionary Support Scheme	The Discretionary Support Scheme offers short-term emergency assistance to residents in crisis and provides community support to individuals who need help establishing or maintaining independent living. Eligibility criteria apply, including a general limit of two applications within any 12-month rolling period, although exceptions may be considered in certain circumstances.	To identify cases where multiple successful claims have been made by individuals to verify whether they meet the eligibility criteria.

REPORT TO: Audit & Governance Board

DATE: 24 September 2025

REPORTING OFFICER: Director of Finance

PORTFOLIO: Corporate Services

SUBJECT: External Auditor's Annual Report 2024/25

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 To consider the 2024/25 Auditor's Annual Report shown in the Appendix, which will be presented to the Board by the Council's External Auditor, Grant Thornton UK LLP.

2.0 RECOMMENDED: That;

- (i) the contents of the 2024/25 External Auditor's Annual Report shown in the Appendix be noted, including the recommendations presented within the report; and**
- (ii) Council considers the three statutory recommendations contained within the report, at its next meeting on 22 October 2025.**

3.0 SUPPORTING INFORMATION

- 3.1 The External Auditor Grant Thornton UK LLP, is required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. The Auditor's Annual Report details a review of the Council's arrangements, as well as providing statutory and key recommendations regarding any significant weaknesses identified during the review. In addition, improvement recommendations are made which the Council may also decide to implement.
- 3.2 The External Auditor is required to report under three specific criteria, being:
- Financial Sustainability
 - Governance
 - Improving Economy, Efficiency and Effectiveness
- 3.3 The Auditor's Annual Report 2024/25 shown in the Appendix presents details of the findings from the External Auditor's review, which will be presented to the Board by Grant Thornton UK LLP.

4.0 POLICY IMPLICATIONS

4.1 None.

5.0 FINANCIAL IMPLICATIONS

5.1 The report provides an external viewpoint on the financial sustainability of the Council. As is now the case for many local authorities, there are significant financial challenges for the Council in balancing future year budgets and managing spending within budgets.

5.2 The report identifies a number of significant weaknesses regarding the arrangements the Council has in place to secure financial sustainability, governance, and improving economy, efficiency and effectiveness.

5.3 Three statutory recommendations are made within the report which are required to be presented to Council at their next meeting. Four key recommendations and five improvement recommendations are also made. Management's responses to those recommendations are included within the report.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

6.2 Building a Strong, Sustainable Local Economy

6.3 Supporting Children, Young People and Families

6.4 Tackling Inequality and Helping Those Who Are Most In Need

6.5 Working Towards a Greener Future

6.6 Valuing and Appreciating Halton and Our Community

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

7.0 RISK ANALYSIS

7.1 The risks that have been considered as part of the Council having in place arrangements to secure economy, efficiency and effectiveness, are detailed in the attached report.

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.

REPORT TO: Audit and Governance Board

DATE: 24 September 2025

REPORTING OFFICER: Director of Finance

SUBJECT: Annual Governance Statement - 2024/25

PORTFOLIO: Corporate Services

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

This report presents the 2024/25 Annual Governance Statement (AGS), which will accompany the Council's Statement of Accounts for the same financial period. The preparation and publication of the AGS is a statutory requirement under Regulation 6 of the Accounts and Audit Regulations 2015.

The format and content of the AGS follow the best practice guidance issued jointly by CIPFA and the Society of Local Authority Chief Executives (SOLACE) in 2016, ensuring consistency with national standards and expectations for good governance.

2.0 RECOMMENDATION: That subject to any changes or additions which the Board may feel appropriate, the 2024/25 Annual Governance Statement be approved.

3.0 SUPPORTING INFORMATION

- 3.1 The *Delivering Good Governance in Local Government Framework* published by CIPFA and SOLACE, sets the benchmark for governance standards across UK local authorities. The Council's 2024/25 Annual Governance Statement (AGS) has been prepared with reference to this guidance and is appended to this report.
- 3.2 The AGS describes the governance framework in place during the financial year 2024/25 and up to the date when the financial statements are signed by the external auditor.
- 3.3 The AGS outlines how the Council conducts its business lawfully and in accordance with proper standards, ensuring public funds are safeguarded and appropriately accounted for. It also demonstrates how the Council meets its duty under the Local Government Act 1999 to secure continuous improvement in the delivery of its functions, with regard to economy, efficiency, and effectiveness.
- 3.4 Assurance for the AGS is taken from a number of sources, including:
- Leader of the Council and Chief Executive – who sign the AGS to acknowledge their responsibilities

- Senior management
 - S151 Officer (Director of Finance)
 - Monitoring Officer (Director of Legal Services)
 - Senior Information Risk Owner
 - Elected members – via scrutiny arrangements, Audit and Governance Board, and other regulatory committees/boards
 - Performance management framework
 - Risk management framework
 - The work of Internal Audit
 - The work of External Audit
 - The work of other external inspection agencies, such as Ofsted and the Care Quality Commission (CQC)
- 3.5 The AGS includes an action plan detailing measures to address governance issues identified through the annual review. It also provides an update on progress made in resolving issues highlighted in the 2023/24 AGS.
- 3.6 Under the Council's Constitution, responsibility for reviewing and approving the AGS is delegated to the Audit and Governance Board. The document will therefore be updated, if necessary, to reflect any feedback received from the Board.
- 3.7 To ensure the AGS remains current at the point of external audit completion, CIPFA recommends that authorities review the draft AGS to identify any necessary updates prior to the finalisation of the audit. Formal approval of the revised version should then be obtained before publication.
- 3.8 In line with CIPFA guidance, the Annual Governance Statement (AGS) does not require updating for issues arising after 31 March 2025 unless they are directly relevant to the 2024/25 financial year. As such, the outcome of the recent CQC inspection of Adult Social Care services and the follow-up from the Corporate Peer Review will be considered for inclusion in the 2025/26 AGS, if deemed applicable.
- 3.9 The draft Annual Governance Statement (AGS) was initially presented to the Audit and Governance Board on 4 June 2024. Since that meeting, the following amendments have been made to the version previously reviewed:
- A reference has been added to the 2024/25 Head of Internal Audit opinion, which was presented to the Board at its meeting on 4 June 2025.
 - A reference has also been included regarding the two statutory recommendations and five key recommendations set out in the Auditor's Annual Report 2023/24, which was reported to the Board on 20 November 2024.

- The action plan arising from the 2024/25 review of the Council's governance arrangements has been updated to explicitly address the Council's responses to the external audit recommendations. Where appropriate, the narrative within the action plan has also been updated to reflect further progress made in addressing the issues identified since the draft AGS was reviewed by the Board.
- In accordance with the approach outlined in paragraph 3.8, references in the action plan to the CQC inspection and Corporate Peer Review follow-up have been removed.

3.10 Once approved by the Audit and Governance Board, the AGS will be signed by the Council Leader and Interim Chief Executive, who are accountable for ensuring that any significant governance issues are addressed appropriately and that effective actions are taken to strengthen the Council's governance framework.

3.11 The final signed version of the AGS will be published on the Council's website.

4.0 POLICY, FINANCIAL AND OTHER IMPLICATIONS

4.1 In accordance with the Accounts and Audit Regulations 2015, the Council is required to conduct an annual review of the effectiveness of its system of internal control and to publish an Annual Governance Statement (AGS) alongside the Statement of Accounts. This process is a key mechanism for ensuring that robust governance and control arrangements are in place, and that any areas requiring improvement are identified and addressed.

4.2 The Audit and Governance Board is responsible for overseeing the Council's corporate governance arrangements and for agreeing any actions necessary to ensure alignment with best practice. The AGS is a public document that confirms the Council's commitment to addressing identified governance challenges and driving continuous improvement.

4.3 There are no direct financial implications arising from this report.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

5.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence

Good governance is fundamental to effective management, strong performance, and the responsible stewardship of public resources. It enables the Council to deliver its strategic vision in alignment with its core values, engage meaningfully with citizens and service users, and achieve positive outcomes. As such, good governance plays a critical role in advancing all of the Council's priorities and ensuring accountability, transparency, and continuous improvement across its services.

5.2 Building a Strong, Sustainable Local Economy

See 5.1 above

5.3 Supporting Children, Young People and Families

See 5.1 above

5.4 Tackling Inequality and Helping Those Who Are Most In Need

See 5.1 above

5.5 Working Towards a Greener Future

See 5.1 above

5.6 Valuing and Appreciating Halton and Our Community

See 5.1 above

6.0 RISK ANALYSIS

- 6.1 The Annual Governance Statement (AGS) supports the Council's risk management by providing a structured review of its governance arrangements and identifying any areas of weakness or concern. It enhances transparency and accountability through the inclusion of action plans to address areas for improvement. By offering a clear overview of governance practices and associated risks, the AGS enables more informed decision-making and helps ensure that risks are effectively managed across the organisation.

7.0 EQUALITY AND DIVERSITY ISSUES

- 7.1 The Council is required to have due regard to the elimination of unlawful discrimination and harassment, and the promotion of equality, in accordance with the Equality Act 2010 and related legislation. Robust governance arrangements play a vital role in ensuring that equality and diversity considerations are embedded across the Council's decision-making and service delivery. This helps to ensure that the Council meets its legal obligations and promotes inclusive practices that reflect the needs of all communities.

8.0 CLIMATE CHANGE IMPLICATIONS

- 8.1 None arising directly from this report.

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

- 9.1 None under the meaning of the Act.

Halton Borough Council

Annual Governance Statement 2024-25



Governance

Local authorities are accountable to their communities for the money they spend. They are also required under law to ensure they provide value for money, and to achieve this they need to have a governance framework that supports a culture of transparent decision-making.

Good governance in local authorities ensures that decision-making is lawful, informed by objective advice, transparent, and consultative. It is crucial in achieving value for money and in securing financial sustainability. It is therefore important that Halton Borough Council conducts its business in the correct way, for the right people, in a timely, inclusive, open, honest, and accountable manner. Good rules, systems, and information are important in maintaining good governance.

The Council therefore strives to meet the highest standards of corporate governance to help ensure it meets its objectives and serves its communities well. Members and Officers are responsible for putting in place proper arrangements for the governance of the Council's affairs and the stewardship of the resources at its disposal.

The Council's governance framework comprises the systems and processes, cultures, and values by which the organisation is directed and controlled, and through which it is accountable to, engages with, and leads its communities. It ensures that appropriate mechanisms for control are in place, and that risks and opportunities are managed effectively.

The Council acknowledges its responsibility for ensuring that there is a sound system of governance. In doing so, it has developed a Local Code of Corporate Governance that defines the principles that underpin the governance of the organisation. The Local Code forms part of the Council Constitution and can be accessed on the Council's website.

Halton Borough Council recognises its responsibility to ensure that it:

- Conducts its business in accordance with the law and proper standards
- Safeguards and properly accounts for public money
- Uses public money economically, efficiently, and effectively
- Maintains effective arrangements for the management of risk
- Secures continuous improvement in the way in which its functions are exercised

The Annual Governance Statement

The Council is required by the Accounts & Audit (England) Regulations 2015 to prepare and publish an annual governance statement. This is a public document that reports on the extent to which the Council complies with its own code of governance and explains how the Council has reviewed the effectiveness of its systems of internal control.

In this document the Council:

- Acknowledges its responsibility for ensuring that there is a sound system of governance
- Summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment
- Describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period
- Provides details of how the Council has responded to the issues identified in last year's governance statement
- Openly communicates significant governance issues that have been identified during this year's review and sets out how the Council will develop and secure continuous improvement in these areas over the coming year

The primary aim of the Annual Governance Statement is to provide residents, communities, partners, and businesses in Halton with confidence in the Council's governance arrangements. It demonstrates that the Council operates in an effective, efficient, and consistent manner; makes informed, transparent, and lawful decisions; and properly accounts for the public funds it receives and spends.

The Council's Governance Framework

The Council aims to achieve good standards of governance by adhering to the following key principles set out in the best practice guidance 'Delivering Good Governance in Local Government: Framework 2016':

- Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law
- Ensuring openness and comprehensive stakeholder engagement
- Defining outcomes in terms of sustainable economic, social, and environmental benefits
- Determining the interventions necessary to optimise the achievement of the intended outcomes
- Developing the Council's capacity, including capability of its leadership and the individuals within it
- Managing risks and performance through robust internal control and strong public financial management
- Implementing good practices in transparency, reporting, and audit to deliver effective accountability

The Council's governance framework consists of systems and processes designed to maintain a strong control environment and support the effective management of risk and opportunity. This statement outlines the key elements of that framework. Good governance relies not only on these formal structures, but also on the behaviours of members, officers, and partners. This is reflected through adherence to the Council's Constitution, codes of conduct, organisational values, and engagement with the local community.

This Annual Governance Statement (AGS) covers the period from 1 April 2024 to 31 March 2025, and up to the date of approval of the Council's Statement of Accounts. It offers a transparent assessment of the Council's governance arrangements and the challenges it currently faces.

The Council considers that it is compliant with the 'CIPFA Delivering Good Governance in Local Government: Framework 2016', which sets the benchmark for governance standards within UK local authorities.

The following sections of the document set out how the Council has applied the Framework's seven core principles during 2024/25.

How the Council applies the Principles of Good Governance

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- The Council has a Constitution that sets out how the Council operates, how decisions are made and the procedures that are followed to ensure that these are efficient, proportionate, transparent, and accountable. The Constitution was reviewed and updated in May 2024.
- The Council's *Local Code of Corporate Governance*, which forms part of the Council Constitution, outlines the processes in place to promote high standards of conduct and effective governance among officers. These arrangements are comprehensive and communicated to staff through various channels, including induction procedures, the Employee Code of Conduct, Financial Standing Orders, Procurement Standing Orders, registers of interests, gifts and hospitality, staff bulletins, whistleblowing procedures, HR policies, and fraud awareness training. The Local Code is reviewed annually to ensure it remains current and effective.
- One of the key responsibilities of the Audit and Governance Board is to promote and uphold high standards of member conduct. During the year, Board members were updated on both national developments in standards and any local issues that arose, ensuring they remained well-informed of matters relevant to their roles and responsibilities.
- The Council has developed a values and behaviours framework which provides a common language around values, fostering a positive organisational culture where employees feel empowered and motivated to uphold these principles. By defining expected behaviours, the Council is promoting accountability and consistency across all levels, leading to increased trust and cohesion within teams. The framework also serves as a compass in times of uncertainty or conflict, guiding ethical decision-making, and ensuring that actions are in line with the Council's mission and vision.
- All new employees undergoing the corporate induction process during 2024/25 were made aware of the Employees' Code of Conduct. There is an established disciplinary procedure which is invoked when an employee deliberately breaches rules and/or commits acts of misconduct, which are considered sufficiently serious as to warrant formal investigation.
- A complaints process exists for members of the public to raise concerns about standards exhibited by members which can be accessed through the Council's website.
- The Council takes fraud, corruption, and maladministration seriously and has established a suite of policies and processes which aim to prevent or deal with such occurrences. On 25 September 2024, the Audit and Governance Board received an [annual report](#) summarising the operation of the Council's counter fraud and corruption arrangements
- The Director of Legal and Democratic Services provided legal advice to the Council throughout the year as the Council's Monitoring Officer. One of the key functions of that role is to ensure the lawfulness and fairness of decision-making. There are no known instances of the Council failing to comply with relevant laws and regulations during the 2024/25 financial year.

How the Council applies the Principles of Good Governance

Behaving with integrity, demonstrating strong commitment to ethical values, and respecting the rule of law

- The Council publishes an annual Modern Slavery Act Transparency Statement that sets out the Council's actions to understand the potential modern slavery risks related to its business. It also explains the steps the Council has taken to ensure that no slavery or human trafficking takes place in its own business or through its supply chains.
- A corporate complaints procedure operated throughout the year to receive and respond to any complaints received. An annual report summarising the complaints received, trends and outcomes is presented each year to the Corporate Policy and Performance Board. The [latest report](#), which covered 2023/24, was presented at the Board's meeting on 21 January 2025. Complaints received are used to inform the development of the Council's services and policies.
- Arrangements exist to ensure that members and officers are not influenced by prejudice, bias, or conflicts of interest in dealing with different stakeholders. These include:
 - Registers of disclosable pecuniary interests were maintained
 - Registers of gifts and hospitality were maintained
 - Opportunities to declare disclosable pecuniary interests and disclosable other interests were provided at the start of meetings.
- The Council's procurement activity is undertaken in accordance with relevant procurement law. The Council has included provisions within its procurement processes which allow for the discretionary exclusion of suppliers that fail to comply with the Modern Slavery Act 2015 and / or breach environmental, social, or labour law obligations.

How the Council applies the Principles of Good Governance

Ensuring openness and comprehensive stakeholder engagement

- Information on the Council's performance, finances and the democratic running of the Council is routinely published on the Council's website. The Council also fully complies with the reporting requirements of the Local Government Transparency Code 2015.
- The Council's Constitution is published on the Council's website. It explains the Council's decision-making processes and delegated authorities. All key decisions taken by the Council are also publicly available on the Council's website.
- The Council engages with key partners and institutional stakeholders in various ways. Formal partnerships include the Health and Wellbeing Board, the Safer Halton Partnership, the Halton Children's Trust, and the Halton Learning Alliance. An executive director from the Halton Clinical Commissioning Group (CCG) is also a member of the Council's Management Team.
- The Health and Wellbeing Board provides a key forum for public accountability of the NHS, Adult Social Care, Children's Services, Public Health, and other commissioned services relating to the wider determinants of health in Halton. The Board met on four occasions during 2024/25. Its work included receiving the following reports:
 - [Public Health Annual Report \(2024\)](#)
 - [Adult Social Care Annual Report \(2023/24\)](#)
- Engagement with citizens and service users is carried out using a variety of methods, including a range of survey techniques and sampling techniques. During 2024/25 the Council consulted on a range of issues, which included:
 - Parent / Carer SEND Services Review: consultation to gather feedback about SEND service provision from Social Care, Health, and Education
 - Library Consultation: to gather feedback from library service users and residents about opening hours and services provided within the libraries
 - Sexual Health services: feedback from service users about a new sexual health services contract
 - Substance Use: Halton school feedback from pupils and staff about the use of alcohol, smoking, vapes, knives and fake ID
 - Play Survey: Consulting with parents and children about which clubs and activities they attend during their leisure time
 - Short Breaks: Asking carers in Halton about their usage of the Short Breaks service, family events and other youth services
- In setting its budget the Council listens to the views of the public and the experience of elected members through their ward work. Individual consultations took place in respect of specific budget proposals and equality impact assessments were completed where necessary.

How the Council applies the Principles of Good Governance

Defining outcomes in terms of sustainable economic, social, and environmental benefits

- The Council's long-term vision for Halton is outlined in the Corporate Plan, which sets out the Council's priorities, values, and guiding principles. Developed through extensive stakeholder engagement, the Plan identifies six key priorities and covers the period from April 2024 to 2029.
- The Council's Corporate Planning Framework provides the means by which the Council's activities are developed and monitored. A regular system of reporting to the Council's Management Team, Executive Board, and Policy and Performance Boards records progress against key business plan objectives and targets.
- Directorate and Departmental Business Plans for 2024/25 were developed to outline key developments and emerging issues within each Council department. These plans clearly set out strategic objectives, key milestones, and performance measures for each service area, providing a structured approach to service delivery and performance management.
- The Council routinely publishes information on the Council's vision, strategy, plans, finances, and performance on its website.
- The Council has implemented a Climate Change Strategy and Action Plan focused primarily on reducing carbon emissions from its own operations. As the Plan progresses, the Council is committed to expanding its scope by developing proposals for a wider, borough-wide climate strategy.
- The Council has approved the principles set out in the LCR Zero Waste 2040 Strategic Framework to reduce waste related carbon emissions. The Council also approved continued partnership working with Merseyside Recycling and Waste Authority (MRWA) and the other LCR local authorities to deliver action to meet our individual and collective climate targets and objectives.
- The Council's Big Halton Forest project supports a green recovery post-pandemic and directly addresses the climate emergency by enhancing green infrastructure across Runcorn, Widnes, and surrounding villages. The initiative involves working with individuals, communities, organisations, and businesses, with the ambitious goal of planting one tree for every Halton resident by 2030.
- In 2024/25, work began on updating the Social Value Policy, reinforcing the Council's commitment to using its commissioning and purchasing power to support a stronger society, fairer economy, and more sustainable environment across Halton.

How the Council applies the Principles of Good Governance

Determining the interventions necessary to optimise the achievement of the intended outcomes

- The Council's Corporate Planning Framework in operation during the year provided the means by which the Council's activities were developed and monitored.
- The Council operates a well-established overview and scrutiny framework through six Policy and Performance Boards (PPBs), each aligned to a corporate plan priority. The PPBs hold the Executive to account, monitor performance, and contribute to policy development. At the May 2025 annual meeting, Council was asked to approve updated PPB titles and terms of reference to reflect the revised priorities in the new Corporate Plan. The Lead Member for Scrutiny also meets regularly with the S31 Scrutiny Officer and chairs the Scrutiny Chairs Group, which brings together the Chairs of each Board.
- Performance monitoring reports were produced throughout the year recording progress against key business plan objectives and targets. These reports were presented to the Council's Management Team, to the Executive Board, and to the Policy and Performance Boards.
- The Council operates a corporate complaints procedure and specific complaints procedures for Adult Social Care, Children's Social Care, schools, and complaints relating to elected members. These procedures allow the Council to identify areas where things may have gone wrong and to put them right and prevent them from happening again.
- The Council aims to ensure that the purchase or commissioning of goods, services or works required to deliver services is acquired under best value terms. The Council's procurement activity is undertaken in line with the Council's Procurement Strategy and within clearly defined rules set out in Procurement Standing Orders, which are reviewed and updated annually.
- The Council's internal audit team carried out a comprehensive programme of audits during the year reviewing both front line and support services. The implementation of recommendations arising from the work of internal audit assists the Council in identifying and managing risks that may impact on the achievement of intended outcomes. Implementation of agreed actions from internal audit reports is monitored by the Audit and Governance Board through a robust follow-up process.
- The Council recognises that it has a responsibility to manage both internal and external risks as a key component of good corporate governance. 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. In order to manage risks effectively the Council operates a formal process to identify, evaluate and control risks. The Council's Corporate Risk Register summarises the key strategic risks faced by the Council and includes details of arrangements established to ensure that intended outcomes are achieved.
- The Council continued to implement a Children and Young People's Improvement Plan in response to the OFSTED inspection in October 2021. The plan sets out how the Council will ensure that children and young people in Halton are safeguarded and achieve the Council's aspiration that all its services for children and young people are good or better. Implementation of the improvement plan is continuing to be monitored by the Halton Children and Families Improvement Board

How the Council applies the Principles of Good Governance

Determining the interventions necessary to optimise the achievement of the intended outcomes

- During 2024/25, the Council updated its Business Continuity Planning arrangements to address emerging threats, including enhanced disaster recovery measures with a focus on IT security. A related training exercise was also carried out during the year.

How the Council applies the Principles of Good Governance

Developing the Council's capacity, including capability of its leadership and the individuals within it

- Elected members are provided with the opportunity for an annual review to identify their development requirements, which are set out in a Member Action Plan.
- The Council's Member Development Group oversees key performance indicators related to member development and promotes awareness of learning and development opportunities. It also serves as a forum for members to raise training or support needs to assist them in their roles.
- Members of the Audit and Governance Board received training during the year to assist them in their role as the Council's Audit Committee.
- During 2024/25, the Council developed a structured Employee Review Process, which will provide regular feedback to help employees understand their performance, recognise achievements, and identify development needs. The process aligns individual goals with organisational priorities, promotes transparency and fairness, and supports career development. It will also help to identify training requirements and fosters greater engagement and retention by demonstrating that staff contributions are valued.
- The Council has also developed a new approach to succession planning to address workforce changes and to help prepare for future leadership needs. The approach focuses on continuous talent development, aligning succession plans with evolving organisational priorities. It will support the transfer of knowledge, encourage innovation and diversity, and help to retain skilled employees by providing clear development and growth opportunities. This will help to ensure that the Council is resilient, agile, and able to respond to future challenges.
- The Organisation Development (OD) Team has maintained the Council's Leadership capability, and this has remained a top priority with the following taking place during 2024/25:
 - 14 employees undertaking the Institute of Leadership & Management (ILM) level 5
 - 17 employees undertaking CMI/ILM Level 7 in Leadership & Management
 - 4 employees undertaking Leadership & Accountancy qualifications
 - 10 employees undertaking Level 5 Coaching & Mentoring
 - 1 employee undertaking 5 Diploma in leadership for Health and Social Care and young people's services
 - 1 employee undertaking BA (Hons) Childhood and Youth Studies
 - 1 employee undertaking Level 6 Diploma in Career Guidance and Development
- The OD team commissioned North West Employers to deliver a specific Leadership and Management programme for those managers' working in Children's services. The programme consisted of the following modules and was attended by 31 service managers:
 - Explore change and the processes that enable the management of change
 - Communication skills
 - Managing resistance and conflict
 - How do we recruit, retain, and develop our staff
 - Leadership and actions

How the Council applies the Principles of Good Governance

Developing the Council's capacity, including capability of its leadership and the individuals within it

- A modern approach to leadership and management development continues to be promoted through the e-learning platform, offering modules on topics such as:
 - Change Management
 - Cross Functional Working Teams
 - Understanding Organisational Culture & Ethics
 - Communication Skills
 - Project Management
 - Planning & Running Effective Meetings
 - Difficult Conversations
 - Stress Awareness for Managers

How the Council applies the Principles of Good Governance

Managing risks and performance through robust internal control and strong public financial management

- The Council provides decision-makers with full and timely access to relevant information. The executive report template requires information to be provided explaining the policy, financial and risk implications of decisions, as well as implications for each of the corporate priorities and any equality and diversity implications.
- The Council has a well-established Audit Committee, known as the Audit and Governance Board, which met regularly throughout 2024/25. The Board operates with clearly defined responsibilities and provides effective oversight and constructive challenge across a range of areas, including governance, risk management, internal and external audit, efficiency and improvement, financial accounts, procurement, and counter-fraud and corruption arrangements.
- The Council has embedded risk management arrangements. Directorate and corporate risk registers outline the key risks faced by the Council, including their impact and likelihood, along with the relevant mitigating controls and actions. The annual review of the [Corporate Risk Register](#) was approved by the Audit and Governance Board at its meeting on 26 June 2024.
- The Council has a Head of Internal Audit and a continuous internal audit service, which has been externally assessed as conforming to the Public Sector Internal Audit Standards. Internal audit plays a key role in reviewing and improving the effectiveness of the Council's risk management, governance, and control arrangements. No restrictions are put on the role of internal audit and management regularly engages internal audit to examine specific areas which are causing concern.
- The Head of Internal Audit provides an annual opinion on the Council's risk management, control, and governance processes. The annual opinion is based upon the internal audit work completed during the year. The [Head of Internal Audit opinion covering 2024/25](#) was presented to the Audit and Governance Board on 4 June 2025.
- The Council has a well-established information governance framework. The Data Protection Officer is supported by the Information Governance Service, which ensures continued compliance with data protection and security requirements. The service oversees data management and risk, corporate security policies, staff training, and reporting to the Council's Senior Information Risk Owner. In 2024/25, one data breach was reported to the Information Commissioner's Office; however, no action was taken.
- Quarterly reports on the Council's overall capital and revenue net spending position and forecast outturn position were presented to the Executive Board throughout the year.
- Demand-led services continue to place pressure on the Council's financial position, particularly within Children's Social Care, where net departmental spend for 2024/25 reached £45.707m, which represents an increase of £6.132m (15%) from the previous year. However, encouragingly, there are signs that spending growth is beginning to slow. Actual expenditure was approximately £1.5m lower than forecast earlier in the year, reflecting the early impact of targeted investment through the Children's Social Care Improvement Plan. This investment has supported reductions in agency staffing and placement costs, contributing to greater financial stability in this critical service area.

How the Council applies the Principles of Good Governance

Managing risks and performance through robust internal control and strong public financial management

- The Council produces a Medium-Term Financial Strategy (MTFS), which is refreshed each year. The [MTFS covering the period 2025/26 to 2028/29](#) was approved by the Executive Board at its meeting on 14 November 2024. The strategy represents the “finance guidelines” that form part of the medium-term corporate planning process. These guidelines identify the financial constraints which the Council will face in delivering its key objectives over a three-year period and are an important influence on the development of the Corporate Plan, Service Plans and Strategies.
- The Council produces an annual Capital Strategy which provides a high-level overview of how capital expenditure, capital financing and treasury management activity contribute to the provision of local public services, along with an overview of how associated risk is managed and the implications for future financial sustainability. The Strategy is reviewed and approved annually by Executive Board.
- In compliance with the requirements of the CIPFA Prudential Code and the CIPFA Treasury Management Code, the Council produces an annual Treasury Management Strategy Statement. This sets out the Council’s strategy for borrowing and also includes an Annual Investment Strategy, which sets out the Council’s policies for managing its investments. The strategy enables the Council to maximise its financial yield whilst keeping within the principles of security and liquidity as set out in the Prudential Code. The Treasury Management Strategy Statement is reviewed and approved annually by Executive Board. A half-yearly update report and annual report on treasury management activity is also provided to the Executive Board.
- The Council’s external auditor is required to provide an opinion on whether the Council’s financial statements provide a true and fair view of the financial position of the Council and its income and expenditure for the year. On 20 November 2024, the Council’s [external auditor reported](#) to the Audit and Governance Board that they anticipated issuing an unmodified audit opinion on the Council 2023/24 financial statements.
- The Council’s external auditor provides an annual report offering an independent and objective assessment of how effectively the Council is using its resources to deliver value for money. The report evaluates the Council’s arrangements for securing economy, efficiency, and effectiveness in its operations. It provides assurance to the public and stakeholders that public funds are being managed responsibly, highlights areas of good practice, and identifies any significant weaknesses or risks. The report also includes recommendations to support continuous improvement, helping the Council strengthen its governance, financial sustainability, and decision-making processes.

[The annual report for the year ending 31 March 2024](#) was presented to the Audit and Governance Board on 20 November 2024. It included two statutory recommendations relating to short and medium-term financial planning and the development of the Council’s Transformation Programme in order to address the significant structural budget deficit. In addition, five key recommendations were made in relation to:

- Addressing the Dedicated Schools Grant (DSG) deficit
- Improving risk management
- Updating business continuity and disaster recovery arrangements
- Improving performance management
- Improving Special educational needs and disabilities (SEND) services

How the Council applies the Principles of Good Governance

Managing risks and performance through robust internal control and strong public financial management

- The Council has a strong performance management framework, with quarterly reports tracking progress against key service objectives in the Corporate Plan. These reports are presented to the Management Team, Executive Board, and Policy and Performance Boards.

How the Council applies the Principles of Good Governance

Implementing good practices in transparency, reporting, and audit to deliver effective accountability

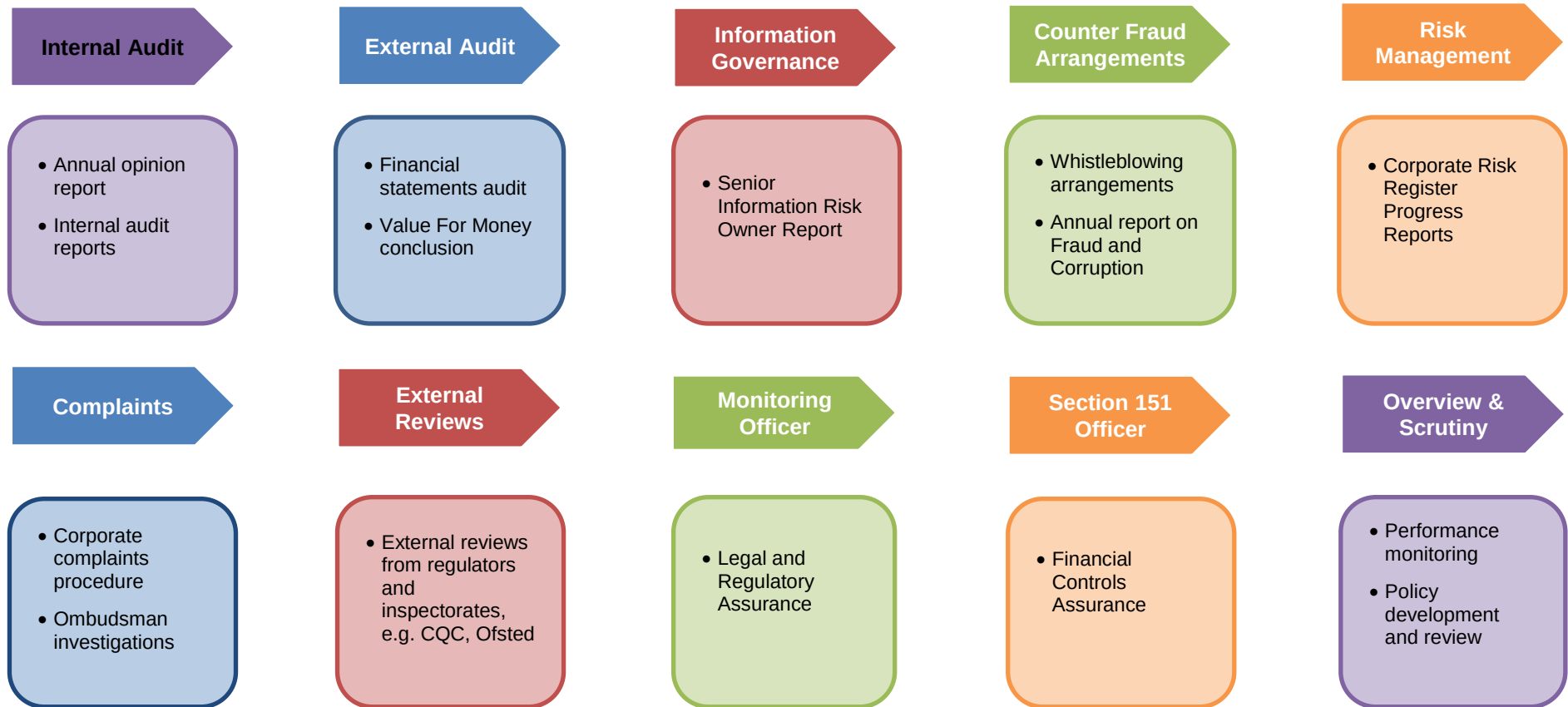
- The Council complies with the Local Government Transparency Code 2015 and publishes a wide range of information on its website. This includes details of meetings, minutes and agendas, policies and plans, the Council Constitution, the Statement of Accounts, details of members' allowances and expenses, details of senior staff pay, contract awards, and details of land and building assets.
- The Council operates clear and effective processes for dealing with Freedom of Information (FOI) requests and Subject Access Requests (SAR).
- All Council meetings are open and can be attended by members of the public with the exception of those where confidential or personal matters may be disclosed.
- The Council's commitment to transparency is reflected in the high proportion of reports considered in the public (Part 1) sections of committee meetings, the publication of a Forward Plan, an informative website, and an active presence on social media.
- The Council has an effective Audit and Governance Board that provides a source of assurance over the Council's risk management, control, and governance arrangements.
- The Council has established various ongoing arrangements that provide effective assurance. These include the work of Internal Audit, the Council's risk and performance management arrangements, the work of the Information Governance Group, the work of the Policy and Performance Boards, and the work of the Audit and Governance Board.
- The Council operates a well-established whistleblowing procedure, with widely publicised arrangements enabling employees and members of the wider community to raise concerns relating to fraud, misconduct, or other issues. All whistleblowing complaints and referrals received during the year were assessed, and investigations were undertaken where sufficient information was provided.
- To support continuous improvement, during 2024/25, the Council commissioned a Corporate Peer Challenge (CPC) through the Local Government Association. CPC forms a key part of the improvement and assurance framework for local government, and the process involved a team of senior local government councillors and officers undertaking a comprehensive review of key finance, performance and governance information and then spending four days at Halton Borough Council to provide robust, strategic, and credible challenge and support. A copy of the report from the review can be accessed [here](#).

The roles of those responsible for developing and maintaining the governance framework

Council	- Approves the Corporate Plan - Approves the Constitution - Approves the policy and budgetary framework
Executive Board	- The main decision-making body of the Council - Comprises ten members who have responsibility for particular portfolios
Audit and Governance Board	- Designated as the Council's Audit Committee and provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework, procurement strategy, and internal control environment. - Promotes high standards of member conduct
Policy & Performance Boards	- There are six Policy & Performance Boards aligned to the Council's six Corporate Plan priorities - They hold the Executive to account, scrutinise performance, and develop policy proposals for consideration by the Executive
Management Team	- Implements the policy and budgetary framework set by the Council and provides advice to the Executive Board and the Council on the development of future policy and budgetary issues
Internal Audit	- Provides assurance over the Council's governance, risk management, and control framework - Delivers an annual programme of audits - Makes recommendations for improvements in the management of risk and value for money
Managers	- Responsible for maintaining and developing the Council's governance and control framework - Contribute to the effective management and governance of the Council

How the Council monitors and evaluates the effectiveness of its governance arrangements

The Council annually reviews the effectiveness of its governance framework including the system of internal control. The key sources of assurance that inform this review are outlined below:



Review of the effectiveness of the governance framework

The Council has a responsibility to undertake, at least annually, a review of the effectiveness of key elements of its governance framework including the system of internal control. The Council has carried out this review in accordance with the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016). The initial review of the Council's governance framework was led by a small core group of officers supported by other officers across the Council. The core group comprised the following officers:

- [Director of Legal and Democratic Services](#)

This post is designated as the Council's Monitoring Officer under section 5 of the Local Government and Housing Act 1989, as amended by paragraph 24 of schedule 5 Local Government Act 2000. The Monitoring Officer is responsible for ensuring that the Council acts and operates within the law.

- [Director of Finance](#)

This post is designated as the s151 Officer appointed under the 1972 Local Government Act. The post holder is the Council's Chief Financial Officer and carries overall responsibility for the financial administration of the Council.

- [Head of Audit and Operational Finance](#)

This post is responsible for the Council's internal audit arrangements, including the development of the internal audit strategy and annual plan and providing an annual audit opinion on the Council's governance, risk management and control processes.

In preparing the annual governance statement the Council has:

- Reviewed the Council's existing governance arrangements against its Local Code of Corporate Governance
- Considered any areas where the Local Code of Corporate Governance needs to be updated to reflect changes in the Council's governance arrangements and best practice guidance
- Taken account of various internal and external sources of assurance over the operation of the Council's governance framework
- Assessed the effectiveness of the Council's governance arrangements and highlighted any planned changes in the coming period
- Reviewed previously identified governance issues and the progress made against these during 2024/25

Management Team, which is chaired by the Interim Chief Executive, has also reviewed the annual governance statement, and considered the significant governance issues facing the Council.

The Audit and Governance Board provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework, and internal control environment. As part of this role the Board reviews and approves the annual governance statement.

The following pages summarise how the Council has responded to the governance issues identified from the 2023/24 annual governance statement. An action plan is also included setting out the issues identified from this year's review of the effectiveness of the Council's governance framework.

2023/24 Governance Review

Action Plan Update

Development areas identified in 2023/24 review	Progress achieved
<u>Transformation Programme</u> The Council is to ensure that the Transformation Programme is sufficiently developed to meet the medium-term financial funding gap and to replenish its reserves.	The reshaping of the Transformation Programme has been informed by comprehensive benchmarking in conjunction with Grant Thornton (CFO insights). This has indicated key areas for examination and quantified budget variances against the average sector spend. Viability assessments have been undertaken against some of the areas identified, and are in progress against others. These are being considered by the Transformation Delivery Board (officers) and the Transformation Programme Board (Members), to ensure that all levels of governance are satisfied that the potential for business improvement and cost effectiveness is sufficient to justify the inclusion of work in the Programme. This work is also aligned with the budget savings agreed within the setting of the 2025/26 budget, ensuring a focus on budget reduction and directing capacity towards the generation of savings. The additional process and data analysis skills that have been brought into the Transformation Delivery Unit (TDU) are accelerating the scoping of projects in areas where cost benchmarking has been applied, to ensure a coherent understanding of cost variances and how they translate into opportunities to effect cost reductions. Subject matter experts are being engaged in projects where technical knowledge and expertise is required quickly to fully understand the operating environment and associated cost reduction opportunities. Benefit tracking continues to be developed as part of the governance reporting regime for the Programme. Significant work is in progress on the development of a new risk management approach for the Council. An adapted version of this, specific to the Programme, will be finalised in 2025/26 to deliver a robust approach to risk management and issue reporting within the programme governance arrangements

Development areas identified in 2023/24 review	Progress achieved
<u>Risk Management</u> The Council will continue to improve and develop its approach to risk management in accordance with the recommendation made by the external auditor.	The Council is undertaking a comprehensive overhaul of its risk management approach. A new Risk Management Policy has been drafted in collaboration with subject matter experts from Zurich Municipal, the Council's insurers. This revised approach reflects recommendations agreed with the Council's external auditors in 2024. Once approved, the new policy will be accompanied by the introduction of an updated risk register and monitoring framework, supported by training for both officers and Members.
<u>Performance Management</u> The Council will continue to improve and develop its approach to performance management in accordance with the recommendation made by the external auditor.	A core set of Key Performance Indicators (KPIs) has been incorporated into quarterly performance reporting. As the revised Risk Management approach is implemented, the Performance Management Framework will expand to include relational KPIs linked to corporate risk management and priorities. A corporate data project will deliver a unified platform in 2025/26, enabling real-time performance data to be streamed to stakeholders via tailored dashboards.

Development areas identified in 2023/24 review	Progress achieved
<u>Special Educational Needs / Disabilities (SEND)</u> The Council will work with partners to address the five key areas for priority action that were outlined in the CQC and Ofsted inspection of the Halton Local Area Partnership that took place in November 2023.	A Priority Action Plan was developed in collaboration with key stakeholders and subsequently approved by Ofsted and the Care Quality Commission. The Local Area SEND Strategic Improvement Board is independently chaired and meets monthly in order to drive forward the actions outlined in the improvement plan and the impact of the work undertaken since the inspection. Each of the five Priority Action Plans has a Senior Responsible Officer who oversees the work within their area. The SEND Partnership has appointed a senior officer to co-ordinate and lead upon the improvement plan, as well as support the co-production of our new SEND Strategy. There are a number of key areas of progress since the previous inspection including the establishment of a clear governance structure, the implementation of a QA framework for EHCPs and improved timeliness of plans within the 20-week timescale. Progress against all five areas of the Action Plan was reported to the Children, Young People and Families Policy and Performance Board during 2024/25. These updates included clear identification of delivery risks and the control measures implemented to mitigate them.

Development areas identified in 2023/24 review	Progress achieved
<u>Workforce Development Strategy</u> The Council will continue to implement its Workforce Development Strategy to identify skill gaps and by designing interventions to equip employees with the necessary competencies to meet the demands of the evolving organisation. The three key areas of the strategy are: • Implement the Values and Behavioural Framework • Develop and implement an Employee Review Process • Developing a new approach to Succession Planning	This remains a work in progress. The “Employer of Choice” projects within the Transformation Programme have now concluded and been handed over to the operational HR service. As part of this, the Council has implemented updated recruitment procedures, market engagement strategies, and a new Employee Value Proposition (EVP). A targeted project is underway to reduce the organisation’s reliance on agency workers. The scope of a managing attendance project has been reviewed by the Transformation Programme Board and is now progressing toward implementation. In addition, a new Employee Performance Framework is being introduced through the Organisational Development function, and significant engagement with managers around succession planning is beginning. This will help identify future skills needs. However, it should be acknowledged that the Council continues to face broader challenges presented by current employment market dynamics. Representations around the wider local government terms and conditions model continue to be made through the LGA via the Regional Employers Organisation and Liverpool City Region partners. A full staff survey is to be undertaken in 2025/26.

Development areas identified in 2023/24 review	Progress achieved
<u>Corporate Complaints Procedure</u> The Local Government Ombudsman – Complaint Handling Code was launched in February 2024. The Code sets out a process for organisations that will allow them to respond to complaints effectively and fairly. The purpose of the Code is to enable organisations to resolve complaints raised by individuals promptly, and to use the data and learning from complaints to drive service improvements. The Code has been issued as “advice and guidance” for all local councils in England under section 23(12A) of the Local Government Act 1974. This means that councils should consider the Code when developing complaint handling policies and procedures and when responding to complaints. The Council will therefore complete a review of its corporate complaints procedure during 2024/25 and adopt the Code into its existing working practices.	The introduction of the Code has been deferred by the Ombudsman to allow for piloting with a small number of local authorities. Full implementation is now scheduled for April 2026.
<u>CIPFA Financial Management Code</u> A self-assessment against the CIPFA Financial Management Code will be completed. The Code is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability.	The self-assessment will be reported to the Audit and Governance Board at its meeting on 24 September 2025.

Development areas identified in 2023/24 review	Progress achieved
<u>Connect2Halton Joint Venture</u> The Council has entered into a joint venture partnership with the Commercial Services Group, for the provision of agency staffing required within Council departments. Robust governance arrangements for the joint venture partnership will be established prior to the partnership becoming operational later in the 2024/25 financial year.	During 2024/25, the Council and Commercial Services Group entered a Joint Venture with equal controlling shares to ensure a collaborative and mutually beneficial partnership. This structure supports the Council's long-term objectives and aims to deliver the Council with financial returns to invest in local services. Governance is managed by a Main Board, which meets quarterly and includes a senior officer from each party. An Operational Executive Board also meets monthly and comprises senior officers and other stakeholders. The Main Board oversees strategic decisions, while the Operational Board manages day-to-day performance, monitors progress against the Business Plan and ensures effective service delivery. The Chair of the Main Board rotates annually. Both boards remain accountable to the shareholders, with a focus on transparency, accountability, and continuous improvement. An internal audit of the governance arrangements of the Joint Venture is planned for 2025/26.

2024/25 Governance Review

Development Areas

Development areas identified from 2024/25 review	Lead Officer	Timescale
<u>Short and Medium Term Financial Planning</u> The Council continues to experience severe financial pressures, especially in respect of Adults and Children's Social Care. The scale of the 2024/25 forecast overspending and the forecast funding gaps over the next four years demonstrated by the Medium-Term Financial Strategy (MTFS), led to the Council in December 2024 applying for the Government's Exceptional Financial Support (EFS) arrangement, for which provisional approval was received in February 2025. The primary way for the Council to deliver reduced spending will be via the re-shaping and re-prioritising of the Transformation Programme, which has commenced via the Transformation Board. During Autumn 2025 the Ministry of Housing Communities and Local Government (MHCLG) will commission the Chartered Institute of Public Finance and Accountancy (CIPFA) to undertake a financial resilience review, to assess the Council's financial position, financial governance arrangements, and its ability to resolve the financial situation over the coming years whilst supported by EFS. The Council's external auditor issued a Statutory Recommendation in their 2023/24 Annual Audit Report highlighting the need to strengthen short and medium-term financial planning. The Auditor advised that the Council must develop a more robust and realistic financial strategy that clearly sets out how it will achieve financial sustainability over the coming years. This includes aligning financial planning with service delivery priorities, improving the clarity of assumptions, and ensuring that plans are supported by credible savings and transformation proposals. The recommendation reflects the significant financial pressures facing the Council and the need for urgent action to address its structural budget deficit. In response to the Statutory Recommendation, the MTFS has been further enhanced to highlight the risks regarding financial resilience and reflect all significant forecast cost pressures. The MTFS was extended to cover four years and has subsequently been extended to five years for the period 2026/27 to 2030/31. Three scenarios have been developed from the MTFS, in order to assess the Council's future funding position in relation to EFS. Given the scale of the Council's financial challenges, the MTFS is being reported to Executive Board two months earlier than usual in September 2025, alongside an outline Financial Recovery Plan.	Director of Finance	31 December 2025

Development areas identified from 2024/25 review	Lead Officer	Timescale
<u>Development of the Transformation Programme</u> In their 2023/24 Annual Audit Report, the Council's external auditor issued a statutory recommendation concerning the governance and delivery of the Council's Transformation Programme. The auditor highlighted the need for a more structured and transparent approach to programme oversight, underpinned by clear accountability and effective leadership. The recommendation emphasised the importance of strengthening governance arrangements to ensure that the Transformation Programme delivers the scale of change required to address the Council's significant financial challenges. This included aligning transformation activity with strategic priorities and ensuring that progress is monitored and reported effectively. A reshaping of the Transformation Programme is being undertaken by the Transformation Board, with a focus upon comparable benchmarking information with nearest neighbours, in order to provide a primary aim of reducing costs. Viability assessments have been undertaken of various key areas highlighted from the analysis and considered by the Transformation Board for inclusion within the programme of activity. Two Members of the Audit and Governance Board have been brought onto the Transformation Board in order to further strengthen governance of the Programme. Following senior management changes in the Council, a dedicated Interim Director of Transformation post has been appointed to lead the Transformation Programme and provide additional focus and leadership to drive forward the activities at pace.	Interim Director of Transformation	31 st March 2026

Development areas identified from 2024/25 review	Lead Officer	Timescale
<u>Dedicated School Grant Deficit</u> The Council's external auditor identified the Dedicated Schools Grant (DSG) deficit as a significant financial risk in their 2023/24 Annual Audit Report. A key recommendation was made for the Council to prioritise the development and implementation of a credible and sustainable plan to address the DSG deficit. The Auditor emphasised the importance of urgent action to mitigate the financial pressures within the High Needs Block and to reduce the risk this poses to the Council's overall financial resilience and ability to deliver statutory education services. The Medium Term Financial Strategy (MTFS) highlights the significant issue presented by the DSG deficit, which is a similar position to most authorities and is currently being addressed by the Government via a statutory override requiring the deficit to be carried forward to the schools budget in future years, rather than being funded by general fund resources. The Government have extended the statutory override to 31st March 2028, however, without further Government intervention at that point the deficit would fall to the general fund and the level of deficits nationally would result in many councils, including Halton, issuing Section 114 notices. Hence this issue has been included in the Council's response to the Government's Fair Funding Consultation. The Council is one of a number of councils currently participating in the Delivering Best Value in SEND Programme provided by the Department for Education (DfE). The Programme supports councils to improve services for children with SEND and aims to deliver more effective and financially sustainable SEND services, which will thereby mitigate the DSG deficit.	Director of Education, Inclusion & Provision	31st March 2026

Development areas identified from 2024/25 review	Lead Officer	Timescale
<u>Risk Management</u> The Council's external auditor identified the need to strengthen the Council's risk management framework as a key area for improvement. The recommendation emphasised the importance of embedding a more consistent and proactive approach to identifying, assessing, and managing risks across all service areas. This includes improving the visibility of strategic risks, ensuring regular review and escalation processes are in place, and enhancing the integration of risk management into decision-making and performance monitoring. The Council recognises that strengthening these arrangements is essential to support more informed governance and to enhance organisational resilience in the face of financial and operational challenges. In response, during 2025/26 the Council will implement a refreshed and more robust approach to risk management. This will include the approval of a new Risk Management Policy, the introduction of an updated Corporate Risk Register, and the establishment of a strengthened monitoring and reporting framework. To support effective implementation, targeted training will be delivered to both officers and Members to embed a shared understanding of risk and ensure consistent application of the framework across the organisation.	Interim Director of HR & Corporate Affairs	Ongoing throughout 2025/26

Development areas identified from 2024/25 review	Lead Officer	Timescale
<u>Business Continuity and Disaster Recovery</u> The Council's external auditor identified the need to update and strengthen the Council's business continuity and disaster recovery arrangements as a key area for improvement. The recommendation highlighted that existing plans were outdated and lacked sufficient detail to ensure effective organisational resilience in the event of significant disruption. The auditor advised that the Council should review and refresh its business continuity framework, ensuring that it is comprehensive, regularly tested, and clearly aligned with critical service delivery priorities. The Council recognises that strengthening these arrangements will enhance the Council's ability to respond to emergencies and maintain essential services during periods of disruption. During 2024/25, the format of Business Continuity Plans was revised to better reflect current and emerging threats, ensuring that critical services are supported by more robust and up-to-date continuity measures. In parallel, enhancements were made to disaster recovery processes, with a particular focus on IT security and system resilience. These improvements are intended to increase the Council's preparedness for disruptive events and to ensure the continuity of essential services in the event of emergencies or system failures.	Interim Director of HR & Corporate Affairs	Ongoing throughout 2025/26

Development areas identified from 2024/25 review	Lead Officer	Timescale
<u>Performance management</u> The Council's external auditor identified performance management as a key area requiring improvement. Their recommendation emphasised the need to strengthen the Council's approach to setting, monitoring, and reporting on performance measures to ensure they are clearly aligned with strategic priorities and service outcomes. The auditor advised that performance data should be used more effectively to inform decision-making, drive service improvement, and support accountability. The Council recognises that strengthening its performance management framework is essential to better evaluate the impact of its activities and ensure that resources are used efficiently to deliver intended outcomes. Therefore, as part of the implementation of the revised Risk Management approach during 2025/26, the Council will expand its Performance Management Framework to include relational key performance indicators (KPIs) that are directly linked to corporate risks and strategic priorities. This integration will support more effective oversight and ensure that performance monitoring is aligned with the Council's risk profile and desired outcomes. To further enhance data-driven decision-making, the Council is delivering a corporate data project to establish a unified performance platform. This platform will provide stakeholders with real-time access to performance data via tailored dashboards, improving transparency, accountability, and responsiveness across services. In parallel, the Council's scrutiny arrangements are being reviewed by the Scrutiny Chairs Group, with external advisory support. Changes include revised titles and updated terms of reference for the Policy and Performance Boards to ensure alignment with the new Corporate Plan priorities. These changes are intended to strengthen the effectiveness of scrutiny and reinforce its role in holding services to account and driving continuous improvement.	Interim Director of HR & Corporate Affairs	Ongoing throughout 2025/26

Development areas identified from 2024/25 review	Lead Officer	Timescale
<u>Services for young people with special educational needs and / or disabilities (SEND)</u> The Council's external auditor identified the delivery and oversight of Special Educational Needs and Disabilities (SEND) services as a key area requiring improvement. Their recommendation highlighted the need for clearer strategic direction, stronger performance monitoring, and improved coordination across services to ensure that the needs of children and young people with SEND are effectively met. The auditor advised that the Council should strengthen its governance arrangements around SEND provision, including the use of data to track outcomes and inform service planning. The Council recognises that addressing these issues is essential to improving service quality, ensuring accountability, and delivering better outcomes for children and families. In response, the Council is actively working with the Department for Education and NHS Executive through a six-monthly stocktake process, with the latest review scheduled for completion in June 2025. This collaborative approach is helping to assess progress and identify areas for further improvement. Additionally, the Council anticipates a monitoring inspection in the coming months, which will provide external validation of the actions taken to date. These steps form part of a broader commitment to strengthening SEND governance, improving service delivery, and ensuring that children and young people receive the support they need.	Director of Education, Inclusion & Provision	Ongoing throughout 2025/26

Development areas identified from 2024/25 review	Lead Officer	Timescale
<u>Commissioner's report on the options for children's services in Halton Borough Council</u> An Ofsted Focused Visit in 2021 identified serious weaknesses in the Council's social work practice, including inadequate management oversight and supervision that failed to safeguard and promote children's welfare. As a result, inspectors issued two areas for priority action. In response, the Secretary of State for Education issued an Improvement Notice on 13 January 2022 and appointed an Improvement Advisor to provide support and challenge. Following a full Ofsted inspection in May 2024, the Council's Children's Services were judged to be 'Inadequate' across all areas. Consequently, on 30 August 2024, the Secretary of State issued a Statutory Direction requiring urgent improvements and appointed a Children's Commissioner to oversee progress. The Commissioner worked closely with the Council and published a report in December 2024, concluding that "although the Council is still in the early stages of its improvement journey, there is clear evidence of the capacity and capability to deliver sustainable, long-term change." To support this, the Commissioner made 24 recommendations for the Council and its partners to implement. In response, the Council has established a robust governance framework to drive and monitor improvement. Implementation of the Commissioner's recommendations is being overseen by the independently chaired Children's Ofsted Improvement Board, which brings together senior leaders, partners, and external advisors to ensure accountability and momentum. The Council is also strengthening its internal capacity, investing in leadership development, workforce stability, and quality assurance processes to embed lasting change and improve outcomes for children and families.	Executive Director of Children's Services	Ongoing throughout 2025/26
<u>Audit and Governance Board</u> Changes have been made to the terms of reference for the Audit and Governance Board so that it aligns with the model terms of reference recommended by CIPFA in its publication 'Audit Committees: Practical Guidance for Local Authorities and Police (2022 edition)'. Arrangements are also being made to appoint a suitably qualified co-opted independent member to provide additional expertise to the Board.	Director of Finance	Revised TOR approved in May 2025 Appointment of independent member to be made during 2025/26

Certification

The Audit and Governance Board has advised us on the outcome of the review of the Council's governance framework, which provides good overall assurance that the current arrangements remain fit for purpose.

The review has however identified specific opportunities to maintain or strengthen governance practices. We are committed to addressing these over the coming year and will monitor progress as part of the next annual review.

Signed on behalf of Halton Borough Council:

Richard Rout – Interim Chief Executive

Date -

Mike Wharton - Leader of the Council

Date -

REPORT TO: Audit and Governance Board

DATE: 24 September 2025

REPORTING OFFICER: Director of Finance

PORTFOLIO: Corporate Services

SUBJECT: 2024/25 Statement of Accounts, Audit Findings Report and Letter of Representation

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to seek approval for the Council's Letter of Representation, to consider the Audit Findings Report of the External Auditor (Grant Thornton), and to approve the Council's 2024/25 Statement of Accounts.

2.0 RECOMMENDED: That

- (i) The draft Letter of Representation in Appendix 1 be approved and any subsequent additions or amendments be approved by the Director of Finance, in liaison with the Chair of the Audit and Governance Board;
- (ii) The draft External Auditor's 2024/25 Audit Findings Report in Appendix 2 be approved and any subsequent additions or amendments be approved by the Director of Finance, in liaison with the Chair of the Audit and Governance Board;
- (iii) The Council's draft 2024/25 Statement of Accounts in Appendix 3 be approved and any subsequent additions or amendments be approved by the Director of Finance, in liaison with the Chair of the Audit and Governance Board.

3.0 BACKGROUND

- 3.1 The Statement of Accounts sets out the Council's financial performance for the year in terms of revenue and capital spending and presents the year-end financial position as reflected in the balance sheet.
- 3.2 The Statement of Accounts draft version will be updated based on adjustments agreed with External Audit during the course of the audit. Non-trivial adjusted misstatements, misclassifications and disclosure changes to the draft accounts are reported in Section 6 of the Audit Findings Report.

- 3.3 The format of the Statement of Accounts is heavily prescribed by the Accounts and Audit Regulations and the Code of Practice on Local Authority Accounting (The Code).
- 3.4 The Statement of Accounts for 2024/25 has been prepared in full compliance with International Financial Reporting Standards (IFRS).
- 3.5 Grant Thornton will attend the meeting to present the report of their findings, the Audit Findings Report.
- 3.6 Section 3 of the Audit Findings Report presents the findings of the External Auditor in respect of matters and risks identified at the planning stage of the audit and additional and significant matters that arose during the course of their work.
- 3.7 Each year the Council is required to provide the External Auditor with a Letter of Representation relating to the financial statements. This provides a number of assurances to the External Auditor in connection with the preparation of the Council's accounts. The letter is required to be signed by the Chair of the Board on behalf of the Council.

4.0 KEY SECTIONS WITHIN THE STATEMENT OF ACCOUNTS

- 4.1 The Council's 2024/25 Statement of Accounts is presented in Appendix 3. The Narrative Report by the Director of Finance summarises the Council's financial performance for 2024/25, including revenue and capital spending.
- 4.2 The Comprehensive Income and Expenditure Statement (CIES) presents gross expenditure, gross income and net expenditure for 2024/25 along with the previous year's comparison. The Net Cost of Continuing Operations is adjusted by a number of appropriations to give the Total Comprehensive Income and Expenditure. The CIES reports on how the Council performed during the year and whether its operations resulted in a surplus or deficit.
- 4.3 The Council's Balance Sheet sets out the Council's financial position as at 31 March 2025, along with a comparison to the position as at 31 March 2024. The balance sheet is a snapshot of the Council's financial position at a specific point in time, showing what it owns and owes at 31 March.
- 4.4 The Movement in Reserves Statement presents a summary of the changes in the Council's main reserves during the year. Reserves represent the Council's net worth and show its spending power. Reserves are analysed into two categories: usable and unusable.
- 4.5 The Cashflow Statement provides an overall analysis of the movements in cash and cash equivalents during the year.

- 4.6 Detailed notes relating to items within the Comprehensive Income and Expenditure Statement, Balance Sheet, Movement in Reserves Statement and Cashflow Statement are shown under Notes to the Core Financial Statements.
- 4.7 The Collection Fund and associated notes summarise the transactions in respect of the collection of Non-Domestic Rates and Council Tax, along with the distribution to the Council's own General Fund and to the Precepting Authorities (Fire, Police, LCR Combined Authority and Parishes).
- 4.8 The Statement of Responsibilities outlines the basis upon which the Statement of Accounts has been prepared and is followed by a statement of the Council's Accounting Policies.
- 4.9 The External Auditor has used the draft Statement of Accounts as the basis for undertaking the annual audit of accounts, for which their Audit Report and Certificate is included within the final Statement of Accounts.

5.0 ACTION PLAN

- 5.1 Section 6 of the Audit Findings Report presents an action plan of recommendations for future improvement to the Statement of Accounts. The recommendations made by the External Audit team will be reviewed by management for appropriate action.

6.0 PRIOR YEAR RECOMMENDATIONS

- 6.1 The 2023/24 Audit Findings Report identified a number of recommendations to improve the process and presentation of the Council's Statement of Accounts. These recommendations were reviewed by the Audit and Governance Board on 20 November 2024.

7.0 NEXT STEPS

- 7.1 Following the meeting and pending subsequent approved additions or amendments, the Letter of Representation will be signed and the External Auditor will provide their audit opinion. The Statement of Accounts will then be published and made available to the public via the Council's website.

8.0 POLICY IMPLICATIONS

- 8.1 None.

9.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 9.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**
There are no specific implications

9.2 Building a Strong, Sustainable Local Economy

There are no specific implications

9.3 Supporting Children, Young People and Families

There are no specific implications

9.4 Tackling Inequality and Helping Those Who Are Most In Need

There are no specific implications

9.5 Working Towards a Greener Future

There are no specific implications

9.6 Valuing and Appreciating Halton and Our Community

There are no specific implications

10.0 RISK ANALYSIS

- 10.1 The Accounts and Audit Regulations require that the Statement of Accounts is certified by the External Auditor and published by 30 September 2025. If this date is breached the Council will publish a Public Notice giving reasons for the delay.

11.0 EQUALITY AND DIVERSITY ISSUES

- 11.1 None.

12.0 CLIMATE CHANGE IMPLICATIONS

- 12.1 None

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

Document	Place of Inspection	Contact Officer
Accounts and Audit Regulations 2015	Halton Stadium	Steve Baker Divisional Manager, Revenues and Financial Management
Code of Practice on Local Authority Accounting in the UK 2024/25	Halton Stadium	Steve Baker Divisional Manager, Revenues and Financial Management

APPENDIX 1

Grant Thornton UK LLP

Landmark
St Peter's Square
1 Oxford Street
Manchester
M1 4PB

[Date] – {TO BE DATED SAME DATE AS DATE OF AUDIT OPINION}

Dear Grant Thornton UK LLP

Halton Borough Council
Financial Statements for the year ended 31 March 2025

This representation letter is provided in connection with the audit of the financial statements of Halton Borough Council ("the Authority") for the year ended 31 March 2025 for the purpose of expressing an opinion as to whether the Authority financial statements give a true and fair view in accordance with International Financial Reporting Standards, and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 and applicable law.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities, as set out in the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited, for the preparation of the Authority's financial statements in accordance with the Accounts and Audit Regulations 2015, International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2024-25 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the Authority and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Authority has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include valuation of land and buildings and the net defined pension liability. We are satisfied that the material judgements used in the

preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for International Accounting Standard 19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the Authority has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. We have considered the unadjusted misstatements schedule included in your Audit Findings Report. We have not adjusted the financial statements for these misstatements brought to our attention as they are immaterial to the results of the Authority and its financial position at the year-end. The financial statements are free of material misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. The prior period adjustments disclosed in note 26 to the financial statements are accurate and complete. There are no other prior period errors to bring to your attention.
- xiv. We have updated our going concern assessment. We continue to believe that the Authority's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the Authority means that, notwithstanding any intention to cease its operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
 - b. the financial reporting framework permits the Authority to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the Authority's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the Authority's ability to continue as a going concern need to be made in the financial statements

- xv. The Authority has complied with all aspects of ring-fenced grants that could have a material effect on the Authority's financial statements in the event of non-compliance.
- xvi. We have reviewed the residual value, useful life and depreciation method for the Authority's property, plant and equipment at the end of the financial year to ensure they remain appropriate.
- xvii. In note 17, for all assets that have a carrying value in Net Book Value of £NIL, we confirm that they are still in use at the Authority.

Information Provided

- xviii. We have provided you with:
 - a. access to all information of which we are aware that is relevant to the preparation of the Authority's financial statements such as records, documentation and other matters;
 - b. additional information that you have requested from us for the purpose of your audit; and
 - c. access to persons within the Authority from whom you determined it necessary to obtain audit evidence.
- xix. We have communicated to you all deficiencies in internal control of which management is aware.
- xx. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xxi. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
- xxii. We have disclosed to you all information in relation to fraud or suspected fraud that we are aware of and that affects the Authority and involves:
 - a. management;
 - b. employees who have significant roles in internal control; or
 - c. others where the fraud could have a material effect on the financial statements.
- xxiii. We have disclosed to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- xxiv. We have disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- xxv. We have disclosed to you the identity of the Authority's related parties and all the related party relationships and transactions of which we are aware.
- xxvi. We have disclosed to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxvii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Authority's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxviii. The disclosures within the Narrative Report fairly reflect our understanding of the Authority's financial and operating performance over the period covered by the Authority's financial statements.

Approval

The approval of this letter of representation was minuted by the Authority’s Audit and Governance Board at its meeting on 24 September 2025

Yours faithfully

Name.....

Position.....

Date.....

Name.....

Position.....

Date.....

Signed on behalf of the Authority

Draft Audit Findings (ISA 260) Report for Halton Borough Council

Year ended 31 March 2025

24 September 2025

Halton Borough Council

Heath Road
Runcorn
Cheshire
WA7 5TN

24 September 2025

Dear Members of the Audit & Governance Board

Audit Findings for Halton Borough Council for the year ending 31 March 2025**Grant Thornton UK LLP**

Landmark
St Peter's Square
1 Oxford Street
Manchester
M1 4PB

www.grantthornton.co.uk

This Audit Findings presents the observations arising from the audit that are significant to the responsibility of those charged with governance to oversee the financial reporting process and confirmation of auditor independence, as required by International Standard on Auditing (UK) 260. Its contents have been discussed with management.

As auditor we are responsible for performing the audit, in accordance with International Standards on Auditing (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities for the preparation of the financial statements.

The contents of this report relate only to those matters which came to our attention during the conduct of our normal audit procedures which are designed for the purpose of expressing our opinion on the financial statements. Our audit is not designed to test all internal controls or identify all areas of control weakness. However, where, as part of our testing, we identify control weaknesses, we will report these to you. In consequence, our work cannot be relied upon to disclose all defalcations or other irregularities, or to include all possible improvements in internal control that a more extensive special examination might identify. 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.

Chartered Accountants

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We encourage you to read our transparency report which sets out how the firm complies with the requirements of the Audit Firm Governance Code and the steps we have taken to manage risk, quality and internal control particularly through our Quality Management Approach. The report includes information on the firm's processes and practices for quality control, for ensuring independence and objectivity, for partner remuneration, our governance, our international network arrangements and our core values, amongst other things. This report is available at [transparency-report-2024-.pdf \(grantthornton.co.uk\)](https://www.grantthornton.co.uk/transparency-report-2024-.pdf).

We would like to take this opportunity to record our appreciation for the kind assistance provided by the finance team and other staff during our audit.

Elizabeth Luddington

Director
For Grant Thornton UK LLP

Chartered Accountants

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1 Headlines and status of the audit

Headlines

This page and the following summarises the key findings and other matters arising from the statutory audit of Halton Borough Council (the ‘Council’) and the preparation of the Council's financial statements for the year ended 31 March 2025 for the attention of those charged with governance.

Financial statements

Under International Standards of Audit (UK) (ISAs) and the National Audit Office (NAO) Code of Audit Practice (the ‘Code’), we are required to report whether, in our opinion:

- the Council's financial statements give a true and fair view of the financial position of the Council and [Council’s income and expenditure for the year; and
- have been properly prepared in accordance with the CIPFA/LASAAC Code of Practice on Local Council Accounting and prepared in accordance with the Local Audit and Accountability Act 2014.

We are also required to report whether other information published together with the audited financial statements (including the Annual Governance Statement (AGS) and Narrative Report) is materially consistent with the financial statements and with our knowledge obtained during the audit, or otherwise whether this information appears to be materially misstated.

Our audit work remains on going and has been undertaken both on-site and remotely during July–September as planned. Our findings are summarised on pages 15 to 31.

We have identified 4 adjustments to the financial statements. These have no impact on the level of the Council’s usable reserves. Audit adjustments are detailed at page 38. We have also raised recommendations for management as a result of our audit work. These are set out at page 42. Our follow up of recommendations from the prior year’s audit are detailed at page 44. Our work remains on-going, however based on work completed to date there are no matters of which we are aware that would require modification of our audit opinion or material changes to the financial statements, subject to the following outstanding matters:

- Review of IFRS 16 implementation and IFRS 16 PFI adjustments and responses to queries
- Response to outstanding journal user inquiry
- Review of income and expenditure recharges
- Review and response to query on allocation of revaluation movements to reserves
- Query with the pension fund auditor in relation to inputs for IFRIC 14 calculation as well as receipt of IAS 19 assurance letter from pension fund auditor
- Review of group accounts assessment and subsidiary accounts
- Whole of Government procedures
- Finalising audit manager, engagement lead and engagement quality control reviews and obtaining satisfactory responses to a number of final queries
- review of the final set of financial statements and updated Annual Governance Statement
- receipt of signed management representation letter – see Appendix B

We have concluded that the other information to be published with the financial statements, including the updated Annual Governance Statement, is consistent with our knowledge of your organisation and with the financial statements we have audited. Our anticipated financial statements audit report opinion will be unmodified. We anticipate signing your accounts following the October full Council meeting.

Headlines

Value for money (VFM) arrangements

Under the National Audit Office (NAO) Code of Audit Practice (the ‘Code’), we are required to consider whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are required to report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

Auditors are required to report their commentary on the Council's arrangements under the following specified criteria:

- Improving economy, efficiency and effectiveness;
- Financial sustainability; and
- Governance.

We have completed our VFM work and our detailed commentary is set out in the separate Auditor’s Annual Report, which is presented alongside this report.

We identified significant weaknesses in the Council’s arrangements and so are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

Our findings are set out in the value for money arrangements section of this report (page 48).

Headlines

Statutory duties

The Local Audit and Accountability Act 2014 (the ‘Act’) also requires us to:

- report to you if we have applied any of the additional powers and duties ascribed to us under the Act; and
- to certify the closure of the audit.

In November 2024, we issued two statutory recommendations under section 24 schedule 7 of the Local Audit and Accountability Act 2014 to Halton Borough Council, relating to our Value for Money findings in respect of financial sustainability and the current financial challenges faced by the Council.

We are minded to issue additional recommendations in relation to our Value for Money findings for 2024/25.

We have completed the majority of work required under the Code. However, we intend to delay the certification of the closure of the 2024/25 audit of Halton Borough Council in the audit report, as detailed in Appendix C, due to not yet having received the WGA instructions from NAO. We await confirmation that the WGA audit has been finalised, and we can certify closure of the audit.

We are satisfied that this work does not have a material effect on the financial statements for the year ended 31 March 2025.

Significant matters

We did not encounter any significant difficulties or identify any significant matters arising during our audit.

Headlines

National context – audit backlog

Government proposals around the backstop

On 30 September 2024, the Accounts and Audit (Amendment) Regulations 2024 came into force. This legislation introduced a series of backstop dates for local Council audits. These Regulations required audited financial statements to be published by the following dates:

- For years ended 31 March 2025 by 27 February 2026
- For years ended 31 March 2026 by 31 January 2027
- For years ended 31 March 2027 by 30 November 2027

The statutory instrument is supported by the National Audit Office's (NAO) new Code of Audit Practice 2024. The backstop dates were introduced with the purpose of clearing the backlog of historic financial statements and enable to the reset of local audit. Where audit work is not complete, this will give rise to a disclaimer of opinion. This means the auditor has not been able to form an opinion on the financial statements.

Headlines

Implementation of IFRS 16

Implementation of IFRS 16 Leases became effective for local government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

Local government accounts webinars were provided for our local government audit entities during March, covering the accounting requirements of IFRS 16. Additionally, CIPFA has published specific guidance for local Council practitioners to support the transition and implementation on IFRS 16.

Introduction

IFRS 16 updates the definition of a lease to:

- “a contract, or part of a contract, that conveys the right to use an asset (the underlying asset) for a period of time in exchange for consideration.”

In the public sector the definition of a lease is expanded to include arrangements with nil consideration. This means that arrangements for the use of assets for little or no consideration (sometimes referred to as peppercorn rentals) are now included within the definition of a lease.

IFRS 16 requires the right of use asset and lease liability to be recognised on the balance sheet by the lessee, except where:

- leases of low value assets
- short-term leases (less than 12 months).

This is a change from the previous requirements under IAS 17 where operating leases were charged to expenditure.

The principles of IFRS 16 also apply to the accounting for PFI liabilities.

The changes for lessor accounting are less significant, with leases still categorised as operating or finance leases, but some changes when an Council is an intermediate lessor, or where assets are leased out for little or no consideration.

Impact on the Council

The implementation of IFRS 16 has resulted in £2.9m of lease liabilities and Right of Use Assets recognised on the balance sheet in respect of former operating leases.

In addition, the PFI liabilities are required to be restated on transition to reflect the indexation of unitary payments since the start of the schemes. This has resulted in a £50.8m increase of the opening liability at 1 April 2024.

We have reviewed the transition adjustments and identified some disclosure changes required to improve the clarity and understanding of the impact of applying the new accounting standard. We have also identified that the remeasurement of the PFI liabilities at the reporting date may have been omitted from the draft accounts.

We have undertaken procedures to confirm completeness of leases identified and we await further information from management to demonstrate how all other contracts and arrangements have been assessed for any leases.

Based on our work to date, we have no further issues to report, however our work is not yet complete.

2 Materiality

Our approach to materiality

As communicated in our Audit Plan presented at the 4 June 2025 Audit & Governance Board meeting, we determined materiality at the planning stage as £7.834m based on 1.5 % of prior year gross expenditure. At year-end, we have reconsidered planning materiality based on the draft financial statements and we have updated our materiality assessment based on actual 2024/25 gross expenditure.

A recap of our approach to determining materiality is set out below.

Basis for our determination of materiality

- We have determined materiality at £9.259m based on professional judgement in the context of our knowledge of the Council, including consideration of factors such as stakeholder expectations, industry developments and reporting requirements for the financial statements.
- We have used 1.5 % of gross expenditure as the basis for determining materiality. The use of 1.5% as a benchmark percentage remains consistent with the prior year. The reason for the increased materiality figure set out above from that used at planning is due to the increase in gross expenditure in the draft accounts compared to the prior year gross expenditure, which was the basis of determining the materiality set at planning.

Performance materiality

- We have determined performance materiality at £6.944m, this is based on 75% of headline materiality. Performance materiality is used for the purposes of assessing the risks of material misstatement and determining the nature, timing, and extent of further audit procedures. This is the amount we set at less than materiality for the financial statements as a whole, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole

Specific materiality

Given public interest in senior officer remuneration disclosures we set a lower materiality level for this area. We design procedures to detect errors in specific accounts at a lower level of precision which we have determined to be applicable for senior officer remuneration disclosures. We evaluate errors in this disclosure for both quantitative and qualitative factors against this lower level of materiality.

We will apply heightened auditor focus in the completeness and clarity of disclosures in this area and will request amendments to be made if any errors exceed the threshold we have set or would alter the bandings reported for any individual.

Reporting threshold

- We will report to you all misstatements identified in excess of £0.460m, in addition to any matters considered to be qualitatively material.

Our approach to materiality

A summary of our approach to determining materiality is set out below.

	Council (£)	Qualitative factors considered
Materiality for the financial statements	9.259 million (m)	Financial performance of the Council with a focus on performance on total expenditure. We have calculated and updated materiality based on 1.5% of the total expenditure set out in the 2024/25 unaudited financial statements.
Performance materiality	6.944m	We based our assessment on a number of factors that included the quality of working papers in prior year, extent of misstatements identified in previous years and the Council response to audit queries. Based on these factors we have set PM at 75% (maximum level permissible) of materiality for the Council's financial statements
Reporting threshold	0.463m	The amount below which matters would be considered trivial to the reader of the accounts.
Specific materiality for senior officer remuneration disclosures	46,000	Materiality is reduced for remuneration disclosures due to the sensitive nature and public interest. Based on 2% of total Senior Officer expenditure in the 2024/25 unaudited financial statements.

3 Overview of significant and other risks identified

Overview of audit risks

The below table summarises the significant and other risks discussed in more detail on the subsequent pages.

Significant risks are defined by ISAs (UK) as an identified risk of material misstatement for which the assessment of inherent risk is close to the upper end of the spectrum due to the degree to which risk factors affect the combination of the likelihood of a misstatement occurring and the magnitude of the potential misstatement if that misstatement occurs.

Other risks are, in the auditor’s judgement, those where the risk of material misstatement is lower than that for a significant risk, but they are nonetheless an area of focus for our audit.

Risk title	Risk level	Change in risk since Audit Plan	Fraud risk	Level of judgement or estimation uncertainty	Status of work
Risk 1 - Management override of controls	Significant	↔	✓	Medium	●
Risk 2 - The revenue cycle includes fraudulent transactions	Rebutted	↔	✓	Low	●
Risk 3 - The expenditure cycle includes fraudulent transactions	Rebutted	↔	✓	Low	●
Risk 4 - Valuation of land and buildings	Significant	↔	✗	High	TBC - ●
Risk 5 – Valuation of Pension Fund net Liability	Significant	↔	✗	High	TBC - ●
Risk 6 – Exceptional Financial Support/Revenue Expenditure Funded from Capital Under Statute (REFCUS	Other	↔	✗	Medium	●
Risk 7 – Implementation of IFRS 16	Other	↔	✗	Low	TBC - ●

- ↑ Assessed risk increase since Audit Plan

↔ Assessed risk consistent with Audit Plan

↓ Assessed risk decrease since Audit Plan
- Not likely to result in material adjustment or change to disclosures within the financial statements

● Potential to result in material adjustment or significant change to disclosures within the financial statements

● Likely to result in material adjustment or significant change to disclosures within the financial statements

Significant risks

Risk description in our Audit Plan and reason for risk identification	Audit Procedures performed and Key observations
Management override of controls Under ISA (UK) 240, there is a non-rebuttable presumption that the risk of management override of controls is present in all entities. The Council faces external scrutiny of its spending, and this could potentially place management under undue pressure in terms of how they report performance. We therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk, which was one of the most significant assessed risks of material misstatement.	We have: • reviewed accounting estimates, judgements and decisions made by management; • reviewed unusual significant transactions; • made enquiries of finance staff regarding their knowledge of potential instances of management override of controls; • evaluated the design effectiveness of management controls over journals; • analysed the journals listing and determined the criteria for selecting high risk unusual journals and those falling into certain criteria determined by the audit team; and • tested a sample of journals recorded during the year and after the draft accounts stage for appropriateness and corroboration. Key observations In performing the procedures above, we identified a population of journals to test using data analytic software to analyse journal entries and to split large batch journals into smaller sets of transactions that support targeted testing based on specific risk criteria assessed by the audit team. These criteria included: • Post year-end journals • Material journals across the year • Year-end journals • Journals posted by senior management • Off ledger adjustments • Adjustments to accrued expenditure and accrued income around the year-end Application of these routines and supplementary procedures identified a total sample of 75 journals to test. Testing of journals identified through application of our specified criteria and targeted risk assessment is complete. We did not identify any changes in accounting policies or estimation processes and review of key estimates has not identified any matters to bring to your attention and this is in line with our expectations – further detail is set out on pages 25 to 30. Our audit work has not identified any issues in respect of management override of controls. We noted that there continues to be no formal review or authorisation process for journals. The mitigating control is that each cost centre is monitored by the relevant budget holder. The budget holder reviews transactions against cost centre codes periodically to ensure no unusual or incorrect postings have been made. We reported a recommendation in the previous audit – refer to page 42.

Significant risks

Risk description in our Audit Plan and reason for risk identification	Audit procedures performed and Key observations
Presumed risk of fraud in revenue recognition Under ISA (UK) 240, there is a rebuttable presumed risk of material misstatement due to the improper recognition of revenue. This presumption can be rebutted if the auditor concludes that there is no risk of material misstatement due to fraud related to revenue recognition. We completed a risk assessment of all revenue streams for the Council as part of audit planning and rebutted the presumed risk that revenue may be misstated due to the improper recognition of revenue for all revenue streams. This is due to the low fraud risk in the nature of the underlying nature of the transactions as: – there is little incentive to manipulate revenue recognition; – opportunities to manipulate revenue recognition are very limited; and – the culture and ethical frameworks of local authorities, including Halton Borough Council, means that all forms of fraud are seen as unacceptable. We kept this assessment under review throughout the audit and confirmed that our judgment remained appropriate.	Despite the risk being rebutted and not considered as a significant risk for the Council we completed audit procedures. We have: • evaluated the Council’s accounting policy for recognition of income for appropriateness and compliance with the Code; • updated our understanding of the system for accounting for the income and evaluate the design of associated processes and controls; • agreed on a sample basis relevant income and year end receivable/income accruals to invoices and cash payment or other supporting evidence; and • completed testing on sample basis of invoices issued in the period prior to and following 31 March 2025 to determine whether income is recognised in the correct accounting period, in accordance with the amounts billed to the corresponding parties. Our audit plan confirmed that we considered it appropriate to rebut the significant risk in relation to revenue as we concluded that there was not a risk of material misstatement due to fraud relating to revenue recognition. Whilst revenue and expenditure recognition was not identified as a significant risk, we have carried out procedures and tested material revenue streams to gain assurance over this area and evaluated that it remained appropriate to rebut the presumed risk of revenue and expenditure recognition. Our audit work is completed and we did not identify any instances of fraudulent revenue recognition or inaccurate cut off of revenue recorded around the year end or any other reason to change our assessment of the risk in this area.

Significant risks

Risk description in our Audit Plan and reason for risk identification

Presumed risk of fraud in expenditure recognition

Practice note 10: Audit of financial statements of Public Sector Bodies in the United Kingdom (PN10) states that the risk of material misstatement due to fraud related to expenditure may be greater than the risk of material misstatement due to fraud related to revenue recognition for public sector bodies.

We completed a risk assessment of all revenue expenditure streams for the Council. We assessed the risk that expenditure may be misstated due to the improper recognition of expenditure for all expenditure streams and concluded that there is not a significant risk.

This is due to

- the low fraud risk in the nature of the underlying nature of the transaction
- there being little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayers funds;
- the culture and ethical frameworks of local authorities, including Halton Borough Council, means that all forms of fraud are seen as unacceptable.

We have identified a higher risk of error in the recognition of other service expenditure for the completeness of this expenditure stream. We have identified the risk to be a higher risk of cut-off of expenditure accruals at year-end.

We also considered the risk of fraudulent expenditure recognition in relation to capital expenditure and concluded that it is not a significant risk. We tested the appropriateness of the capitalisation of expenditure as part of a planned response to the other risk that we have identified in relation to Exceptional Financial Support conditions set out on page xx.

Audit procedures performed and Key Observations

Despite expenditure recognition not being a significant risk, we completed the following procedures to ensure expenditure included within the financial statements was materially correct. We kept this consideration under review throughout the audit to ensure this judgement remained appropriate.

We have :

- evaluate the Council’s accounting policy for recognition of expenditure for appropriateness and compliance with the Code;
- update our understanding of the system for accounting for the expenditure and evaluate the design of associated processes and controls;
- agree on a sample basis relevant expenditure and year end payables and accruals to invoices or other supporting evidence; and
- complete substantive testing of expenditure streams in 2024/25 including sample test of material transactions.

Key findings

Our substantive testing of payments made after the year-end to confirm the completeness of expenditure recorded in the financial year identified 3 errors totalling £1.22m whereby transactions were recorded in 2025/26 which related to 2024/25. These all related to capital expenditure incurred before 31 March 2025, but recorded in April and May 2025. This is reported as an unadjusted misstatement on page 40.

We have extended our testing of capital expenditure transactions around the year-end.

Our additional testing is in progress and based on audit work completed to date, we have no issues report in relation to fraud in expenditure recognition.

Significant risks

Risk description in our Audit Plan and reason for risk identification	Audit procedures performed and Key observations
Valuation of Land and Buildings The Council revalues its property assets on a rolling basis. Revaluations are shared between the Council’s Internal Valuer and an external valuation expert, Sanderson Weatherall. These valuations represent a significant estimate by management in the financial statements due to the size of the numbers involved at £229m as at 31 March 2025 (£213.1 million at 31 March 2024) and the sensitivity of this estimate to changes in key assumptions. Additionally for land & buildings, management will need to ensure the carrying value in the financial statements is not materially different from the current value or the fair value at the financial statements date, where a rolling programme is used. We therefore identified the valuation of land & buildings as a significant risk for the Council.	We have: • evaluated management's processes and assumptions for the calculation of the valuation estimate, the instructions issued to valuation experts and the scope of their work; • evaluated the competence, capabilities and objectivity of the valuation expert; • Written to the valuation expert and discussed with the valuer the basis on which the valuation was carried out; • challenged the information and assumptions used by the valuer to assess completeness and consistency with our understanding; • evaluated the valuer’s report to identify assets that have large and unusual changes and/or approaches to the valuation – these assets have been substantively tested to ensure the valuations are reasonable; • tested a selection of other asset revaluations made during the year to ensure they have been input accurately into the Council’s asset register, revaluation and Comprehensive Income and Expenditure Statement; • evaluated the assumptions made by management for those assets not revalued during the year and how management has satisfied themselves that these are not materially different to current value at year end; and • for assets not formally revalued or revalued on a desktop/indexation basis only, evaluated the judgements made by management or others in determination of the value of these assets Key findings Our review of identified that the draft accounts did not reconcile to the final valuation report issued by Sanderson Weatherall. This has resulted in an understatement of Land & Buildings of £5.8m, which has been adjusted in the accounts– refer to page 38. Additionally, we noted that the disclosure of assets not subject to full revaluation did not reconcile to the Fixed Asset Register and this has been partially amended however, there is remaining variance of £0.5m which is unadjusted – refer to page 39. We await final responses to our queries on the allocation of valuation movements to reserves. Based on our work completed to date, we have no further issues to report.

Significant risks

Risk description in our Audit Plan and reason for risk identification	Audit procedures performed and Key observations
Valuation of Pension Fund net liability The Council’s pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements. The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£505 million funded liabilities and £726 million of assets as at March 2025) and the sensitivity of the estimate to changes in key assumptions. We therefore identified valuation of the Council’s pension fund net liability as a significant risk of material misstatement.	We have: • updated our understanding of the processes and controls put in place by management to ensure the Council’s pension fund net liability is not materially misstated and evaluate the design of the associated controls; • evaluated the instructions issued by management to their management expert (an actuary - Hymans) for this estimate and the scope of the actuary’s work; • assessed the competence, capabilities and objectivity of the actuary who carried out the Council’s pension fund valuation; • assessed the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability; • tested the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary; • undertaken procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor’s expert) and performed any additional procedures suggested within the report, including confirmation of the scope of the actuary’s work and whether the application of IFRIC 14 has been considered; and • obtained assurances from the auditor of Cheshire Pension Scheme as to the controls surrounding the validity and accuracy of membership data; contributions data and benefits data sent to the actuary by the pension fund and the fund assets valuation in the pension fund financial statements. Key findings Our review of the processes and controls in respect of pensions and the instructions issued by management identified no issues, nor did our assessment of the competence, capability and objectivity of the actuary. We also confirmed the accuracy and completeness of the information provided by the Council to estimate the liability. We challenged the actuary’s assumptions and used our auditor’s expert (PWC) to provide expert input on the assumptions that had been used. Page 27 provides a detailed assessment of the estimation process for the valuation of the pension fund net liability Our audit work is ongoing but to date has not identified any issues in respect of valuation of the pension fund liability for the Council. As noted on page 6. we are still awaiting the IAS19 assurances from the auditor of the Cheshire pension fund. In addition, we await further guidance from the pension fund auditor in relation to expected disclosures of any impact of the Virgin Media case for LGPS admitted bodies.

Other risks

Risk description in our Audit Plan and reason for risk identification	Audit procedures performed and Key observations
Exceptional Financial Support/Revenue Expenditure Funded from Capital Under Statute (REFCUS). In December 2024 the Council requested Exceptional Financial Support from the Ministry of Housing, Communities and Local Government (MHCLG) in respect of the financial years 2024/25 and 2025/26. At the time of audit planning, the Council have received approval that the Deputy Prime Minister (DPM) is minded to approve a capitalisation direction of £20.8 million in 2024/25 and £32 million in 2025/26. However, for the Department to provide a final capitalisation direction, the Council was required to undergo an external assurance review which including an assessment of the Council’s financial position and governance arrangements. Based on our understanding, we expected the direction to include the following conditions: • The Council may only capitalise expenditure when it is incurred; • Where expenditure is capitalised, the Council shall charge annual Minimum Revenue Provision (MRP) using the asset life method with a proxy ‘asset life’ of no more than 20 years. The approval of any capitalisation directions is contingent on the Council reporting to the Department the final amounts identified for which it requires capitalisation for each year, with the agreement of Grant Thornton as the Council’s external auditors. We also considered our findings set out in our 2023/24 Audit Findings report where audit testing identified that several items totalling some £1.3m were incorrectly classified as REFCUS. We have therefore identified: • compliance with the requirements imposed by MHCLG should they grant a capitalisation direction; and • accuracy and occurrence of capital expenditure as an other risk for the audit.	We have : • evaluated the Council’s accounting policy for capitalisation of expenditure for appropriateness and compliance with the Code; • continued to work with the Council to confirm plans and procedures in place for the Council to record and confirm final amounts required for capitalisation in 2024/25; • reviewed further communications from MCLHG to confirm what conditions have been attached to the Exceptional Financial Support; • tested a sample of capitalised expenditure to invoices or other supporting evidence to ensure it has been properly incurred including REFCUS; and • reviewed the MRP policy and MRP charge 2024/25. Our work is substantially complete and we have identified one transaction of £36k which was not accurately classified as REFCUS as it related to works to a Council building. We have extrapolated the error and we are satisfied the overall impact is trivial. The Council has obtained final approval from MHCLG which confirms the Exceptional Financial Support for 2024/25 as capitalisation of £10m of revenue expenditure. Our work is complete, we have no further issues to report.

Other risks

Risk identified

Implementation of IFRS 16

IFRS 16 Leases is now mandatory for all Local Government bodies from 1 April 2024. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS 17. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of an entity.

In the public sector, the definition of a lease has been extended to include the use of assets for which little or no consideration is paid, often called “peppercorn” rentals. This is one instance where the right of use asset and its’ associated liability are not initially recognised at the same value. For peppercorn rentals, the right of use assets are initially recognised at market value. Any difference between market value and the present value of expected payments is accounted for as income. This has similarities with the treatment of donated assets.

Key judgements include

- determining what is deemed to be a low value lease. This is based on the value of the underlying asset when new and is likely to be the same as the Council’s threshold for capitalising owned assets;
- determining whether an option to terminate or extend the lease will be exercised. This is important as it affects the lease term and subsequently the calculation of the lease liability based on the expected payments over the lease term; and
- the valuation of the right of use asset after recognition. An expert valuer may be required to support management in this.

We have therefore identified completeness of the identification of relevant leases and valuation as a risk.

Audit procedures performed and Key observations

In response to this risk, we have:

- reviewed the processes and controls put in place by management to ensure that the implementation of IFRS 16 complete, accurate and not materially misstated. We also evaluated the design of the associated controls;
- reviewed the proposed accounting policy and agreed disclosures presented in the financial statements to underlying accounting records and calculations; and
- reviewed management’s lease accounting calculations and assessed the accuracy and appropriateness of the inputs and assumptions used including lease term, discount rate and annual rentals

Key findings

The implementation of IFRS 16 has resulted in £2.9m of lease liabilities and Right of Use Assets recognised on the balance sheet.

We have reviewed the transition adjustments and identified some disclosure changes required to improve the clarity and understanding of the impact of applying the new accounting standard.

We have undertaken procedures to confirm completeness of leases identified. These identified some employee car lease schemes and leasehold properties for review and we await further information from management to demonstrate how all other contracts and arrangements have been assessed for any leases.

Based on our work to date, we have no further issues to report, however our work is not yet complete.

4 Other findings

Other areas impacting the audit

This section provides commentary on new issues and risks which were identified during the course of the audit that were not previously communicated in the Audit Plan.

Issue	Commentary
Uncleared payments to creditors at year-end	Our substantive testing of creditor balances identified that a payment of £6.8m to creditors was issued and processed before 31 March 2025 however, the payment did not clear the bank until April 2025. As BACS payments cannot be cancelled once processed, we would expect this to be recorded in the cash to bank reconciliation as an uncleared payment against the related creditor balances, thereby reducing the both the cash balance and creditors. In the draft accounts, this payment was not recorded as a reconciling item although it was recorded as paid in the ledger, therefore both the cash balance and creditors was overstated by the same amount which has nil net impact on the balance sheet overall - this has been adjusted in the accounts – refer to page 38.
Fully depreciated assets held at nil Net Book Value (NBV) assets	At 31 March 2025, there were fully depreciated assets with a total gross cost of £18.3m on the Fixed Asset Register. Our substantive testing of fully depreciated assets identified that all 5 items selected in our initial sample and one further item were subsequently confirmed to have been disposed of and were incorrectly held on the Fixed Asset Register. We requested that management undertake a review of all fully depreciated assets which subsequently identified disposals of £11.2m which has been adjusted in the accounts – refer to page 39. The residual untested population is not material and therefore, we are satisfied there is no risk of material misstatement in the Property, Plant & Equipment disclosures. We have reported a recommendation on page 42 and we have also requested additional representations in the draft Letter of Representation which is set out at Appendix B.
Prior year adjustments identified	Management identified a misstatement in the prior year comparative information in relation to the maturity analysis of long-term loans in note 26. There was a misclassification of £10m incorrectly presented as maturing in 2-5 years instead of 1-2 years as was the case at 31 March 2024. The prior comparative figures have been restated to reflect the correct disclosure. We are satisfied this misstatement only impacts the disclosure note and we have not identified any further issues to report.

Other findings – key judgements and estimates

This section provides commentary on key estimates and judgements in line with the enhanced requirements for auditors.

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
Valuation of land and buildings £229m at 31 March 2025	The Council revalues its property assets on a rolling basis. With valuations undertaken by an external valuation expert, Sanderson Weatherall. Management complete an annual desktop review of the assets not due to be revalued during the year, considering factors such as changes to building cost indices since the asset’s last revaluation, and the impact of market changes evidenced by revaluations in year for similar assets and this is reviewed by management’s expert. For 2024/25 the review highlighted that there was a £1.1m (equivalent to 2.0%) decrease in the gross valuation of all high value assets (those individually over £1m). Management’s assessment is that the potential difference in the value of the remaining assets not formally revalued during 2024/25 is not material. The total year end valuation of land and buildings was £229m, a net increase of £16m from 2023/24 (£213m).	The Council’s accounting policy on valuation of land and buildings is included in the Accounting Policies note of the financial statements. We have: - assessed the Council’s in-house valuer to be competent, capable and objective; - carried out completeness and accuracy testing of the underlying information provided to the valuers used to determine the estimate including floor areas where appropriate; - reviewed management’s assessment of assets not valued in the year against the Gerald Eve report and concluded that their assessment is reasonable and that assets not valued in the year are not materially misstated; - agreed valuation reports to the Fixed Asset Register and to the Statement of Accounts; and - engaged our own valuation expert to assess the work of the Council’s valuer, compliance with RICS requirements and management’s assessment of assets not revalued in year. Our expert was able to confirm that the Council’s approach was reasonable and in line with those adopted by other Valuers and that the valuations were reasonable. Our audit work is substantially complete and we have no further issues to report.	We consider management’s process is appropriate and key assumptions are neither optimistic or cautious.

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management's approach	Auditor commentary	Assessment																							
Valuation of net pension liability £4.0m at 31 March 2025 IFRIC 14 limits the measurement of the defined benefit asset to the 'present value of economic benefits' available in the form of refunds from the plan or reductions in future contributions to the plan.	The Council's initial draft net pension liability at 31 March 2025 was £4.0m (PY £4.5m) comprising the Cheshire Local Government defined benefit pension scheme and unfunded defined benefit pension scheme obligations. The Council uses Hymans Robertson to provide actuarial valuations of the Council's assets and liabilities derived from this scheme. A full actuarial valuation is required every three years. Given the significant value of the net pension fund liability, small changes in assumptions can result in significant valuation movements. There has been a £18.3m net actuarial gain during 2024/25.	Our work on the Council's net pension liability is substantially complete. We have: - assessed management's expert to be competent, capable and objective. - assessed actuary's approach taken, detail work undertaken to confirm reasonableness of approach - used PwC as auditors expert to assess actuary and assumptions made by the actuary as outlined in the table below: <table><tr><th>Assumption</th><th>Actuary value</th><th>PwC range</th><th>Assessment</th></tr><tr><td>Discount rate</td><td>5.80%</td><td>5.80 – 5.85%</td><td>●</td></tr><tr><td>Pension increase rate</td><td>2.75%</td><td>2.70 – 2.80%</td><td>●</td></tr><tr><td>Salary growth</td><td>3.45%</td><td>2.75 – 3.75%</td><td>●</td></tr><tr><td>Life expectancy – Males current pensioners</td><td>20.8 years</td><td rowspan="2">PwC confirmed that assumptions are acceptable</td><td>●</td></tr><tr><td>Life expectancy – Females current pensioners</td><td>23.5 years</td><td>●</td></tr></table> - confirmed the completeness and accuracy of the underlying information used to determine the estimate, including liaison with the auditor of the Cheshire Pension fund (response currently outstanding) - undertaken a reasonableness test of the Council's share of LPS pension assets and assessed the reasonableness of movement in the estimate, and - assessed the adequacy of disclosure of estimate in the financial statements. Conclusion We have not identified any issues to date in respect of this significant estimate, however as noted on page 21 our work is not yet complete.	Assumption	Actuary value	PwC range	Assessment	Discount rate	5.80%	5.80 – 5.85%	●	Pension increase rate	2.75%	2.70 – 2.80%	●	Salary growth	3.45%	2.75 – 3.75%	●	Life expectancy – Males current pensioners	20.8 years	PwC confirmed that assumptions are acceptable	●	Life expectancy – Females current pensioners	23.5 years	●	We consider management's process is appropriate and key assumptions are neither optimistic or cautious.
Assumption	Actuary value	PwC range	Assessment																							
Discount rate	5.80%	5.80 – 5.85%	●																							
Pension increase rate	2.75%	2.70 – 2.80%	●																							
Salary growth	3.45%	2.75 – 3.75%	●																							
Life expectancy – Males current pensioners	20.8 years	PwC confirmed that assumptions are acceptable	●																							
Life expectancy – Females current pensioners	23.5 years		●																							

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
Depreciation	Asset values and assessed remaining lives are input into Halton's asset management system (RAM) at acquisition where they are maintained until write off or disposal. The system then calculates the depreciation charge to be included in the draft accounts. Depreciation is calculated on a straight-line basis over the Useful Economic Life (UEL) of the assets. The usual UEL of assets is as follows: Buildings and Other Operational Properties - 10-60 years Community Assets - 15 years Infrastructure Assets - 15-120 years Vehicles, Plant and Equipment - 3-10 years Intangible Assets - 5 years Qualified valuers advise on the UEL of Buildings and suitably qualified officers advise on Vehicles, Plant and Equipment.	Our review of the depreciation charge for the year identified no issues with the estimate made by management.	 Green
Bad debt allowances/credit loss provision	The Bad Debt Provision and impairment provision recorded in the accounts is made up of a number of provisions, most notably the Mersey Gateway Public Charge Notices provision and Local Taxation provision. Calculation of Bad Debt Provisions is based on a reconciliation of aged debt balances. Outstanding balances are agreed and then historical collection rates are applied to the balances to calculate an estimate for the required provision.	The method for calculating the Bad Debt Provisions for Short Term Debtors has remained consistent for a number of years. The general method is to obtain listings of all debtors and their amounts and calculate the bad debt provision required based on the general percentage rate of collection. These percentages are based on historic data and have been used for several years. We are content with these percentages, and their underlying assumptions, being used to calculate the provision and have not identified any circumstances that suggest they ought to have changed.	 Green

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
Provisions	Key provisions are based on the best estimate of expenditure required to settle the obligation at the time of preparation. Any subsequent increase or decrease in these amounts would lead to a corresponding decrease or increase in the General Fund, or the Collection Fund in respect of NNDR Appeals. Provisions are reviewed and authorised by senior management. There is a significant provision for the amounts potentially owed to the Department for Transport in respect of the Mersey Gateway, however this is calculated on a known basis rather than an estimate.	No management bias has been identified. The recognition, measurement, presentation and disclosure of Provisions estimate in the financial statements are deemed to be in accordance with the applicable financial reporting framework. Based on the results of the procedures performed in Provisions and contingent liabilities section, assurance gained over the reasonableness of the Provisions estimate.	 Green
Financial instruments - fair value of level 2 and level 3 investments	The Council has treasury management advisors, to calculate the fair values of its financial instruments. Management understands and discloses that the fair value of liabilities can differ significantly from the carrying values, and can vary significantly year on year, dependant on market conditions.	No management bias has been identified. The Fair Value of loans and PFI liabilities is calculated by an external expert using loans and PFI data for each loan and PFI scheme supplied by Council. The expert uses PWLB and comparable interest rates from the underlying market in force on the 31st March 2025 to calculate the fair values. No changes noted from previous year.	 Green
Accruals	Accruals for costs incurred or income earned at year-end are recorded based on the actual amount per invoice subsequently received post-year end, or estimated based on the previous invoices received or raised.	No significant accruals during the year and no significant judgements nor assumptions used with respect to this estimate based on the results of our samples testing on income, expenditure, debtors and creditors. No indicators of management bias noted.	 Green

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
Minimum revenue provision £13.150m in 2024/25 (PY £11.409m)	The Council is responsible on an annual basis for determining the amount charged for the repayment of debt known as its minimum revenue provision (MRP). The basis for the charge is set out in regulations and statutory guidance. The year end MRP charge was £13.150m, an increase of £1.741m from 2023/24. We note that MRP in 2024/25 is 2.02% of the closing CFR (PY 1.88%) The approval of the Council’s application for a capitalisation direction to fund revenue expenditure by MHCLG contained a requirement that where this resulted in an increase in the CFR the Council needed to chare annual MRP using the asset life method with a proxy asset life of no more than 20 years.	We have reviewed the Council’s MRP calculation and considered: • whether the MRP has been calculated in line with the statutory guidance; • whether the Council’s policy on MRP complies with statutory guidance including requirements set out by MHCLG; • assessed whether any changes to the Council's policy on MRP have been discussed and agreed with those charged with governance and have been approved by full Council; and • the reasonableness of the increase in MRP charge New statutory guidance takes full effect from April 2025, introducing new provisions for capital loans. This guidance also clarifies the practices that authorities should already be following. This guidance clarifies that capital receipts may not be used in place of a prudent MRP and that MRP should be applied to all unfinanced capital expenditure and that certain assets should not be omitted from the calculation unless exempted by statute. Our work is completed and we have no issues to report.	 Green

Other findings – key judgements and estimates

Key judgement or estimate	Summary of management’s approach	Auditor commentary	Assessment
PFI liability £385.8m in 2024/25 (PY £345.4m)	Estimate is based on the requirements of IFRIC 12 and the financial information in the operator’s model. They have been considered to have an implied finance lease within the arrangement. The Council has estimated the implied interest rate within the leases. Internal Rate of Return (IRR) has been estimated as remaining constant throughout the remaining period of the contract. Model based on latest available information and information relevant to PFI type schemes. Underlying assumptions involved surrounding asset valuation and figures within the operators model. The main assumption underlying the estimate is that the conditions hold true for the life of asset. From 1 April 2024, the liability has been remeasured in accordance with IFRS 16 Leases, to reflect the impact of indexation of unitary charges up to the 31 March 2024. This resulted in restatement of the liability of £50.8m.	No management bias has been identified. The estimate is based on the requirements of IFRIC 12 and the financial information in the operators model. They have been considered to have an implied finance lease within the arrangement. The Council has estimated the implied interest rate within the leases. IRR has been estimated as remaining constant throughout the remaining period of the contract. The Model is based on latest available information and information relevant to the PFI type Schemes. The Code specifies the approach, i.e. the apportionment of expected payments under the financial model into separate elements and the application of the actuarial model for lease accounting to the elements relating to acquisition of the asset. IFRS 16 implementation We have reviewed the IFRS 16 transition adjustments in PFI models with support from our internal modelling team. Our work is ongoing and we await further information from management to support our review of the remeasurement of the liability at 31 March 2025. We have identified some amendments to disclosures in the draft accounts – refer to page 39.	TBC – pending review IFRS 16 PFI adjustments

Other findings – Information Technology

This section provides an overview of results from our assessment of the Information Technology (IT) environment and controls therein which included identifying risks from IT related business process controls relevant to the financial audit. This table below includes an overall IT General Control (ITGC) rating per IT application and details of the ratings assigned to individual control areas.

IT application	Level of assessment performed	Overall ITGC rating	ITGC control area rating			Related significant risks/other risks
			Security management	Technology acquisition, development and maintenance	Technology infrastructure	
Unit 4 ERP	ITGC assessment (design and implementation only)	Green	Green	Green	Green	Our Value for Money work has identified a significant weakness due to the Council’s business continuity and disaster recovery plans being out-of-date – see Interim Auditor’s Annual Report presented alongside this report for more detail.

Assessment:

- [Red] Significant deficiencies identified in IT controls relevant to the audit of financial statements
- [Amber] Non-significant deficiencies identified in IT controls relevant to the audit of financial statements/significant deficiencies identified but with sufficient mitigation of relevant risk
- [Green] IT controls relevant to the audit of financial statements judged to be effective at the level of testing in scope
- [Black] Not in scope for assessment

5 Communication requirements and other responsibilities

Other communication requirements

Issue	Commentary
Matters in relation to fraud	• We have previously discussed the risk of fraud with the Audit and Governance Board. We have not been made aware of any other incidents in the period and no other issues have been identified during the course of our audit procedures.
Matters in relation to related parties	• We are not aware of any related parties or related party transactions which have not been disclosed. However, we did identify some members had failed to declare all interests as expected. We have retained the prior year recommendation – refer to page 43.
Matters in relation to laws and regulations	• You have not made us aware of any significant incidences of non-compliance with laws and regulations and we have not identified any such incidents from our audit work.
Written representations	• A letter of representation has been requested from management, and we have requested specific representations in respect of the prior period adjustment related to 2023/24 restated long term borrowing disclosures and the fully depreciated assets held at nil NBV. • We draw your attention to the draft Letter of Representation which is set out at Appendix B.
Confirmation requests from third parties	• We requested from management permission to send confirmation requests to other Local Authorities, banks and financial institutions in respect of cash and investment balances and borrowings. This permission was granted and the requests were sent and positive responses received.
Disclosures	• We have evaluated the appropriateness of the Council’s financial statement disclosures in line with applicable accounting principles and the Code of Practice. A number of minor amendments were made to the financial statements to further enhance the transparency of the disclosures within the Accounts and improve compliance with reporting requirements. Further detail is set out at page 39.
Audit evidence and explanations	• All information and explanations requested from management was provided. (TBC as audit is on-going)
Significant difficulties	• No such difficulties were encountered.

Other responsibilities

Issue	Commentary
Going concern	In performing our work on going concern, we have had reference to Statement of Recommended Practice – Practice Note 10: Audit of financial statements of public sector bodies in the United Kingdom (Revised 2024). The Financial Reporting Council recognises that for particular sectors, it may be necessary to clarify how auditing standards are applied to an entity in a manner that is relevant and provides useful information to the users of financial statements in that sector. Practice Note 10 provides that clarification for audits of public sector bodies. Practice Note 10 sets out the following key principles for the consideration of going concern for public sector entities: • 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 entity’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, and so a straightforward and standardised approach for the consideration of going concern will often be appropriate for public sector entities • For many public sector entities, the financial sustainability of the reporting entity and the services it provides is more likely to be of significant public interest than the application of the going concern basis of accounting. Our consideration of the Council’s financial sustainability is addressed by our value for money work, which is covered elsewhere in this report. Practice Note 10 states that if the financial reporting framework provides for the adoption of the going concern basis of accounting on the basis of the anticipated continuation of the provision of a service in the future, the auditor applies the continued provision of service approach set out in Practice Note 10. The financial reporting framework adopted by the Council meets this criteria, and so we have applied the continued provision of service approach. In doing so, we have considered and evaluated: • the nature of the Council and the environment in which it operates • the Council’s financial reporting framework • the Council’s system of internal control for identifying events or conditions relevant to going concern • management’s going concern assessment. On the basis of this work, we have obtained sufficient appropriate audit evidence to enable us to conclude that: • a material uncertainty related to going concern has not been identified; and • management’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Other responsibilities

Issue	Commentary
Other information	We are required to give an opinion on whether the other information published together with the audited financial statements (including the Annual Governance Statement and Narrative Report), is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. Management have updated the Narrative Report to more clearly set out the findings and conclusions from the May 2024 Ofsted inspection of Children's services and to update the position in relation to Exceptional Financial Support as the Council received approval from MHCLG on 21 August 2025 for a capitalisation direction to fund revenue expenditure at a total not exceeding £10 million. Management have updated the Annual Governance Statement to explain the basis of the statutory recommendations issued in December 2024 and associated actions to address the identified weaknesses. Subject to receiving and updated AGS, we plan to issue an unmodified opinion in this respect – refer to Appendix C.
Matters on which we report by exception	We are required to report on a number of matters by exception in a number of areas: • if the Annual Governance Statement does not comply with disclosure requirements set out in CIPFA/SOLACE guidance or is misleading or inconsistent with the information of which we are aware from our audit, • if we have applied any of our statutory powers or duties. • where we are not satisfied in respect of arrangements to secure value for money and have reported [a] significant weakness/es. As noted on page 9 In November 2024, we issued two statutory recommendations under section 24 schedule 7 of the Local Audit and Accountability Act 2014 to Halton Borough Council, relating to our Value for Money findings in respect of financial sustainability and the current financial challenges faced by the Council. We are minded to issue additional recommendations in relation to our Value for Money findings for 2024/25.

Other responsibilities

Issue	Commentary
Specified procedures for Whole of Government Accounts	We are required to carry out specified procedures (on behalf of the NAO) on the Whole of Government Accounts (WGA) consolidation pack under WGA group audit instructions. We have not yet completed our work on the Whole of Government Accounts as NAO have not issued the WGA group audit instructions at this stage.
Certification of the closure of the audit	We intend to delay the certification of the closure of the 2024/25 audit of Halton Borough Council in the audit report, as detailed in Appendix C, due to not yet having received the WGA instructions from NAO. We await confirmation that the WGA audit has been finalised, and we can certify closure of the audit.

6 Audit adjustments

Audit adjustments

We are required to report all non-trivial misstatements to those charged with governance, whether or not the accounts have been adjusted by management.

Impact of adjusted misstatements

The adjusted misstatements identified based on our work completed to date, are set out in detail below, along with the impact on the key statements.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Remeasurement of lease liabilities under IFRS 16 misclassified in the CIES	Finance expenditure 4,673 Impairment, depreciation & amortisation (4,673)	-	-	-
Understatement of valuation of Land & Buildings in draft accounts		Land & Buildings (Cost) 683 Accumulated depreciation 5,146 Revaluation reserve (4,864) Impairment expense (966)		
Misclassification between creditors and cash balance due to uncleared payment not recorded as reconciling item at 31 March 2025		Creditors 6,807 Cash & cash equivalents (6,807)	-	-
Fully depreciated assets identified as identified as disposed or no longer in use by 31 March 2025		Accumulated depreciation 11,234 Land & Buildings (Cost) (11,234)	-	-
Overall impact	0	0	0	0

Audit adjustments

Misclassification and disclosure changes

The table below provides details of misclassification and disclosure changes identified during the audit to date which have been made in the final set of financial statements.

Amendment type	Misclassification or change identified	Adjusted?
Disclosure	Various - Management agreed to amend for a number of other minor presentational issues and disclosure matters to ensure compliance with guidance.	✓
Narrative report	Updates to disclosure the outcome from the recent Ofsted inspections and explain the main factors contributing the “inadequate” rating	✓
Annual Governance Statement	Draft version did not make reference to statutory recommendations and associated actions.	✓
Note 10	Amendment to correct banding of Teaching Staff in the disclosure of employees with remuneration over £50k	✓
Note 32	Amendment to correct £2m error in the disclosure of amounts payable within 11-15 years	✓
Note 42	Amendment to correct variance of £3.5m due to 2 revaluations being miscoded to Mersey Gateway instead of Environment and Regeneration.	✓
Note 29	Assumptions made about the future and other major sources of estimation uncertainty - Disclosure has been added to include valuation of Property, Plant and Equipment as an area of significant estimation uncertainty including the required sensitivity analysis to demonstrate the financial impact of changes in estimation assumptions.	✓
Note 30	We identified some disclosure changes required to improve the clarity and understanding of the impact of applying the new IFRS 16 accounting standard.	✓
Note 17	Variance of £551k between the Fixed Asset Register and the draft disclosure of assets not subject to revaluation	x

Audit adjustments

Impact of unadjusted misstatements

The table below provides details of adjustments identified, based on our work completed to date, which have not been made within the final set of financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000
Capital expenditure incurred before 31 March 2025, but incorrectly recorded in the following financial year, 2025.26.	-	Property, Plant & Equipment 1,222 Capital accruals (1,222)	-	-
Overall impact of current year unadjusted misstatements	0	1,222		0

Impact of unadjusted misstatements in the prior year

The table below provides details of misstatements identified during the prior year audit which were not adjusted for within the final set of financial statements for 2023/24, and the resulting impact upon the 2024/25 financial statements. We also present the cumulative impact of both prior year and current year unadjusted misstatements on the 2024/25 financial statements. The Audit Committee is required to approve management's proposed treatment of all items recorded within the table below.

We have reviewed the 3 prior year unadjusted misstatements identified during our 2023/24 audit. The only one which potentially could have an ongoing impact into the 2024/25 position is detailed below.

Detail	Comprehensive Income and Expenditure Statement £'000	Balance Sheet £'000	Impact on total net expenditure £'000	Impact on general fund £'000	Reason for not adjusting
Incorrect downwards revaluation of whole asset when only part was revalued	(670)	670	(670)	0	Materiality
Overall impact of prior year unadjusted misstatements	(670)	670	(670)	0	
Cumulative impact of prior year and current year unadjusted misstatements on 2024/25 financial statements	(670)	670	(670)	0	0

Action plan

We set out here our recommendations for the Council which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
● High	Valuation of land & buildings Our review identified that the draft accounts and fixed asset register had been updated based on the incorrect version of the valuation report provided by the Councils' external valuer. This resulted in the understatement of assets by £5.8m.	We recommend that management ensure appropriate quality review procedures are in place to confirm the draft accounts and supporting working papers reconcile to the underlying data whether produced internally or by an external expert. Management response The Council will increase the checks balancing the final accounts to the underlying valuation data, and build this into the closedown checklist.
● Medium	Fully depreciated assets held at nil Net Book Value (NBV) assets In our testing we identified many assets in Property, Plant & Equipment which were fully depreciated on the Fixed Asset Register. There is a risk that some of these items are no longer in use and should be recorded as disposed otherwise the gross cost and accumulated depreciation balance is overstated. We identified items which were incorrectly held on the Fixed Asset Register and further review identified a material value of assets which were disposed. Following review by management, we identified one further error in the remaining population of fully depreciated assets.	We recommend that management ensure appropriate procedures and controls are in place to ensure regular review of assets nearing the end of the useful economic life and identify unrecorded disposals of assets. Management response The Council had increased the checks on nil Net Book Value assets following the recommendation from previous audits. This will be widened to include intangible assets from 2025/26.

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Action plan

We set out here our recommendations for the Council which we have identified as a result of issues identified during our audit. The matters reported here are limited to those deficiencies that we have identified during the course of our audit and that we have concluded are of sufficient importance to merit being reported to you in accordance with auditing standards.

Assessment	Issue and risk	Recommendations
Low	In our 2023/24 audit, we noted during our audit testing that some members had not disclosed all their interests on their declarations. Update at September 2025– Management acknowledged the need for all declarations to be made and carried out further audit testing to verify completeness and timeliness of relevant declarations as part of our 2024/25 audit. We identified that not all members had declared all their interests as expected.	We recommend that all declarations are completed fully by both officers and members. Management response The Council will continue to try and ensure all members interests are declared as part of 2025/26 accounts process.
Medium	Capital expenditure recognition Our substantive testing of payments and creditor invoices after the year end identified £1.2m of capital expenditure in 3 transactions which had incorrectly been recorded in the following financial year, 2025/26 but which occurred prior to 31 March 2025.	We recommend that management implements an appropriate control to review and identify capital expenditure around the year-end to ensure transactions are recorded and allocated to the correct financial period. Management response Controls were increased on the timing of debtors and creditors as part of the 2024/25 accounts process. The capital invoices were received at the end of April after we had reviewed the year end transactions. Further checks will take place up to May 2026.

Key

- High – Significant effect on control system and/or financial statements
- Medium – Limited impact on control system and/or financial statements
- Low – Best practice for control systems and financial statements

Progress against prior year audit recommendations

We identified the following issues in our 2023/24 audit of the Council’s financial statements, which resulted in six recommendations being reported in the 2023/24 Audit Findings Report. Management agreed to implement improvement actions for five of the recommendations and did not agree that any action was required in respect of the remaining recommendation. We followed up on the implementation progress of our recommendations as at May 2025 when we issued the Audit Plan and as part of our 2024/25 audit we set out our assessment of action taken as at September 2025.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	Our work on cash noted that bank reconciliations are not always carried out at the month-end date and also that some school bank accounts were still included within cash when they shouldn’t have been. The amounts concerned are below our triviality level so no adjustment was required. We also noted the same issue as in 2022/23 where reconciling items were posted to debtors automatically rather than considered as reconciling items as part of the cash balance. The amounts are below trivial	We recommended that reconciliations are performed fully at period-ends and that the amounts which should no longer be in schools cash are transferred to the appropriate place in the Council’s accounts. Update at May 2025– Management acknowledged that further training was required and that reconciliations would be performed monthly. During our 2024/25 audit planning work, we reconfirmed that the bank reconciliation were not completed in a timely manner at month-end dates. We will continue to assess timeliness and appropriateness of reconciliations as part of our final accounts audit. Update at September 2025 – Our review identified that the schools bank reconciliations required amendment to fully reconcile the cash balances and these were provided for audit on 5 September 2025. We have also identified a misstatement whereby an uncleared payment to creditors at the year-end was not classified accurately and this has been adjusted in the accounts – refer to page 24 for details.
In progress	From our work and discussions with management we understand that there is no internal formal impairment process performed. Whilst we understand that the valuer will review impairment as part of their review, management need to demonstrate how they have considered their own estate for potential impairment via the estates team and how issues have been discussed with the valuer such as plans to stop using certain assets, condition surveys etc.	We recommended that management introduce a formal impairment process on at least an annual basis. Update at May 2025 - Management agreed to build this process into the annual closedown procedures and we will assess implementation as part of our final accounts audit. Update at September 2025 We have reviewed the impairment review carried out by management and based on the documentation available it is not clear whether all assets have been sufficiently considered and assessed for the risk of impairment. As best practice, we would expect a full list of assets to be circularised at least annually to asset owners requiring positive confirmation that an assessment of impairment risk factors has been completed. At this stage, we do not consider the process as fully implemented or adequately addressing the recommendation.

Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
In progress	Our work on REFCUS (Revenue Expenditure Funded from Capital Under Statute) identified several items that should not have been classified as REFCUS and this led to the misstatements we reported in the Audit Findings Report in 2023/24.	We recommend that the Council review any expenditure it is classifying as REFCUS as part of its annual closedown to ensure it meets the definition and is therefore accounted for correctly Update at May 2025 - Management agreed to build this into the annual closedown checklist. We have identified accounting for REFCUS as an other risk on page 18 and will assess how Management have accounted for REFCUS as part of our final accounts audit. Update at September 2025 Our testing in 2024/25 identified one transaction which was incorrectly classified as REFCUS as it related to works completed on a Council building. We are satisfied this is not material however, we consider further improvement is necessary to ensure REFCUS is appropriately classified.
In progress	We noted during our audit testing that some members had not disclosed all their interests on their declarations.	We recommend that all declarations are completed fully by both officers and members. Update at May 2025– Management acknowledged the need for all declarations to be made and we will undertake audit testing to verify completeness and timeliness of relevant declarations as part of our 2024/25 audit. Update at September 2025 We have re-issued this recommendation based on further issues identified in the 2024/25 audit.

Progress against prior year audit recommendations

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
Completed	Our testing identified an item which had been disposed of but was still held on the asset register. We note however it had no carrying value as it was fully depreciated	We recommend that at year-end disposals are reviewed to ensure that they are no longer on the asset register. UPDATE at May 2025– Management agreed to implement action as part of annual closedown procedures and we will assess as part of our final accounts audit Update at September 2025 We have no identified any further issues with disposals incorrectly processed from the fixed asset register however, we have reported a recommendation in relation to identification and disposal of fully depreciated assets – refer to page 42.
Not addressed	We noted that there is no formal review or authorisation process for journals. The mitigating control is that each cost centre is monitored by the relevant budget holder. The budget holder reviews transactions against cost centre codes periodically to ensure no unusual or incorrect postings have been made.	Management should consider putting in place a preventative control in addition to the existing detective control so that journals are authorised prior to them being posted. UPDATE at May 2025 – Management view was that this was not required. Our review remains that a preventative control is necessary and will again report this issue in our 2024/25 Audit Findings Report Update at September 2025 Our view remains that a preventative control is necessary and should be implemented in line with best practice.

7 Value for Money arrangements

Value for Money arrangements

Approach to Value for Money work for the year ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code requires auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Additionally, The Code requires auditors to share a draft of the Auditor’s Annual Report (AAR) with those charged with governance by 30th November each year from 2024/25. Our draft AAR accompanies this audit findings report. In undertaking our work, we are required to have regard to three specified reporting criteria. These are as set out below.



Improving economy, efficiency and effectiveness
How the body uses information about its costs and performance to improve the way it manages and delivers its services.



Financial sustainability
How the body plans and manages its resources to ensure it can continue to deliver its services.



Governance
How the body ensures that it makes informed decisions and properly manages its risks.

In undertaking this work we have identified significant weaknesses in arrangements.

We have completed our VFM work and our detailed commentary is set out in the separate Interim Auditor’s Annual Report, which is presented alongside this report.

8 Independence considerations

Independence considerations

Ethical Standards and ISA (UK) 260 require us to give you timely disclosure of all significant matters that may bear upon the integrity, objectivity and independence of the firm or covered persons (including its partners, senior managers, managers and network firms). In this context there are no independence matters that we would like to report to you.

We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

Further, we have complied with the requirements of the National Audit Office’s Auditor Guidance Note 01 issued in February 2025 which sets out supplementary guidance on ethical requirements for auditors of local public bodies.

As part of our assessment of our independence we note the following matters:

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council that may reasonably be thought to bear on our integrity, independence and objectivity.
Relationships and Investments held by individuals	We have not identified any potential issues in respect of personal relationships with the Council or investments in the group held by individuals.
Employment of Grant Thornton staff	We are not aware of any former Grant Thornton partners or staff being employed, or holding discussions in respect of employment, by the Council or group as a director or in a senior management role covering financial, accounting or control related areas.
Business relationships	We have not identified any business relationships between Grant Thornton and the Council or group.
Contingent fees in relation to non-audit services	No contingent fee arrangements are in place for non-audit services provided.
Gifts and hospitality	We have not identified any gifts or hospitality provided to, or received from, a member of the Council, senior management or staff that would exceed the threshold set in the Ethical Standard.

We confirm that there are no significant facts or matters that impact on our independence as auditors that we are required or wish to draw to your attention and consider that an objective reasonable and informed third party would take the same view. The firm and each covered person [and network firms] have complied with the Financial Reporting Council’s Ethical Standard and confirm that we are independent and are able to express an objective opinion on the financial statements.

Following this consideration we can confirm that we are independent and are able to express an objective opinion on the financial statements. In making the above judgement, we have also been mindful of the quantum of non-audit fees compared to audit fees disclosed in the financial statements and estimated for the current year

Fees and non-audit services

The following tables below set out the total fees for audit and non-audit services that we have been engaged to provide or charged from the beginning of the financial year to September 2025 , as well as the threats to our independence and safeguards have been applied to mitigate these threats.

The below non-audit services are consistent with the Council's policy on the allotment of non-audit work to your auditor and none of the below services were provided on a contingent fee basis.

For the purposes of our audit we have made enquiries of all Grant Thornton teams within the Grant Thornton International Limited network member firms providing services to Halton Borough Council. The table summarises all non-audit services which were identified. We have adequate safeguards in place to mitigate the perceived self-interest threat from these fees in that we set out below.

Audit-related non-audit services

Service	2023/24 £	2024/25 £	Threats Identified	Safeguards applied
Certification of Housing Benefits Subsidy claim	26,780	28,860*	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £28,860 in comparison to the total fee for the audit of £338,579 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.
Teachers' Pension Agency Certification	12,500	12,500	Self-Interest (because this is a recurring fee)	The level of this recurring fee taken on its own is not considered a significant threat to independence as the fee for this work is £12,500 in comparison to the total fee for the audit of £338,579 and in particular relative to Grant Thornton UK LLP's turnover overall. Further, it is a fixed fee and there is no contingent element to it. These factors all mitigate the perceived self-interest threat to an acceptable level.

Other non-audit services

CFO Insights	15,000	15,000	Self-Interest	The fee is a subscription and is therefore a self-interest consideration. However, the fee for this work is negligible in comparison to the total fee for the audit and in particular Grant Thornton UK LLP's turnover overall. It is also a fixed fee with no contingent element. These factors all mitigate the perceived self-interest threat to an acceptable level.
Total	54,280	56,360*		

* Exact fee to be confirmed on completion of work

Fees and non-audit services

Total audit and non-audit fee

Audit fee - £338,579	(Non-audit fee) - £56,560*
IFRS 16 - £5,000	
Total - £343,579	£56,650*

The above fees are exclusive of VAT and out of pocket expenses.

The fees reconcile to the financial statements as follows:

• fees per financial statements	£387,329
• Additional fees in relation to 2023/24 external audit	£48,750
• Additional fees in relation to 2024/25 external audit (IFRS 16)	£5,000
• total fees per above	£343,579

* - Exact fee to be confirmed on completion of work

This covers all services provided by us and our network to the Council, its directors and senior management and its affiliates, that may reasonably be thought to bear on our integrity, objectivity or independence.

Appendices

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Respective responsibilities of auditor and management/those charged with governance	●	
Overview of the planned scope and timing of the audit, form, timing and expected general content of communications including significant risks	●	
Confirmation of independence and objectivity	●	●
A statement that we have complied with relevant ethical requirements regarding independence. Relationships and other matters which might be thought to bear on independence. Details of non-audit work performed by Grant Thornton UK LLP and network firms, together with fees charged. Details of safeguards applied to threats to independence	●	●
Significant matters in relation to going concern	●	●
Views about the qualitative aspects of the Group’s accounting and financial reporting practices including accounting policies, accounting estimates and financial statement disclosures		●
Significant findings from the audit		●
Significant matters and issue arising during the audit and written representations that have been sought		●
Significant difficulties encountered during the audit		●
Significant deficiencies in internal control identified during the audit		●
Significant matters arising in connection with related parties		●

A. Communication of audit matters with those charged with governance

Our communication plan	Audit Plan	Audit Findings
Identification or suspicion of fraud involving management and/or which results in material misstatement of the financial statements		●
Non-compliance with laws and regulations		●
Unadjusted misstatements and material disclosure omissions		●
Expected modifications to the auditor's report, or emphasis of matter		●

ISA (UK) 260, as well as other ISAs (UK), prescribe matters which we are required to communicate with those charged with governance, and which we set out in the table here.

This document, the Audit Findings, outlines those key issues, findings and other matters arising from the audit, which we consider should be communicated in writing rather than orally, together with an explanation as to how these have been resolved.

Respective responsibilities

As auditor we are responsible for performing the audit in accordance with ISAs (UK), which is directed towards forming and expressing an opinion on the financial statements that have been prepared by management with the oversight of those charged with governance.

The audit of the financial statements does not relieve management or those charged with governance of their responsibilities.

Distribution of this Audit Findings report

Whilst we seek to ensure our audit findings are distributed to those individuals charged with governance, as a minimum a requirement exists for our findings to be distributed to all the company directors and those members of senior management with significant operational and strategic responsibilities. We are grateful for your specific consideration and onward distribution of our report, to those charged with governance.

B. Management letter of representation

We have requested a letter of representation from management. The letter includes representations on the unadjusted misstatements as included in this audit findings report.

Specific representations have also been sought for the following areas:

- in relation to the prior period adjustment identified by management and awareness of any other prior period errors, and
- confirming the fully depreciated assets held at nil net book value in the fixed asset register are still operational and in use

C. Audit opinion

Draft audit report to follow separately



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STATEMENT OF ACCOUNTS

2024/25

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Narrative Report by the Director of Financial Services

Introduction

The aim of this narrative is to provide an understandable guide to the Council's year-end financial position and future outlook which are relevant to the performance of the Council.

The Statement of Accounts sets out the Council's income and expenditure for the year and also provides a snapshot of the financial position as at 31st March 2025. Included are core financial statements supported by supplementary statements, which will help to provide an analysis of the financial performance of the Council over the financial year 2024/25.

Whilst the publication of the Statement of Accounts is a statutory requirement, the purpose is to provide stakeholders with clear information regarding the Council's financial performance over the past year. The Council continues to review the style and content of information within the Statement of Accounts to ensure the content included is relevant and material from both a quantitative and qualitative viewpoint.

The format and content of the financial statements is prescribed by the CIPFA Code of Practice on Local Authority Accounting 2024/25 (known as The Code), which in turn is underpinned by International Financial Reporting Standards.

The Core Statements are:

- **Comprehensive Income and Expenditure Statement** – this statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount which is funded from taxation. The end result is a very different position to how net outturn spend compared to budget is reported. A reconciliation between the two is provided as part of this narrative statement and also the Expenditure and Funding Analysis Statement, included within Note 1.
- **Balance Sheet** – The Balance Sheet shows the value as at 31st March 2025 of the assets and liabilities recognised by the Council. The net assets of the Council (assets less liabilities) are matched by the reserves held by the Council.
- **Movement in Reserves Statement** – this statement shows the movement in the year on the different reserves held by the Council, analysed into “Usable Reserves” i.e. those that can be applied to fund expenditure (both capital and revenue) or reduce local taxation, and “Unusable Reserves”, reserves which highlight changes to unrealisable gains or losses.
- **Cash Flow Statement** – this statement shows the changes in cash and cash equivalents (cash invested for 3 months or under) of the Council during the reporting period. The

statement shows how the Council generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (i.e. borrowing) to the Council.

- **Notes to the above Statements** – extensive notes to support the core statements are set out in accordance with the requirements of the Code. The notes shall:
 1. Present information about the basis of preparation of the financial statements and the specific accounting policies used.
 2. Disclose the information required by the Code that is not presented elsewhere in the core financial statements.

The Supplementary Financial Statements are:

- **Collection Fund Account** – this is a statement that reflects the statutory obligation for the Council as a billing authority to maintain a separate Collection Fund. The statements show the transactions of the Council in relation to the collection from taxpayers and distribution to major and local preceptors of council tax and non-domestic rates.

Other Statements / Financial Reports are:

- **Statement of Responsibilities for the Statement of Accounts** – this statement sets out the responsibilities of the Council and the Chief Financial Officer (Section 151 Officer).
- **Statement of Accounting Policies** – this statement explains the basis for the recognition, measurement and disclosure of transactions and other events in the accounts.
- **Independent Auditor’s Report to Members** – this is the report and certificate following the external audit of the Council’s accounts, carried out by Grant Thornton UK LLP.

Organisational Overview

The Council is structured with an Executive Board comprising ten portfolio holders, whose areas of responsibility reflect the Council’s corporate priorities. There are six Policy and Performance Boards and an Audit and Governance Board, which also reflect the corporate priorities and undertake an overview and scrutiny role, along with a number of regulatory and other boards. Financial and non-financial key performance indicator data is reported to Policy and Performance Boards on a quarterly basis and is published on the Council’s website. Council-wide revenue and capital financial performance is reported to Executive Board every other month.

Council Operational Structure

The Council's operational structure is made up of five directorates, led by Executive Directors, who along with the Chief Executive make up the Council's senior management team. It has responsibility for the day-to-day management of the Council and responsibility for delivering the priorities set out within the Corporate Plan.

The five directorates are:

- Adults Directorate
- Chief Executive's Directorate
- Children's Directorate
- Environment & Regeneration Directorate
- Public Health Directorate

Governance

Further details regarding the effectiveness of the Council's governance arrangements can be found in the Annual Governance Statement which is reviewed, reported and published annually alongside the Statement of Accounts.

Partnership Working

The Council operates with a Joint Senior Leadership Team (JSLT) between HBC Adult Social Care and NHS Cheshire and Merseyside Integrated Care Board (ICB), responsible for the direction, oversight and monitoring of the Better Care Fund (BCF) Plan and associated Pooled Budget. The JSLT is supported in this duty via the Better Care Commissioning Advisory Group (BCCAG). The BCCAG reviews in detail information pertaining to the BCF Plan, impact of the Pool Budget, quality, performance, activity and finances, and make recommendations to the JSLT on remedial action plans or future use of the Pool as appropriate.

By working together collaboratively and in partnership, the JSLT is able to achieve and sustain good health and wellbeing for the people of Halton and is able to provide a range of options to support people in their lives by jointly designing and delivering services around the needs of local people rather than focusing on the boundaries of individual organisations. This aids in the ability to ensure that services are sustainable, particularly with continued challenges.

The Council is a member of the Liverpool City Region (LCR) Combined Authority and works closely with the other five member councils in respect of a number of key service areas, including economic regeneration, highways and transport services. In addition, the Council is part of the LCR Business Rates Retention pilot scheme, designed to incentivise councils to develop their local economy by permitting them to retain any resulting growth in business rates. The pilot scheme will continue to operate through 2025/26, however participation in the scheme beyond March 2026 is uncertain.

Corporate Plan

In March 2024 the Council approved a new Corporate Plan. The Corporate Plan sets out the Council's priorities and ambitions of what it wants to achieve for the residents, communities, and businesses of Halton between 2024 and 2029.

The Corporate Plan has six priority areas, consisting of:

Priority 1 - Improving Health, Promoting Wellbeing and Supporting Greater Independence - Encouraging good quality health, wellbeing and social care, by involving everyone in our community. To support the people of Halton to feel safe, be active, happy and lead their best lives.

Priority 2 - Building a Strong, Sustainable Local Economy - Fostering a strong, diverse local economy where there is access to good jobs and successful businesses in our community, providing opportunities for all.

Priority 3 - Supporting Children, Young People and Families - Supporting families to nurture and protect every child and young person and raise their aspirations. We will invest in Early Years, education and youth provision to ensure they reach their full potential and help Halton families flourish.

Priority 4 - Tackling Inequality and Helping Those Who Are Most In Need - Addressing inequalities by helping the people of Halton to receive the good quality and accessible advice, information and services that they need to achieve their aspirations and ambitions.

Priority 5 - Working Towards a Greener Future - Working with everybody to keep our neighbourhoods clean and tidy, and create a sustainable environment for current and future generations.

Priority 6 - Valuing and Appreciating Halton and Our Community - Supporting Halton's residents to live in decent and affordable homes, surrounded by safe and thriving communities.

Transformation Programme

Public Sector austerity continues to have a significant impact on the Council. Using the Government's own interpretation of Spending Power, since 2010/11 Halton has had its spending power reduced in real terms by £46.7m (22%), the equivalent of £790 per dwelling. This compares to an average reduction for all English councils of 15.9%, the equivalent of £504 per dwelling. This continues to bring exceptional challenges for the Council in setting a robust, balanced budget each year whilst continuing to deliver high quality, essential public services. During the same period, demand, increasing complexity of care and costs for adults' and children's social care services continues to increase, adding further challenges and pressures on the budget.

On 1st February 2023 Council approved the three-year transformation programme and funding arrangements. The programme formally commenced on 1st 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 £7m of capital receipts as per the capitalisation direction agreed with Central Government. At the time of approving the programme it was tasked with finding efficiency savings of £20m over the three years through to March 2026.

The delivery phase of the programme has looked at a number of priority action areas including:

- Enabling Greater Independence and Flexibility for Adults.
- Becoming an Employer of Choice.
- Simplifying the Customer Journey – a digital vision and delivery strategy for the Council linked to focused investment in long term delivery capability, people and platforms.
- A Stable, Sustainable Children’s Service
- Environment and Regeneration – Maximising Outcomes and Opportunities
- Environment and Regeneration – Accelerating Growth

On 11th July 2024 Executive Board approved the establishment of a Transformation Programme Board and a working party consisting of ten executive members. Created in order to provide more intensive governance to the operation of the Transformation Programme. This is due to breadth and depth of the projects within the programme growing, the monitoring of project performance, the interface with other disciplines within the Council, and the monitoring and management of benefits, risks and issues having become more complex.

The ability to deliver the £20m programme target through to March 2026 is very unlikely based on current progress against project timescales. Given the increasing pressure on the Council budget and widening budget deficit over the medium term, it requires an expanded programme to be developed to deliver much larger savings. This will be achieved through a refocus of programme activity, linked to prioritising activity that will generate the greatest level of return based on benchmarking analysis comparing the Council against authorities with similar characteristics to Halton.

Children’s Services

In May 2024 Ofsted undertook a Children’s Services inspection, it found there had been a significant deterioration in the quality of practice for children and young people since the last inspection in March 2020, when services for children were judged to be ‘requires improvement to be good’. A lack of stable and effective leadership had led to shifting strategic priorities and an absence of continuous systematic improvement planning. This had been further compounded by weak governance arrangements, limited performance information and workforce instability.

The report did identify early signs of progress through the newly appointed permanent Director of Children’s Services (DCS) and leadership team having a solid understanding of many service weaknesses. It found work had focused on building the scaffolding needed to support steady and sustainable improvement, staff and partners were starting to be re-

engaged and governance mechanisms were being strengthened and supported by improved performance monitoring.

The report identified 12 areas requiring improvement:

1. Partnership arrangements, so that these provide effective governance and lead to effective multi-agency support for children and young people.
2. The identification of, and response to, risk by social workers, so that children and young people receive a swift and robust response, including timely, effective strategy meetings and coherent multi-agency work.
3. The quality of social work practice, specifically assessments, plans and planning, including for disabled children, and the timely and effective transition planning for young people leaving care.
4. The quality of help and support for children with vulnerabilities, specifically children aged 16 and 17 years who present as homeless, the response to children who go missing from home and care, and young carers.
5. The identification, assessment and support for those children living in private fostering arrangements and those living with kinship carers.
6. The timeliness of decision-making for children and young people, specifically when children come into care, so that children achieve permanence without delay. This includes the effectiveness of independent reviewing officers (IROs), so that concerns relating to care planning are identified, escalated and quickly resolved.
7. The sufficiency of suitable placements to meet children's and young people's assessed needs, including increasing the use of 'staying put' arrangements.
8. The support for children in care, so that they can safely have family time with those who are important to them.
9. The quality of support, advice and guidance for care leavers, including those with additional vulnerabilities, to ensure that this is timely, consistent and responsive to levels of need.
10. The quality of visiting and direct work with children and young people, including life-story work.
11. Social workers' and foster carers' access to, and completion of, relevant training, so that they are supported to deliver good-quality services for children and young people.
12. The quality of supervision and oversight of frontline practitioners so that children and young people receive a timely, consistent service that is responsive to their needs, and meets those needs.

To help support the much needed improvements to the service and to create an action plan to address the 12 areas of improvement, a Halton Improvement Board for Services to Children was created with four principal aims:

1. To ensure that improvements are delivered across all agencies that support and deliver services for children in Halton to ensure that all children and young people in the area have the opportunity to reach their full potential.

2. To oversee the development and sustainable implementation of a restorative approach that works *with* families to enable positive change
3. To oversee, support and challenge the Children and Young People's Plan, the Children's Services Improvement Plan and SEND Action Plan, documents that address the deficits and concerns found by Ofsted and CQC.
4. To ensure partnership alignment, at both strategic and operational levels, to support the coordinated delivery of services for children and young people in Halton and ensure all partners can make effective contributions to early help, to support child in need and child protection plans and to children in care and care leavers as corporate parents, so as to improve outcomes for these children and young people.

The Improvement Board meet on a monthly basis with the Chair being an Independent Improvement Advisor and the membership including key external partners as well as key officers across the Council. The Board review, monitor and RAG rate progress and impact against the 12 key areas. To date 7 of the 12 areas are rated green for progress, meaning that activity is expected to be complete or activity is on track to meet timescales. The other 5 are rated Amber, whilst activity is in progress, it may not achieve the deadline. With regard to impact one area is rated green, with evidence of impact and in line with expectations. The remainder are rated Amber, with evidence of some progress on impact.

On 24th October 2024, Executive Board approved annual investment of £4.2m in each of the next three years to invest into the Improvement Programme for Children Services. As well as addressing the concerns raised by Ofsted there is a wider need to redesign the Children's Services system for Halton to refocus as an early intervention and prevention system and to address the exponential growth in expenditure. The aim of the redesign is to develop and implement transformation of the system in a sustainable manner. From a financial perspective the funding will bring about financial recovery for Children Services (supported by the Transformation Programme) through cost control and reductions to two key spend areas, agency staffing and residential placements.

Financial Performance 2024/25

The Council incurs both revenue and capital expenditure. Revenue expenditure is generally on items which are used in the year and net expenditure is generally financed by council tax, retained business rates and top-up funding. Capital expenditure generally has a life beyond one year and increases the value of an asset. The financing of capital expenditure is charged to revenue over a number of years in accordance with statutory requirements.

The Council operates a pilot scheme for the retention of 99% of business rates (the remaining 1% going to Cheshire Fire and Rescue Service). The pilot is part of a scheme with all six member authorities of the Liverpool City Region. Government gave a guarantee that as a result of the pilot the Council would be no worse off than had it continued with business rate retention of 49%.

The impact of the pilot scheme for the Council during 2024/25 is that both Revenue Support Grant and Improved Better Care Fund are no longer paid as separate grants but instead

replaced by the additional retained business rates and an increased element of top-up funding.

On 6th March 2024 Council set a 2024/25 revenue budget of £149.5m. At the same time Council approved a council tax requirement for the year of £64.0m, setting the Band D rate at £1758.89 (excluding preceptors). This was inclusive of a 2.99% increase to basic council tax and a 2% increase to the Adult Social Care precept levy.

For 2024/25 the Council's total Government Settlement Funding Allocation was £58.0m. This is made up of £54.1m Business Rates Baseline Funding and Top-Up Grant of £3.9m. The increase to the Settlement Funding Assessment from 2023/24 was £4.6m Government also continued to provide the social care grant worth £13.7m to Halton. Whilst this represented an increase of £2.1m (18%) on the previous year, it was insufficient to keep pace with increasing demand and complexity of care for both children's social care and adult social care.

There was an increase to the Market Sustainability and Improvement Fund Grant, worth £2.8m to Halton. This grant is aimed at addressing pressures within adult social care, specifically to address discharge delays, social care waiting times, low fee rates and workforce pressures.

Funding of the Council's budget position continues to be driven by locally raised taxes (i.e.. council tax and business rates) as opposed to support from Central Government. In 2010/11 local taxes accounted for 60% of the Council's net budget, compared to over 97% for 2024/25.

Frequency of financial performance and outturn forecasts of the Council's annual net spend were increased from quarterly to bi-monthly during 2024/25. This helped the Council act in a more timely manner to the worsening budget position. Financial performance reports are shared with both the Council Executive Board and the Policy and Performance Boards.

A budget risk register is maintained and updated on a bi-monthly basis, key risks are evaluated and control measures put in place.

Overall, the Council reported net spend for the year of £165.6m, £16.1m over the original budget of £149.5m. The final position was an improvement on the forecast outturn of £18.9m estimated at the end of January 2025 but still represents a major concern for the Council given the value of the overspend. Further details on day-to-day operational spending are included further on in this report.

The final overspend against budget was funded through both a combination of earmarked reserves and use of Exceptional Financial Support provided by Government. This had the impact of the Council's General Fund balance of £5.1m remaining consistent from the reported position as at 31st March 2024.

The Council holds earmarked reserves which have been set aside to cover known future one-off costs. These reserves are reviewed on a bi-monthly basis and released for general fund purposes where possible. The value of earmarked reserves as at 31st March 2025 total £27.6m.

Details of the earmarked reserves are shown in Note 36.

The table below shows the movement on the Council's General Fund position compared to budget.

	2024/25 Original Budget £000	2024/25 Actual £000
Net Expenditure	149,496	160,617
Parish Precepts	214	214
Total	149,710	160,831
Financed by Local Taxpayers – Council Tax	(64,253)	(64,253)
Financed by Local Taxpayers – Business Rates	(63,091)	(63,091)
Financed by Section 31 Grant*	(15,141)	(16,262)
Financed by Local Taxpayers – Council Tax Surplus	(2,706)	(2,706)
Financed by Top-Up Funding	(4,519)	(4,519)
(Surplus)/Deficit for Year	-	10,000
Use of Exceptional Financial Support	-	(10,000)
General Fund Balance Brought Forward	(5,149)	(5,149)
General Fund Balance Carried Forward	(5,149)	(5,149)

*Note – Actual level of NNDR Section 31 receipts in 2024/25 of £16.262m was £1.121m higher than forecast when the 2024/25 budget was set due to an in-year recalculation of the grant to the Council.

Financial Performance 2024/25 – Operational Spending

In overall terms, net Council spending as at 31st March 2025 was £16.073m over budget. This is an improvement from the forecast outturn position of £18.906m reported at the end of January 2025. Whilst an improved position, given the scale of the budgetary overspend it was clear the level of Council reserves was insufficient to meet the scale of additional costs over the approved budget, therefore during the year Council were actively engaging with the Ministry of Housing, Communities and Local Government (MHCLG) to secure Exceptional Financial Support (EFS).

As part of the review of earmarked reserves at financial year-end, the Council were able to utilise earmarked reserves to go some way to balancing the budget. This left a figure of £10m which the Council funded from borrowing via the approval of Exceptional Financial Support.

The largest pressure on the Council's budget continued to be within the Children & Families Department and the Adults Directorate. Against Children & Families, operational net spend for the year was £6.132m (15.5%) above 2023/24 actual spend. Against the Adults

Directorate, net operational spend for the year was £4.873m (9.0%) higher than 2023/24 actual spend.

The use and cost of agency staff continues to be one of the main contributing factors to the overspend position for the year. This was most evident within the Children & Families Department and the Care Homes Division. Initiatives and support from the Transformation Programme are ongoing to reduce reliance upon agency staff.

Detailed information on the Council's 2024/25 financial performance can be found on the Council's website at [this link](#).

Exceptional Financial Support

The Exceptional Financial Support (EFS) process exists to support councils facing unmanageable financial pressures. This government understands that fragility in the system has left some councils in difficult positions and recognises that support is required in exceptional circumstances to balance budgets.

Exceptional Financial Support was provisionally agreed by the Ministry of Housing, Communities and Local Government (MHCLG) on 24th February 2025. With respect to the financial years 2024/25 and 2025/26, the Deputy Prime Minister was minded to approve a capitalisation direction of a total not exceeding £52.8m million. The total is broken down by each financial year as follows:

- £20.8m in 2024/25.
- £32m in 2025/26.

In practice, whilst the Council had provisional approval for £20.8m of EFS for 2024/25 only £10m of this was required to balance the budget.

Consistent with those councils that have previously sought Exceptional Financial Support, in order for MHCLG to provide a final capitalisation direction, the council is required to undergo an external assurance review which will include, but will not be limited to, an assessment of the council's financial position and governance arrangements. The scope of the review may be extended to consider any other relevant issue that is deemed necessary.

Schools

Expenditure incurred in relation to the Schools budget, both by individual schools and the Council totalled £100.1m and is shown in more detail in Note 8.

School balances at 31st March 2025 total £6.2m (£6.5m 31st March 2024).

At 31st March 2025 there was a deficit of £14.469m (£5.3m as at 31st March 2024) of schools related central spend compared to the available funding. This balance will be carried forward into 2025/26. The main budget pressures against the Dedicated Schools Grant relates to High Needs. The in-year overspend for High Needs block was substantial due to the ongoing pressures of increasing volumes of pupils requiring an Education, Health and Care Plan (EHCP)

with all associated costs including top-up funding as well as high-cost specialist placements in or out of Borough. The notable areas of overspend include:

- Independent and Non-Maintained Special Schools (INMS) out of borough placements
- Post-16 SEND placements
- EHCP top-up funding in Maintained and Academy provision

The Council are currently working with the Department for Education as part of the Delivering Better Value (DBV) in SEND programme, aiming to support local authorities and their local area partners to improve the delivery of SEND services for children and young people whilst working towards financial sustainability.

DBV is a Department for Education programme working to identify and implement local opportunities to improve the outcomes for children and young people with SEND across 54 LAs, and aid local systems (alongside existing local and other DfE programmes) in their objective of achieving financial sustainability.

Halton was identified as eligible to apply for DBV grant funding and subsequently a grant application was submitted on the 20th December 2023. The Council requested £1m of grant funding, primarily to build resilience across all educational systems to support and include learners with Social, Emotional Mental Health Needs.

The initiatives outlined in the Council's bid were designed to allow schools and settings to support SEND children effectively, without necessarily having to request an Education Health and Care assessment, alleviating the demand for specialist placements, and reducing both the risk of out of borough placement and permanent exclusions.

The scale of the deficit is a huge concern for the Council. There is currently a statutory override in place which ensures the DSG deficit is excluded from the Council's balance sheet up to 31st March 2028.

Comprehensive Income & Expenditure Statement

As previously mentioned, the Council's overspend position of £16.073m against budget was funded from both earmarked reserves and Exceptional Financial Support which helped to protect the General Fund position. Therefore, whilst there was no movement to the General Fund balance, the accounting position presented in the Comprehensive Income & Expenditure Statement (CIES) shows a deficit for the year of £75.314m. The CIES takes a wider view of financial performance than that shown in the General Fund and shows the true accounting position for the year. This surplus represents the total amount by which the Council's equity has increased over the year as shown in the Balance Sheet.

Supporting the CIES is the Expenditure and Funding Analysis included in Note 1 to the accounts. It shows the movement by Council directorate from the year-end outturn position reported to the Council's Executive Board to what is included in the deficit position on the provision of services, included as part of the CIES.

The table below reconciles the General Fund overspend, via the deficit position on the provision of services, to the total surplus for 2024/25 on the Comprehensive Income & Expenditure Statement. Included below the table are supporting notes to the amounts within the table.

	2024/25 £000
General Fund Overspend	-
Accounting Adjustments Provision of Services:	
Adjustment for Capital Purposes	
- Depreciation, Impairment and Revaluation Losses of Non-Current Assets	33,573
- Capital Grant Income	(20,770)
- Revenue Expenditure Funded from Capital	12,356
- Gain on De-Recognition of Non-Current Assets	8,281
- Minimum Revenue Provision	(13,510)
- Exceptional Financial Support	10,000
- IFRS Revaluation of Mersey Gateway PFI Liability	46,117
- Other Capital Adjustments	(22,121)
Pension Adjustments	(2,317)
Movement in Reserves	7,893
Other Differences	9,393
Deficit on the Provision of Services	68,895
Accounting Adjustments Other:	
Deficit on Revaluation of Non-Current Assets	(2,615)
Loss on Pension Assets	18,687
Gain on Pension Assumptions (Demographic, Financial and Other)	(89,061)
Pension Asset Ceiling Adjustment	77,470
Pension Other Experience	(5,241)
Revaluation of Financial Assets Measured at Fair Value Through Other Comprehensive Income	1,349
Total Comprehensive Income & Expenditure	69,484

	2024/25 £000
General Fund Overspend	-
Accounting Adjustments Provision of Services:	
Adjustment for Capital Purposes	
- Depreciation, Impairment and Revaluation Losses of Non-Current Assets	33,573
- Capital Grant Income	(20,770)
- Revenue Expenditure Funded from Capital	12,356
- Gain on De-Recognition of Non-Current Assets	8,281
- Minimum Revenue Provision	(13,510)
- Exceptional Financial Support	10,000
- IFRS Revaluation of Mersey Gateway PFI Liability	46,117
- Other Capital Adjustments	(22,121)
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Revaluation of Financial Assets Measured at Fair Value Through Other Comprehensive Income	1,349
Total Comprehensive Income & Expenditure	69,484

Adjustment for Capital Purposes

- Depreciation and Revaluation Loss of Non-Current Assets – Reflects the annual cost of assets consumed during the year
- Capital Grant Income – Used to help fund the capital programme, recognised in the CIES in line with proper accounting practice.
- Revenue Expenditure Funded from Capital – Capital funded expenditure charged to the CIES under statute.
- Loss on De-Recognition of Non-Current Assets and Financial Instruments – Net capital receipt loss over the year and loss on transfer of academies.

- Minimum Revenue Position – Amount set aside in the General Fund to recognise the repayment of debt. In line with proper accounting practice this is not required to be included in the CIES.
- IFRS Revaluation of Mersey Gateway Liability – Accounting adjustment only relating to the liability relating to the MG unitary charges, in accordance with statutory accounting practice.
- Exceptional Finance Support – Capitalisation of running costs as per agreement with MHCLG.
- **Pension Adjustments** - Denotes the difference between the accounting cost of pensions (included in the CIES) and the actual employer contributions to the pension fund. More information on pensions is included elsewhere within the narrative report.
- **Movement in Reserves** - As per proper accounting practice, changes to reserves are not required to be included in the CIES.
- **Other Differences** – Includes the Collection Fund adjustment, i.e. the difference between amounts credited to the CIES and amounts to be recognised under statutory provisions relating to council tax and business rates.
- **Deficit on Revaluation of Non-Current Assets** - Decrease in the value of those non-current assets that have been revalued during the year.
- **Loss on Pension Assets / Gain on Pension Adjustments** – Information on these adjustments is included within the Pension Liability heading as part of the narrative report.
- **Pension Asset Ceiling Adjustment** – An adjustment to reflect the amount by which the pension asset attributable to the Council exceeds the accrued pension liability, which is not able to be immediately realised by the Council.
- **Revaluation of Financial Assets Measured at Fair Value Through Other Comprehensive Income** – Increase in the value of financial instruments held. This has no impact on the General Fund.

Capital Planning

The Council prepares and reports on a rolling capital programme to forecast the probable level of capital spend over the next three years, along with the likely sources of funding. The Council also maintains a capital reserve, which has been generated from revenue contributions in order to support funding the capital programme. The forecast shows that there are sufficient resources over the medium-term to cover the current capital programme, funded from borrowings, grants, revenue contributions, capital receipts and use of reserves.

At 31st March 2025 unused capital receipts were £2.2m, and the balance on the revenue backed capital reserve was £0.5m. The forecast level of receipts as at 31st March 2028 is £1.4m. This is inclusive of meeting the costs of the Transformation programme over the next year.

The Council considers any new additions to the capital programme in light of the resources available.

On 5th March 2025, Council approved the 2025/26 Capital Strategy. This helps to provide a high-level, long-term overview of how capital expenditure, capital financing and treasury management will contribute to the provision of services. It also provides an overview of how associated risks are managed and implications for future financial sustainability. The Council's Asset Management Working Group meet on a quarterly basis to plan and develop the Council's Asset Management Plan.

Capital Expenditure

The Council spent £49.4m on capital schemes in 2024/25 compared with planned expenditure of £50.7m (which historically assumes 20% slippage in the £43.4m capital programme). The shortfall of spending is linked mainly to delays on Bridge & Highway Maintenance schemes and the Town Deal schemes. Major elements of spend on the 2024/25 capital programme include £8.9m on Halton Leisure Centre and £3.2m on the Town Deal Programme.

Analysis of capital expenditure is included as part of the notes to the financial statements in Note 16.

Pension Liability

Under International Accounting Standard 19, the Council is required to adjust its accounts to reflect the activities of the two major pension providers, the Cheshire Pension Fund and the Teachers' Pension Agency.

As at 31st March 2025, the Council has defined pension net liabilities of £4.0m. This is a decrease of £0.5m to the net liabilities of £4.5m from 31st March 2024. Scheme obligations have decreased by £69.7m over the course of the past year, and there has been an increase of £14.4m linked to the scheme assets attributable to the return on plan assets. Due to accounting regulations the net pension asset value has been reduced by £221.1m due to the asset ceiling calculation. Please see Note 32 for further details.

Funding levels of the pension fund are monitored on an annual basis. Following the triennial review in 2022, Council contribution rates to the pension fund have reduced from 20.5% to 20.0% for 2024/25. Rates will remain at 20% for 2025/26 following which it is proposed will reduce by 1% in each of the following three years.

Treasury Management

The Council operates within a Treasury Management framework, which requires that each year a strategy is prepared including setting prudential indicators to form a framework for the Council's borrowing and lending activities. The Council has adopted the CIPFA Code of Practice on Treasury Management. Performance is regularly monitored throughout the year with reports presented to the Council's Executive Board at the halfway point of the year and a report on the final outturn position.

Over the past year there has been a steady decrease on the Bank of England base rate, reducing from the peak of 5.25% in July 2024 to 4.25% in June 2024. Given the Council's financial position with a steady reduction in reserves and net costs increasing on the general budget and Dedicated Schools Grant it is highly likely the Council will need to undertake additional borrowing over the next year. The reduction in the base rate will be helpful to the Council's financial position, so long as the PWLB rates follow the Bank of England base rate reduction.

The Council's Treasury Management Strategy for 2025/26 was approved by Council on 5th March 2025. The aim of the treasury management operation is to ensure that cash flow is adequately planned, with cash being available when it is needed. Surplus monies are invested in low risk counterparties or instruments, with security being prioritised over yield.

As at 31st March 2025 long term borrowing totalled £212m, well within the authorised borrowing limit. Borrowing of £212m comprises of loans from the Public Works Loan Board.

Of the £212m, total borrowing of £142m relates to the contribution from the Council towards the Mersey Gateway Bridge construction costs. This borrowing has been taken with a maturity period of between 26-30 years and will be repaid fully using toll income from the Mersey Gateway Crossing.

The Council's cash flow position continues to be well managed. Cash held (and deposits payable within 3 months) totals £17.4m (£57.4m in 2023/24), and short-term deposits (up to 1 year) total £32.4m (£24.7m in 2023/24). Deposits over 12 months total £5.0m (£15.0m in 2023/24) and £8.7m (£8.5m in 2023/24) is held as a longer-term investment in a property fund.

The Council has a prompt payment discount scheme, whereby in agreement with suppliers it will arrange early payment of invoices in return for a percentage discount on the invoice total, a scheme that is equally beneficial to both parties.

All transactions relating to investments and borrowings complied with the approved guidelines for the year. Treasury management risk is evaluated within the Treasury Management Strategy and reviewed by the Council's Internal Audit function.

Collection Fund

The transactions on this fund record the collection of council tax and non-domestic rates.

The Business Rate Retention Scheme was implemented on 1st April 2013 with the Liverpool City Region pilot scheme introduced on 1st April 2017. As part of the pilot scheme the Council collects non-domestic rates on behalf of Cheshire Fire & Rescue Service, and itself.

For the period to 31st March 2025 the Council as the Billing Authority collects council tax on behalf of Cheshire Fire & Rescue Service, Cheshire Police & Crime Commissioner, Liverpool City Region Combined Authority, and itself.

As at 31st March 2025 the council tax position showed the Council had a gross surplus position of £1.208m (to be shared with major preceptors). In setting the 2025/26 budget the Council forecast there would no surplus/deficit.

As at 31st March 2025 the Business Rates position showed the Council had a gross surplus position of £1.922m. In setting the 2025/26 budget the Council forecast there would be a small deficit of £0.116m.

Further details on the Collection Fund can be found within the supplementary financial statements.

Performance Measures 2024/25

The Council's Corporate Plan for 2024/25 identified the Council's vision, values and principles and six strategic themes which underpin the work of the various departments and service areas across the Council. They are:

- Improving Health, Promoting Wellbeing and Supporting Greater Independence
- Building a Strong, Sustainable Local Economy
- Supporting Children, Young People and Families
- Tackling Inequality and Helping Those Who Are Most In Need
- Working Towards a Greener Future
- Valuing and Appreciating Halton and Our Community

These strategic themes provide the basis for the development of key actions and activities, and performance measures, which are reported on a quarterly basis to the Policy and Performance Board with responsibility for scrutiny in each of these strategic areas. These Priority Based Performance Reports also contain information concerning the key developments and emerging issues that have arisen during the period of reporting.

These reports are placed on public deposit and are available on the Council's website via the relevant Policy and Performance Board agenda packs. The reports identify what progress is being made throughout the year in relation to the delivery of predetermined actions and the progress of a range of measures including direction of travel and achievement of targets.

The reports provide financial statements identifying variation in planned spend during the period and providing an explanatory comment.

Policy and Performance Boards also receive a mid-year update concerning the implementation of mitigation measures for those risks contained within the Directorate Risk Registers which have been assessed as high.

This approach allows the opportunity for the effective scrutiny of the Council's performance during the course of the year in order that any underperformance can be addressed in a timely manner and/or resources can be realigned in response to prevailing conditions or pressures.

Listed below are a number of key performance indicators used in assessing the Council putting in place economy, efficiency and effectiveness in its use of resources:

- The average number of working days lost during the year due to sickness absence has increased from 11.46 in 2023/24 to 14.19 in 2024/25.
- Council tax collection for the financial year ending 31st March 2025 is 93.98% which is 0.17% up on the 2023/24 collection rate. The figure of 93.98% is the highest collection rate % since 2021/22 and is the first year since 2013/14 (when council tax reduction scheme was introduced), that the collection rate for the current year is an improvement on the previous year. Debt relating to previous years continues to be collected, £2.615m (14.85%) has been collected in relation to previous year debt. This is an improvement of £0.332m compared to prior year debt collected in 2023/24.
- Business rate collection for the financial year ending 31st March 2025 is 98.74% which is 2.05% higher than the collection rate at the same point last year. £2.257m has been collected in relation to previous year debt.

Financial Planning

The Medium-Term Financial Strategy (MTFS) is a major element of the Council's corporate planning process. It brings together resources and spending plans and identifies financial constraints over the medium-term. Its purpose is to ensure that resources are properly targeted towards Council priorities, to avoid excessive council tax rises, to deliver a balanced and sustainable budget, and to continue to identify efficiencies.

Demand, price pressures and complexity of care has had a significant impact upon the Council's finances over the medium-term and this has been reflected in the MTFS.

Via the Transformation Programme, the Council is continuing to review its services, changing the way in which services are delivered in order to realise efficiencies. In addition, the Council has continued to seek improved procurement, better utilisation of assets, changes to staff terms and conditions, collaborative working with other Councils and partner agencies, and increased income from external sources in order to manage costs within the funding constraints imposed by Government.

The most recent MTFs was reported to the Council's Executive Board in November 2024 and subsequently updated as part of the budget report in March 2025. The latest report identified shortfalls in funding for the Council over the following three years of approximately £42.1m (2026/27), £13.5m (2027/28) and £17.0m (2028/29). It is likely that Exceptional Financial Support will be required during this period prior to the Council achieving a sustainable budget position.

The 2025/26 net budget requirement of £183.1m was approved by Council on 5th March 2025. The budget will be funded from £68.2m of council tax (increase of 4.99% on the 2024/25 Band D level), business rates of £65.5m, top-up funding of £5.6m, Government Grant to fund business rate reliefs of £14.4m, with the balance made up of Exceptional Financial Support of £29.4m.

Beyond 2025/26 there is great uncertainty regarding the funding of Local Government, due to the potential impact of a number of changes to the local government funding regime, including the Fair Funding Review, Business Rates Retention Review and the scale of funding available across local government.

Conclusion

The Council's financial pressures have increased significantly over the past year. Early monitoring of the Council's budget position identified at the end of May 2024 net spend for the year was estimated to be much higher than the available budget. At that point the forecast outturn for the year was estimated at slightly over £20m. The forecast outturn was at a similar level throughout the year and whilst the Council were able to bring the final overspend to budget down to just over £16m, the financial position remains a real concern.

In addressing the increased spend for 2024/25 the Council had to approach the Ministry of Housing, Communities and Local Government (MHCLG) to apply for Exceptional Financial Support. In doing so the Council were able to capitalise £10m of day-to-day running costs. It will have to do the same for 2025/26 with the estimate of £29m of costs being capitalised to achieve a balanced budget position.

It is clear Exceptional Financial Support is a short-term measure only. The Council's immediate priority will be to look to achieve a sustainable budget position over the medium-term. This can only be done through the Council having a budget recovery plan in place which will involve reducing costs through transformation or cessation of services/programmes and looking to increase income where possible. Refocus of the Transformation Programme will be key to this, led by the Council examining benchmarking work to identify where net costs are higher than the average nearest neighbour comparators. It is clear the Council's unit costs across Adults, Children's and Environmental services are much higher than councils with similar characteristics to Halton. Action will need to be taken as soon as possible to bring the level of spend on an similar footing to these authorities.

As well as reviewing the Council's net cost base, what will also be instrumental to achieving a sustainable budget position will be the Government's fair funding review. Formulae used to assess local authorities' current needs are a decade out of date and need to be updated to target money where it needs to go and ensure those places that have been overlooked get

their fair share. The system needs to be simplified to give security to Councils such as Halton with multi-year settlements, reduce the vast range of small grants into simplified larger consolidated pots and scrapping bureaucracy and unnecessary reporting. It needs to provide certainty to the Council to ensure planning over the medium-term becomes much better informed allowing key decisions to be taken in a timely manner.

In September 2024 the Council's External Auditor (Grant Thornton UK LLP) issued its Annual Report which highlighted the Council's financial sustainability as a significant weakness. The report identified three significant weaknesses in financial sustainability, resulting in two statutory and one key recommendation made in relation to short- and medium-term financial planning, the Council's transformation programme, and the Dedicated Schools Grant (DSG) deficit.

In September 2024 the Council invited the Local Government association (LGA) to undertake a Corporate Peer Challenge (CPC). This involved a team of senior local government councillors and officers undertaking a comprehensive review of key finance, performance and governance information, spending four days at Halton Borough Council to provide robust, strategic, and credible challenge and support. CPC assists councils in meeting part of their Best Value duty, with the UK Government expecting all local authorities to have a CPC at least every five years.

The peer team voiced a high level of concern about the council's financial resilience, including the immediate 2024/25 position. They called this 'the biggest budget challenge the Council has ever faced'. The peer team made a number of recommendations to the Council, which included:

- Take urgent action to address the highly significant 2024/25 budget overspend position.
- Reset the budget setting culture, planning and grip to ensure the council has confidence that it can set a recurring, balanced budget.
- Put in place quickly a finance improvement plan that can be monitored regularly by members and officers around the progress against the range of actions required.

The Council have pulled together an action plan in response to the Peer recommendation which will be reviewed upon the Peer Team return in June 2025. **Need to update in final accounts**

Ed Dawson

Director of Financial Services

Core Financial Statements

Comprehensive Income & Expenditure Statement as at 31st March 2025

		Gross Expenditure 2024/25 £000	Gross Income 2024/25 £000	Net Expenditure 2024/25 £000
Services	Note			
CONTINUING OPERATIONS				
Chief Executive's Directorate		51,921	(41,776)	10,145
Environment & Regeneration		74,988	(23,453)	51,535
Public Health		14,581	(13,102)	1,479
Adult Social Care		127,521	(61,874)	65,647
Children's Services		115,493	(52,819)	62,674
Schools		88,008	(82,246)	5,762
Corporate & Democracy		2,733	(945)	1,788
Mersey Gateway	6	89,895	(81,230)	8,665
Net Expenditure of Continuing Operations		565,140	(357,445)	207,695
Other Operating Expenditure	3			8,949
Financing and Investment Income & Expenditure	4			40,769
Taxation and Non-Specific Grant Income	5			(188,518)
(Surplus) or Deficit on the Provision of Services				68,895
(Surplus) or Deficit on revaluation of Non-Current Assets	37			(2,615)
(Surplus) or Deficit on revaluation of financial assets measured at fair value through other comprehensive income	37			1,349
Remeasurement of net defined benefit liability	32			1,855
Other Comprehensive Income & Expenditure				589
TOTAL COMPREHENSIVE INCOME & EXPENDITURE				69,484

Comprehensive Income & Expenditure Statement as at 31st March 2024

		Gross Expenditure 2023/24	Gross Income 2023/24	Net Expenditure 2023/24
Services	Note	£000	£000	£000
CONTINUING OPERATIONS				
Chief Executive's Directorate		49,402	(41,754)	7,648
Environment & Regeneration		68,584	(20,810)	47,774
Public Health		13,719	(12,161)	1,558
Adult Social Care		114,419	(53,087)	61,332
Children's Services		90,108	(40,077)	50,031
Schools		92,240	(86,229)	6,011
Corporate & Democracy		2,095	(951)	1,144
Mersey Gateway	6	48,261	(80,600)	(32,339)
Net Expenditure of Continuing Operations		478,828	(335,669)	143,159
Other Operating Expenditure	3			(2,406)
Financing and Investment Income & Expenditure	4			33,555
Taxation and Non-Specific Grant Income	5			(158,813)
(Surplus) or Deficit on the Provision of Services				15,495
(Surplus) or Deficit on revaluation of Non-Current Assets	37			(23,669)
(Surplus) or Deficit on revaluation of financial assets measured at fair value through other comprehensive income	37			(133)
Remeasurement of net defined benefit liability	32			97
Other Comprehensive Income & Expenditure				(23,705)
TOTAL COMPREHENSIVE INCOME & EXPENDITURE				(8,210)

Balance Sheet as at 31st March 2025

31/03/2024			31/03/2025
£000		Note	£000
	Non-Current Assets – Property Plant & Equipment	17	876,878
874,379			
1,425	Heritage Assets	18	1,425
1,323	Investment Properties	19	2,182
784	Intangible Assets	20	731
5,002	Investments in Associates and Joint Ventures	22	3,653
23,533	Long-Term Investments	22	13,725
13,113	Long-Term Debtors	23	12,044
919,559	Total Long Term Assets		910,638
	Current Assets		
337	Inventories		357
987	Assets Held for Sale < 12 months	21	591
52,848	Short-Term Debtors	23	54,288
24,648	Short-Term Investments	22	32,404
57,372	Cash and Cash Equivalents	24	10,554
136,192	Total Current Assets		98,194
	Current Liabilities		
(38,150)	Short-Term Borrowing	26	(21,072)
(114,073)	Short-Term Creditors	25	(70,359)
(7,216)	Short-Term Grants Receipts in Advance	7	(7,064)
(3,366)	Provisions < 1 year	27	(4,200)
(162,805)	Total Current Liabilities		(102,695)
(26,613)	Net Current Assets/(Liabilities)		(4,501)
892,946	Total Net Assets		906,137
	Long Term Liabilities		
(172,000)	Long-Term Borrowing	26	(212,000)
(23,426)	Provisions > 1 year	27	(29,199)
(1,540)	Long-Term Grants Receipts in Advance	7	-
(342,654)	Other Long-Term Liabilities	29	(381,097)
(539,620)	Total Long Term Liabilities		(622,296)
353,326	Total Assets Less Liabilities		283,841
(76,006)	Usable Reserves	35	(78,146)
(277,320)	Unusable Reserves	37	(205,695)
(353,326)	Total Equity		(283,841)



Signed by:

Ed Dawson – Director of Financial Services

Date: 30th September 2025

Movement in Reserves Statement

	General Fund	Capital Receipts Reserve	Capital Grants Unapplied	TOTAL USABLE RESERVES (Note 35)	TOTAL UNUSABLE RESERVES (Note 37)	TOTAL COUNCIL RESOURCES
	£000	£000	£000	£000	£000	£000
Balance as at 31st March 2023	(51,799)	(2,790)	(28,937)	(83,526)	(261,590)	(345,116)
Movement in Reserves during 2023/24						
Total Comprehensive Income and Expenditure	15,495	-	-	15,495	(23,705)	(8,210)
Adjustments between Accounting Basis and Funding Basis under Regulations (note 34b)	(4,360)	(2,188)	(1,425)	(7,973)	7,973	-
Other Adjustments	(2)	-	-	(2)	2	-
(Increase)/Decrease in the year	11,133	(2,188)	(1,425)	7,520	(15,730)	(8,210)
Balance at 31st March 2024 carried forward	(40,666)	(4,978)	(30,362)	(76,006)	(277,320)	(353,326)
Balance as at 31st March 2024	(40,666)	(4,978)	(30,362)	(76,006)	(277,320)	(353,326)
Movement in Reserves during 2024/25						
Total Comprehensive Income and Expenditure	68,895	-	-	68,895	589	69,484
Adjustments between Accounting Basis and Funding Basis under Regulations (note 34a)	(61,002)	2,760	(12,794)	(71,036)	71,036	-
Other Movements	-	1	-	1	-	1
(Increase)/Decrease in the year	7,893	2,761	(12,794)	(2,140)	71,625	69,485
Balance at 31st March 2025 carried forward	(32,773)	(2,217)	(43,156)	(78,146)	(205,695)	(283,841)

Please note that the General Fund Balance includes Earmarked Reserves and School Reserves. See Notes 1 and 36 for further details.

Cash Flow Statement

2023/24 £000		Note	2024/25 £000
15,495	Net (surplus) or deficit on the provision of services		68,895
(42,413)	Adjustments to net (surplus) or deficit on the provision of services for non-cash movements	38	(45,814)
28,182	Adjust for items in the net (surplus) or deficit on the provision of services that are investing and financing activities	38	38,670
1,264	Net cash flows from Operating Activities		61,751
(34,270)	Net cash flows from Investing Activities	39	(614)
(12,205)	Net cash flows from Financing Activities	40	(14,319)
(45,211)	Net (increase)/decrease in Cash and Cash Equivalents		46,818
(12,161)	Cash and Cash Equivalents at the beginning of the reporting period	24	(57,372)
(57,372)	Cash and Cash Equivalents at the end of the reporting period	24	(10,554)

Notes to the Core Financial Statements

Please note the Accounting Policies are shown on page 116.

1. Expenditure and Funding Analysis

The Expenditure and Funding Analysis demonstrates how the funding available to the Council for the year (including government grants, council tax and business rates) has been used to provide services in comparison with those resources consumed or earned under generally accepted accounting practices. This also shows how this expenditure is allocated for decision making purposes between the Council's Directorates.

Expenditure and Funding Analysis 2024/25

	Outturn Reported to Management	Movement in Earmarked Reserves	Net Expenditure Chargeable to the General Fund Balances	Adjustments Between the Funding and Accounts Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	2024/25 £000	2024/25 £000	2024/25 £000	2024/25 £000	2024/25 £000
Chief Executive's Directorate	8,288	393	8,681	1,464	10,145
Environment & Regeneration	48,728	83	48,811	2,724	51,535
Public Health	1,193	415	1,608	(129)	1,479
Adult Social Care	65,049	477	65,526	121	65,647
Children's Services	59,078	(284)	58,794	3,880	62,674
Schools	-	737	737	5,025	5,762
Corporate & Democracy	(24,624)	607	(24,017)	25,805	1,788
Mersey Gateway	8,030	(1,356)	6,674	1,991	8,665
Net Cost of Services	165,742	1,072	166,814	40,881	207,695
Other Income and Expenditure	(158,927)	6	(158,921)	20,121	(138,800)
(Surplus) or Deficit	6,815	1,078	7,893	61,002	68,895
Opening General Fund Balance	(5,149)	(35,517)	(40,666)		
Transfer to / from Earmarked Reserves to General Fund	(6,815)	6,815	-		
(Surplus) or Deficit in year	6,815	1,078	7,893		
Closing General Fund Balance at 31st March	(5,149)	(27,624)	(32,773)		

Note to Expenditure and Funding Analysis 2024/25

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts	Other Income and Expenditure £000	Adjustments for Capital Purposes £000	Net change for the Pension Adjustments £000	Other Adjustments £000	Total Adjustments £000
Chief Executive's Directorate	(1,748)	3,202	(285)	295	1,464
Environment & Regeneration	(1,548)	4,976	(400)	(304)	2,724
Public Health	(24)	-	(55)	(50)	(129)
Adult Social Care	-	495	(398)	24	121
Children's Services	9,659	(626)	(291)	(4,862)	3,880
Schools	(9,659)	790	(527)	14,421	5,025
Corporate & Democracy	1,492	23,028	(524)	1,809	25,805
Mersey Gateway	(5,608)	7,601	-	(2)	1,991
Net Cost of Services	(7,436)	39,466	(2,480)	11,331	40,881
Other Income and Expenditure from the Expenditure and Funding Analysis	7,436	4,460	163	8,062	20,121
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-	43,926	(2,317)	19,393	61,002

Expenditure and Funding Analysis 2023/24

	Outturn Reported to Management	Movement in Earmarked Reserves	Net Expenditure Chargeable to the General Fund Balances	Adjustments between the Funding and Accounts Basis	Net Expenditure in the Comprehensive Income and Expenditure Statement
	2023/24	2023/24	2023/24	2023/24	2023/24
	£000	£000	£000	£000	£000
Chief Executive's Directorate	6,845	910	7,755	(107)	7,648
Environment & Regeneration	48,102	(61)	48,041	(267)	47,774
Public Health	1,157	436	1,593	(35)	1,558
Adult Social Care	60,487	860	61,347	(15)	61,332
Children's Services	52,139	446	52,585	(2,554)	50,031
Schools	-	992	992	5,019	6,011
Corporate & Democracy	(21,325)	3,583	(17,742)	18,886	1,144
Mersey Gateway	-	(1,678)	(1,678)	(30,661)	(32,339)
Net Cost of Services	147,405	5,488	152,893	(9,734)	143,159
Other Income and Expenditure	(141,772)	14	(141,758)	14,094	(127,664)
(Surplus) or Deficit	5,633	5,502	11,135	4,360	15,495
Opening General Fund Balance	(5,147)	(46,652)	(51,799)		
Transfer to from Earmarked Reserves to General Fund	(5,633)	5,633	-		
(Surplus) or Deficit in year	5,633	5,502	11,135		
Closing General Fund Balance at 31st March	(5,147)	(35,517)	(40,664)		

Note to Expenditure and Funding Analysis 2023/24

	Other Income and Expenditure	Adjustments for Capital Purposes	Net change for the Pension Adjustments	Other Adjustments	Total Adjustments
	£000	£000	£000	£000	£000
Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statement amounts					
Chief Executive's Directorate	(2,241)	2,334	(18)	(182)	(107)
Environment & Regeneration	(993)	912	(21)	(165)	(267)
Public Health	(23)	-	(3)	(9)	(35)
Adult Social Care	-	-	(20)	5	(15)
Children's Services	(2,465)	(121)	(13)	45	(2,554)
Schools	2,465	190	(174)	2,538	5,019
Corporate & Democracy	2,710	22,470	(305)	(5,989)	18,886
Mersey Gateway	(31,214)	(7,476)	-	8,029	(30,661)
Net Cost of Services	(31,761)	18,309	(554)	4,272	(9,734)
Other Income and Expenditure from the Expenditure and Funding Analysis	31,761	(16,366)	217	(1,518)	14,094
Difference between General Fund Surplus or Deficit and Comprehensive Income and Expenditure Statement Surplus or Deficit on the Provision of Services	-	1,943	(337)	2,754	4,360

Other Income and Expenditure

This column moves all items that are shown within the directorate spend reported to management but are shown below the Net Cost of Services in the Comprehensive Income and Expenditure Statement. These include:

- Interest Payable and Receivable
- Levy Payments

Adjustments for Capital Purposes

This column adjusts for any capital transactions that are not included in the directorate spend reported to management but are shown in the Comprehensive Income and Expenditure Statement. These include:

- Capital funding
- Revaluation gains and losses
- Revenue Expenditure Funded by Capital Under Statute

This column also includes items that are included in the spend reported to management but are not shown in the Comprehensive Income and Expenditure Statement. This includes:

- Minimum Revenue Provision
- The reversal of depreciation transactions shown in Corporate and Democracy

Net Charge for Pension Adjustments

This column includes the net change for the removal of pension contributions and the addition of IAS 19 employee benefits pension related income and expenditure:

- For services, this represents the removal of the employer pension contributions made by the authority as allowed by statute and the replacement with current service costs and past service costs.
- For financing and investment income and expenditure, the net interest on the defined benefit liability is charged to the Comprehensive Income and Expenditure Statement.

Other adjustments

This column includes:

- The difference between what is chargeable under statutory regulations for council tax and non-domestic rates that was projected to be received at the start of the year and the income recognised under generally accepted accounting practices in the Code.

This is a timing difference, as any difference will be brought forward in future surpluses or deficits on the Collection Fund.

- Adjustments to show Schools income and expenditure separately on the Comprehensive Income and Expenditure Statement. This is reported under the Children's Services Directorate when reported to management.

Segmental Income and Expenditure

Income and expenditure received on a segmental basis is analysed below:

	Revenues from External Customers	Interest Revenue	Interest Expense	Depreciation and Amortisation
2024/25	£000	£000	£000	£000
Chief Executive's	(1,984)	-	-	678
Environment & Regeneration	(15,067)	-	-	14,312
Public Health	(147)	-	-	-
Adult Social Care	(16,885)	-	-	678
Childrens Services	(394)	-	-	299
Schools	(727)	-	-	2,485
Corporate & Democracy	(34)	(5,491)	4,325	(26,482)
Mersey Gateway	(58,613)	-	34,563	8,030
Net Cost of Services	(93,851)	(5,491)	38,888	-

	Revenues from External Customers	Interest Revenue	Interest Expense	Depreciation and Amortisation
2023/24	£000	£000	£000	£000
Chief Executive's	(1,995)	-	-	817
Environment & Regeneration	(14,772)	-	-	14,428
Public Health	(172)	-	-	-
Adult Social Care	(14,513)	-	-	583
Childrens Services	(375)	-	-	110
Schools	(210)	-	-	2,438
Corporate & Democracy	(196)	(5,862)	2,925	(26,405)
Mersey Gateway	(58,081)	-	31,214	8,029
Net Cost of Services	(90,314)	(5,862)	34,139	-

2. Expenditure and Income Analysed by Nature

2023/24 £000		2024/25 £000
	Expenditure	
165,311	Employee benefits	172,504
292,535	Other service expenses	317,786
27,248	Depreciation, amortisation and impairment	84,364
34,139	Interest payments	38,888
3,820	Precepts and levies	3,975
523,053	Total Expenditure	617,517
	Income	
(134,449)	Fees and charges and other service income	(143,855)
(6,226)	Gain on disposal of non-current assets	4,578
(121,251)	Income from Council Tax and Business Rates	(129,995)
(239,770)	Government grants income	(273,859)
(5,862)	Interest and investment income	(5,491)
(507,558)	Total Income	(548,622)
15,495	(Surplus) or Deficit on the Provision of Services	68,895

3. Other Operating Expenditure

2023/24 £000		2024/25 £000
166	Parish Council Precepts	214
3,654	Levies	3,761
-	Movement in value of Assets Held for Sale	396
(6,226)	(Gains)/Losses on the Disposal of Non-Current Assets	4,578
(2,406)	Total	8,949

4. Financing and Investment Income and Expenditure

2023/24		2024/25
£000		£000
34,139	Interest payable and similar charges	38,888
216	Net interest on the net defined benefit liability	163
(5,862)	Interest receivable and similar charges	(5,491)
(76)	Income and expenditure in relation to investment properties and changes in their fair value	(896)
346	Movement in fair value of financial instruments	(193)
4,960	Loss on transfer of academies	3,703
-	IFRS Revaluation Loss on Grange School	4,673
(168)	Other investment income and expenditure	(78)
33,555	Total	40,769

5. Taxation and Non-Specific Grant Income

2023/24		2024/25
£000		£000
(60,892)	Council Tax income	(65,238)
(60,359)	Non-domestic rates	(64,757)
(18,632)	Non-ringfenced government grants	(16,951)
(3,918)	NNDR Top Up Grant	(3,940)
(15,012)	Capital grants and contributions	(37,632)
(158,813)	Total	(188,518)

6. Material Items of Income and Expenditure

Capitalisation Direction

In February 2025 the Minister of State for Local Government and English Devolution provided an 'in principle' Capitalisation Direction of £52.8m, comprising £20.8m in 2024/25 and £32m in 2025/26.

The Capitalisation Direction permits the Council to charge to capital, expenditure which would otherwise be revenue expenditure and then to finance the capitalised revenue to be funded from future additional Minimum Revenue Provision Payments.

The capitalisation direction has been used to meet a £10m overspend on the revenue budget in 2024/25 and allow the General Fund balance to remain at the acceptable level of £5.1m.

IFRS16 lease accounting

Due to the implementation of IFRS 16 lease accounting from 1st April 2024 (see note 30) the financial element of the lease liabilities relating to the Council's two PFI schemes The Grange, and the Mersey Gateway (see note 31) have been restated based on the value of the indexed unitary charge payments due. As the value of the two assets has not been impacted by this change, this has resulted in a the following two items of expenditure in the Comprehensive Income and Expenditure Statement in 2024/25.

- Mersey Gateway - Mersey Gateway Expenditure - £46.118m
- The Grange – Schools Expenditure - £4.673m

It should be noted that these two items are purely accounting adjustments and any impact is removed through the Movement in Reserves Statement, and has no impact on the Council's General Fund.

7. Grant Income

The Council has received a number of grants and contributions that have yet to be recognised as income. At the balance sheet date, conditions existed which remain to be satisfied. The balances at year-end are as follows:

	31/03/2024	31/03/2025
	£000	£000
Long Term Receipts in Advance		
Capital		
Ministry of Housing, Communities and Local Government	(1,540)	-
Other Grants	-	-
Total	(1,540)	-

	31/03/2024			31/03/2025		
	Revenue £000	Capital £000	Total £000	Revenue £000	Capital £000	Total £000
Short Term Receipts in Advance						
Ministry of Housing, Communities and Local Government	(521)	(2,000)	(2,521)	(789)	(2,468)	(3,257)
Department for Education	(597)	(395)	(992)	(6)	(233)	(239)
Department for Environment, Food & Rural Affairs	-	-	-	-	(1,019)	(1,019)
Other Grants	(2,846)	(13)	(2,859)	(2,536)	(13)	(2,549)
Contributions	(844)	-	(844)	-	-	-
	(4,808)	(2,408)	(7,216)	(3,331)	(3,733)	(7,064)

The Council credited the following grants to the Comprehensive Income and Expenditure Statement in 2024/25:

	2023/24	2024/25
	£000	£000
Revenue Grants Credited to Services		
Ministry of Housing, Communities and Local Government	(17,038)	(26,454)
Dedicated Schools Grant	(86,564)	(92,008)
Department for Education	(21,634)	(22,336)
Department for Environment, Food & Rural Affairs	(120)	(295)
Department for Transport	(22,566)	(22,550)
Department for Work & Pensions	(3,497)	(3,543)
Department of Health & Social Care	(15,439)	(12,430)
Home Office	(2,289)	(2,413)
Rent Allowance Subsidy	(30,035)	(30,128)
Other Grants	(3,026)	(3,179)
Total	(202,208)	(215,336)

8. Disclosure of Deployment of Dedicated Schools Grant

The Council's expenditure on schools is funded by grant monies provided by the Education and Skills Funding Agency, the Dedicated Schools Grant (DSG). DSG is ring-fenced and can only be applied to meet expenditure properly included in the Schools Budget, as defined in the School Finance and Early Years (England) Regulations 2019. The Schools Budget includes elements for a range of educational services provided on an authority-wide basis and for the Individual Schools Budget, which is divided into a budget share for each maintained school.

Details of the deployment of DSG receivable for 2024/25 are shown below:

Total 2023/24 £000		Central Expenditure 2024/25 £000	Individual Schools Budget 2024/25 £000	Total 2024/25 £000
(143,178)	Final DSG before academy recoupment			(154,223)
56,564	Academy figure recouped in year			61,942
(86,614)	Total DSG after academy recoupment			(92,281)
-	Plus brought forward			-
-	Less carry forward agreed in advance			-
(86,614)	Agreed budget distribution	(39,729)	(52,552)	(92,281)
50	In-year adjustments	-	545	545
(86,564)	Final budget distribution	(39,729)	(52,007)	(91,736)
22,701	Less actual central expenditure	48,850		48,850
66,320	Less actual ISB deployed to schools		52,006	52,006
-	Plus Council contribution			-
2,457	Carry forward	9,121	(1)	9,120
-	Plus carry forward agreed in advance			
2,457	Carry forward to following year			9,120
2,892	DSG Unusable Reserve brought forward			5,349
2,457	Addition to DSG Unusable Reserve in year			9,120
5,349	Total DSG Unusable Reserve at end of year			14,469
5,349	Net DSG position at end of year			14,469

9. Pooled Budgets

Better Care Fund

In 2015 the Government introduced a £3.8 billion Better Care Fund, a pooled budget for health and social care services, shared between the NHS and local authorities, to deliver better outcomes and greater efficiencies through more integrated services for older and disabled people. The pooled budget, hosted by the council, continues to provide an integrated system enabling resources to be used efficiently and effectively in the delivery of personalised, responsive and holistic care to those who are most in need within the community. This results in the alignment of systems, improved pathways, speeding up the discharge processes, transforming patient/care satisfaction and ensuring the future sustainability of meeting the needs of people with complex needs.

The Improved Better Care Fund (iBCF) was first announced in the 2015 Spending Review, with a condition that it is pooled into the local BCF plan. Grant allocations were increased in the 2017 Spring Budget. The grant determination enables the funding to be spent on three purposes:

- Meeting adult social care needs.
- Reducing pressures on the NHS, including supporting more people to be discharged from hospital when they are ready.
- Ensuring that the local social care provider market is supported.

In addition to BCF and iBCF allocations, the Council and Health each contributed additional funds equal to 53% and 47% respectively (excluding the BCF allocation) for 2024/25.

On 1st July 2022, integrated care systems (ICSs) became legally established through the Health and Care Act 2022, and CCGs were closed down. ICSs are partnerships of organisations that come together to plan and pay for health and care services to improve the lives of people who live and work in their area.

Each integrated care system has two statutory elements, an integrated care partnership (ICP) and integrated care board (ICB). Across England, local partnerships made up of all the public services that provide health and care (NHS, GPs, local councils and the community and voluntary sector) plan how best to deliver high quality, affordable services that meet the needs of local people. Although partnership working has taken place nationally for some years, these changes make it easier for people to get access to better, more efficient and joined-up care, and to enjoy better health.

In Halton the “One Halton” partnership operates at a “Place” level within the larger NHS Cheshire & Merseyside Integrated Care System (ICS). The NHS Cheshire & Merseyside Integrated Care Board (ICB) is responsible for planning NHS services across the region including Halton and work alongside the wider Integrated Care Partnerships. One Halton acts as the Place-based Partnership for Halton bringing together local organisations to improve health and wellbeing.

This is a joint arrangement between Halton Borough Council and the Cheshire and Merseyside Integrated Care Board, and all the relevant activities of the arrangement require unanimous consent of all parties.

	2023/24		2024/25
	£000		£000
Balance Brought Forward	(148)		-
Funding provided to the pooled budget:			
- Halton Borough Council	(3,144)		(3,176)
- Halton Place	(2,865)		(2,957)
- Better Care Fund	(12,762)		(13,485)
- Additional Better Care Fund	(6,982)		(6,983)
- Adult Social Care Discharge Grant	(979)		(1,631)
- Integrated Care Board Discharge Grant	(942)		(1,282)
- Other Grants	(144)		-
- Reserves	(193)		-
	(28,011)		(29,514)
Income raised through the pooled budget:			
- Halton Borough Council	-		-
	-		-
Expenditure met from the pooled budget:			
- Halton Borough Council	4,540		4,806
- Halton Place	3,875		4,241
- Better Care Fund and Additional Better Care Fund	19,744		20,466
	28,159		29,513
Net (surplus)/deficit arising on the pooled budget during the year	148		(1)
Share of the (surplus)/deficit for the year:			
- Halton Borough Council	54% 80	53%	(1)
- Halton Place	46% 68	47%	-
	148		(1)
Balance Carried Forward	-		(1)

10. Officers Remuneration

The number of employees whose remuneration, inclusive of redundancy payments and car benefit but excluding pension contributions, was £50,000 or more, grouped in rising bands of £5,000 is shown below. This list is inclusive of officers reported in the senior officers disclosure note.

Remuneration Band		2023/24		2024/25	
		Number of Employees		Number of Employees	
		Teaching	Non-Teaching	Teaching	Non - Teaching
£50,000	£54,999	29	75	46	92
£55,000	£59,999	13	20	20	14
£60,000	£64,999	17	7	8	19
£65,000	£69,999	7	12	12	9
£70,000	£74,999	7	10	5	11
£75,000	£79,999	8	4	10	6
£80,000	£84,999	4	7	4	6
£85,000	£89,999	1	2	3	7
£90,000	£94,999	-	2	3	4
£95,000	£99,999	-	3	-	-
£100,000	£104,999	-	3	-	5
£105,000	£109,999	-	1	-	-
£110,000	£114,999	-	-	-	2
£115,000	£119,999	-	1	-	1
£120,000	£124,999	-	1	-	-
£125,000	£129,999	-	-	-	2
£130,000	£134,999	-	-	-	1
£135,000	£139,999	-	-	-	-
£140,000	£144,999	-	-	-	-
£145,000	£149,999	-	1	-	-
£150,000	£154,999	-	-	-	-
£155,000	£159,999	-	-	-	-
£160,000	£164,999	-	-	-	1
£165,000	£169,999	-	1	-	-
£170,000	£174,999	-	-	-	1
		86	150	111	181

The note excludes salaries for staff at Voluntary Aided Schools who are employed directly by the school's governing body. 72 staff with a total salary value of £4,356,504.73 have been excluded from the 2023/24 figures. In 2024/25, 85 staff members of Voluntary Aided Schools with a total salary value of £5,285,989 were excluded from Note 10.

Halton Borough Council is required to disclose to local taxpayers the total remuneration package for the senior officers charged with the stewardship of the organisation.

A senior employee has a significant level of responsibility for contributing to the strategic decision making of the Council. Senior officers will include those that have a statutory duty under legislation.

Senior employees whose salary is between £50,000 and £150,000 are disclosed by job title. Senior employees whose salary is more than £150,000 are disclosed by job title and name.

These notes refer to the detailed table below:

Note 1: Two individuals covered the long-term absence of the Statutory Director - Children's Education, Inclusion and Provision on an interim basis between 1st April 2024 and 18th October 2024, when the Director left the authority. The interim arrangement continued until 23rd December 2024, when one of the individuals was appointed on a permanent basis.

Note 2: The Director - Community & Greenspace left the authority on 31st May 2024 and was replaced on 1st June 2024.

Post Title		Salary (including fees & allowances)		Compensation for loss of employment		Benefits in kind		Total remuneration excluding pension contributions		Employers pension contributions		Total remuneration including pension contributions	
		2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25
		£	£	£	£	£	£	£	£	£	£	£	£
Chief Executive – Stephen Young		167,557	174,904	-	-	-	-	167,557	174,904	34,144	34,781	201,701	209,685
Statutory Executive Director - Adult's Services		124,548	131,952	-	-	-	-	124,548	131,952	25,327	26,188	149,875	158,140
Statutory Executive Director - Children's Services		53,565	127,998	-	-	-	-	53,565	127,998	10,890	25,400	64,455	153,398
Executive Director of Public Health & Public Protection - Dr Ifeoma Onyia		145,602	160,109	-	-	-	-	145,602	160,109	20,872	22,616	166,474	182,725
Executive Director - Environment & Regeneration		101,250	128,225	-	-	-	-	101,250	128,225	20,585	25,445	121,835	153,670
Corporate Director - Chief Executive's Delivery Unit		103,940	110,270	-	-	-	-	103,940	110,270	21,103	21,854	125,043	132,124
Director - Commissioning & Provision		82,716	90,870	-	-	-	-	82,716	90,870	16,760	17,974	99,476	108,844
Director - Care Management, Safeguarding & Quality		82,716	90,870	-	-	-	-	82,716	90,870	16,760	17,974	99,476	108,844
Director - Children's Social Care		23,174	90,279	-	-	-	-	23,174	90,279	4,696	17,856	27,870	108,135
Statutory Director - Education, Inclusion & Provision	1	98,566	93,406	-	-	-	-	98,566	93,406	20,001	10,968	118,567	104,374
Interim Statutory Director - Education, Inclusion & Provision	1	-	61,694	-	-	-	-	-	61,694	-	12,339	-	74,033
Interim Statutory Director - Education, Inclusion & Provision	1	-	44,584	-	-	-	-	-	44,584	-	8,805	-	53,389
Statutory Director - Education, Inclusion & Provision	1	-	39,491	-	-	-	-	-	39,491	-	7,810	-	47,301
Director - Community & Greenspace	2	91,154	17,025	-	-	-	-	91,154	17,025	18,482	3,087	109,636	20,112
Director - Community & Greenspace	2	-	73,914	-	-	-	-	-	73,914	-	14,616	-	88,530
Director - Economy, Enterprise & Property		35,867	101,005	-	-	-	-	35,867	101,005	7,278	20,001	43,145	121,006
Director - Policy, Planning & Transportation		100,233	104,338	-	-	-	-	100,233	104,338	20,343	20,668	120,576	125,006
Director - Finance		98,566	101,676	-	-	-	-	98,566	101,676	20,001	20,135	118,567	121,811
Director - ICT & Support Services		106,066	110,676	-	-	-	-	106,066	110,676	21,935	21,935	128,001	132,611
Director - Legal & Democratic Services		98,566	101,005	-	-	-	-	98,566	101,005	20,001	20,001	118,567	121,006
		1,514,086	1,954,291	-	-	-	-	1,514,086	1,954,291	299,178	370,453	1,813,264	2,324,744

11. Exit Packages and Termination Benefits

The number of exit packages with total cost per band and total cost of compulsory and voluntary redundancies and early retirements are set out in the table below:

Exit package cost band	Number of compulsory redundancies		Number of voluntary redundancies		Number of early retirements		Total number of exit packages by cost band		Total cost of exit packages in each band	
	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24 £000	2024/25 £000
£0 - £20,000	3	5	24	11	-	-	27	16	229	124
£20,001 - £40,000	-	1	13	6	-	-	13	7	395	173
£40,001 - £60,000	1	-	2	-	-	-	3	-	131	-
£60,001 - £80,000	-	1	1	1	-	-	1	2	70	142
£80,001 - £100,000	-	1	-	-	-	-	-	1	-	96
£100,001 - £150,000	-	-	-	-	-	-	-	-	-	-
£150,001 - £200,000	-	-	-	-	-	-	-	-	-	-
£200,001 - £250,000	-	-	-	-	-	-	-	-	-	-
£250,001 - £300,000	-	-	-	-	-	-	-	-	-	-
Total	4	8	40	18	-	-	44	26	825	535

The total cost of exit packages in 2024/25 is £0.535m (2023/24 - £0.825m) charged to the authority's Comprehensive Income and Expenditure Statement (CIES). Costs associated with redundancies include officers aged 55 or over being able to access their pensions immediately, the costs of which amounted to £0.180m in 2024/25. There were no early retirements taken in 2024/25 (2023/24 - £0.000m).

Termination Benefits

The Council incurred no liabilities relating to past early retirements charged to the Comprehensive Income and Expenditure Statement.

12. Members Allowances

During the year £928,024.46 (2023/24 - £893,428.26) was paid to Members, including Mayoral and Deputy Mayoral allowances.

13. Related Party Transactions

The Council is required to disclose material transactions with related parties - bodies or individuals that have the potential to control or influence the Council or to be controlled or influenced by the Council. Disclosure of these transactions allows readers to assess the extent to which the Council might have been constrained in its ability to operate independently, or might have secured the ability to limit another party's ability to bargain freely with the Council.

Once these relationships are brought to the attention of users, transactions are disclosed so that readers can assess for themselves whether these relationships might have had an effect or could have an effect in the future.

Materiality

Materiality has been assessed with regards to the Council and the related party.

Central Government

UK Central Government has significant influence over the general operations of the Council. It is responsible for providing the statutory framework within which the Council operates, provides significant funding in the form of grants, and prescribes the terms of many of the transactions that the Council has with other parties (e.g. council tax bills, housing benefits).

Grants received from government departments are set out in Note 7.

Members and Officers

Members of the Council have direct control over the Council's financial and operating policies. The Council operates a system of self-regulation which requires each Executive Director and Member to complete a declaration highlighting whether they or any members of their family have been involved in any material financial transactions between the Council and any external bodies they are affiliated to during the financial year.

The total of members allowances paid in 2024/25 is shown in Note 12. The total of senior officers' remuneration paid in 2024/25 is shown in Note 10.

In 2024/25, 5 Members had interests in various organisations and voluntary sector bodies involving payments worth £2.114m and receipts worth £0.055m for various works and services.

At 31st March 2025, there were outstanding creditors of £0.117m and outstanding debtors of £0.003m with these organisations.

In 2024/25, no senior officers had interests in organisations which were party to transactions with the Council.

Payments/receipts from organisations where Members or their spouse hold an interest	2024/25		31/03/2025	
	Expenditure £000	Income £000	Creditor £000	Debtor £000
Halton Play Council	110	(4)	-	-
Mersey Gateway Crossings Board	2,004	(51)	117	(3)
Total	2,114	(55)	117	(3)

Other Public Bodies

The Council is a member of Liverpool City Region Combined Authority, from which it received £18.924m of income in 2024/25, including outstanding debtors of £11.225m. This related to highways grant funding of £17.042m from Merseytravel, funding for regeneration projects of £0.114m, funding for skills and apprenticeship programmes of £1.133m, £0.057m for IT hosting services, £0.365m for business support programmes, £0.204m of funding from the UK Shared Prosperity Fund, and £0.009m for other services.

The Council had one pooled budget arrangement with NHS Cheshire and Merseyside Integrated Care Board during 2024/25 under s75 of the Health Act 2006. Transactions and balances are highlighted in Note 9. In addition to the pooled budget arrangement there were further payments of £0.193m relating to other services. There was additional income received of £16.150m for contributions to care packages, £0.537m for the Joint Speech and Language Therapy Service, a £0.207m contribution towards the Positive Behaviour Support Service £0.289m for the Learning Disability Nursing Service, contributions of £0.177m towards the Benefits Advice Service, and £0.473m for other services. Inclusive of these figures, there were debtors outstanding at year end of £1.129m for joint funded care packages and a £0.022m contribution towards the benefits advice scheme.

£0.734m of expenditure was paid to Warrington and Halton Hospitals NHS Trust from the pooled budget, comprising £0.272m for the Early Supported Discharge Scheme, £0.265m for the Community Team Project, £0.192m for the Integrated Care and Frailty Service, and £0.004m for other services. There were £0.134m of creditors outstanding at 31st March 2025 which are included in these figures. Outside of the pooled budget, £0.020m was paid to the Trust for other services. One member of the Council is a Governor of the Trust.

The Council incurred £2.362m of expenditure with Bridgewater Community Healthcare NHS Trust in 2024/25 from the pooled budget, relating to the Intermediate Care and Frailty Service (£1.500m) and the Integrated Community Equipment Service (£0.862m). Outside of the pooled budget, the Council incurred £3.752m of expenditure for the 0-19 public health service, £0.338m for the Family Hubs programme, £0.129m for infection control services, £0.067m for children's therapy equipment, and £0.058m for vision and deafness support services. Included within these figures are £0.213m of creditors outstanding at the end of the 2024/25 financial year. £0.002m of income was received from the Trust in 2024/25 for room hire.

£0.134m of expenditure to Cheshire Police was incurred in 2024/25, comprising £0.064m for staffing costs, £0.060m for project contributions, and £0.010 for emergency planning exercises. £0.189m of income was received for the Domestic Abuse Prevention Service. Two members of the Council represent Halton on the Cheshire Police and Crime Panel.

The Council has contracted with Merseyside Recycling and Waste Authority (MRWA) to manage the disposal of household waste, the processing of recyclables, and to run the Household Waste and Recycling Centres within Halton. Expenditure of £6.356m was incurred during 2024/25, including £3.572m of creditors outstanding at 31st March 2025. £0.051m of income was received during 2024/25. One member of the Council represents Halton as a member of MRWA.

Three members of the Council sit on the Committee of Cheshire Fire and Rescue Service. There were no significant financial transactions between Halton Borough Council and Cheshire Fire and Rescue Service during the 2024/25 financial year.

Full details of the Council's pension fund transactions can be found in Note 32, Pension Schemes.

Entities Controlled or Significantly Influenced by the Council

Halton Borough Council are joint venture partners in Daresbury SIC (Pub Sec) LLP, which has significant influence over Daresbury SIC LLP. Total payments of £0.431m were received in 2024/25, including interest income of £0.154m. The total debtor outstanding is £5.594m and further details of the lease are provided in Note 30, Finance Leases – Authority as a Lessor. The Council also received £0.414m (including interest income of £0.117m) from the Enterprise Zone Rates in relation to the repayment of a contribution towards the construction of Project Violet.

Halton Borough Council are joint venture partners in Halton & Kent Commercial Services LLP which delivers managed temporary and interim staffing services on behalf of the Council. A loan of £0.150m was made by the Council to the partnership in 2024/25 to fund initial start-up costs and is included within the accounts as a long-term debtor. Total payments of £6.918m were made to the partnership in 2024/25 for temporary staffing services.

Details of the Council's interests in companies are disclosed in Note 41, Interest in Companies and Other Entities.

14. External Audit Fees

The Council paid the following amounts to Grant Thornton in 2024/25 for fees relating to external audit, inspection and additional services.

	2023/24	2024/25
	£000	£000
Fees payable for:		
- Audit	324	387
- Grants and returns	30	70
Total	354	457

15. Events after the Balance Sheet Date

These accounts have been authorised for issue by the Director of Financial Services, on the 30th June 2025 and reflect all known events for the financial year. Events taking place after this date are not reflected in the financial statements or notes.

Where events taking place before this date provided information about conditions existing at 31st March 2025, the figures in the financial statements and notes have been adjusted in all material respects to reflect the impact of this information.

16. Capital Expenditure and Financing

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Council, the expenditure results in an increase in the Capital Financing Requirement (CFR), a measure of the capital expenditure incurred historically by the Council that has yet to be financed. The CFR is analysed in the second part of this note.

	2023/24	2024/25
	£000	£000
Opening Capital Financing Requirement	604,079	605,940
Capital Investment:		
Property, Plant & Equipment	34,123	41,548
Investment Properties	-	-
Intangible Assets	296	220
Revenue Expenditure Funded from Capital under Statute	9,783	7,683
Additional borrowing need from IFRS16 PFI Revaluation	-	50,790
Capitalisation of Revenue costs under Exceptional Financial Support	-	10,000
Source of Finance:		
Capital Receipts	(3,238)	(3,240)
Capital Receipts to Reduce MRP Liability	(7,744)	(558)
Government Grants & Other Contributions	(19,656)	(29,174)
Direct Revenue Contributions	(294)	(64)
Minimum Revenue Provision	(11,409)	(13,509)
Closing Capital Financing Requirement	605,940	669,636
Explanation of movement in year:		
Increase in underlying need to borrow	21,014	74,828
Minimum Revenue Provision statutory set aside	(11,409)	(13,510)
Use of Capital Reserves to reduce MRP liability	(7,744)	(558)
Assets acquired under Finance Leases	-	2,936
Increase/(Decrease) in Capital Financing Requirement	1,861	63,696

The table above shows the Council spent £49.4m on capital during 2024/25.

Disposal of Assets/Capital Receipts

Land/Dwellings/Recovered Advances – the Council received £0.383m from the sale of land, vehicles and various properties.

Under residual arrangements, the Council received £0.081m (£0.290m in 2023/24) from Halton Housing Trust for the sale of homes during the year, and a further £0.049m (£0.080m in 2023/24) under VAT Shelter arrangements.

17. Non-Current Assets, Property, Plant and Equipment

Movements during 2024/25

	Land and Buildings £000	Community Assets £000	Vehicles, Plant and Equipment £000	Surplus Assets £000	Under Construction / Development £000	Total 2024/25 £000
Cost or Valuation						
As at 1st April 2024	214,272	5,969	14,650	12,700	25,220	272,811
Additions and Enhancements	6,500	785	3,019	93	11,002	21,399
Revaluations Recognised in the Revaluations Reserve	16	(1)	-	(822)	-	(807)
Revaluations Recognised in the Provision of Services	(3,545)	-	-	(3,562)	-	(7,107)
Derecognition – Disposals	(8,450)	-	(2,740)	(648)	-	(11,838)
Derecognition – Others	-	-	-	-	-	-
Assets Reclassified (to)/from Held for Sale	-	-	-	-	-	-
Other Movements	29,475	-	-	1,154	(30,638)	(9)
As at 31st March 2025	238,268	6,753	14,929	8,915	5,584	274,449
Depreciation						
As at 1st April 2024	(1,144)	(2,962)	(9,019)	(232)	-	(13,357)
Depreciation for the Year	(6,520)	(222)	(1,465)	(112)	-	(8,319)
Depreciation written out to Revaluation Reserve	3,382	-	-	41	-	3,423
Depreciation written out to Surplus/Deficit on the Provision of Services	570	-	-	-	-	570
Derecognition – Disposals	302	-	2,740	36	-	3,078
Derecognition – Other	-	-	-	-	-	-
Other Movements in Depreciation	-	-	-	-	-	-
As at 31st March 2025	(3,410)	(3,184)	(7,744)	(267)	-	(14,605)
Balance Sheet Amount as at 31st March 25	234,858	3,569	7,185	8,648	5,584	259,844
Balance Sheet Amount as at 1st April 24	213,128	3,007	5,631	12,468	25,220	259,454

Movements during 2023/24

	Land and Buildings	Community Assets	Vehicles, Plant and Equipment Restated	Surplus Assets	Under Construction / Development	Total 2023/24
	£000	£000	£000	£000	£000	£000
Cost or Valuation						
As at 1st April 2023	209,919	5,586	12,997	6,839	6,313	241,654
Additions and Enhancements	17	383	1,653	87	18,907	21,047
Revaluations Recognised in the Revaluations Reserve	10,001	-	-	324	-	10,325
Revaluations Recognised in the Provision of Services	49	-	-	-	-	49
Derecognition – Disposals	(5,506)	-	-	-	-	(5,506)
Derecognition – Others	-	-	-	-	-	-
Assets Reclassified (to)/from Held for Aale	-	-	-	5,242	-	5,242
Other Movements	(208)	-	-	208	-	-
As at 31st March 2024	214,272	5,969	14,650	12,700	25,220	272,811
Depreciation						
As at 1st April 2023	(8,575)	(2,739)	(7,685)	(88)	-	(19,087)
Depreciation for the Year	(6,372)	(223)	(1,334)	(144)	-	(8,073)
Depreciation written out to Revaluation Reserve	13,346	-	-	-	-	13,346
Depreciation written out to Surplus/Deficit on the Provision of Services	207	-	-	-	-	207
Derecognition – Disposals	250	-	-	-	-	250
Derecognition – Other	-	-	-	-	-	-
Other Movements in Depreciation	-	-	-	-	-	-
As at 31st March 2024	(1,144)	(2,962)	(9,019)	(232)	-	(13,357)
Balance Sheet Amount as at 31st March 24	213,128	3,007	5,631	12,468	25,220	259,454
Balance Sheet Amount as at 1st April 23	201,344	2,847	5,312	6,751	6,313	222,567

Please note that the brought forward gross valuation of Vehicles, Plant and Equipment and associated depreciation have been reduced by £2.156m as the carrying amounts included items no longer held by the Council. These items were fully depreciated and this change therefore has no impact on the net asset values recorded on the Balance Sheet.

Highways Infrastructure Assets

In accordance with the temporary relief offered by the update to the Code on infrastructure assets, this note does not include disclosure of gross cost and accumulated depreciation for infrastructure assets because historical reporting practices and resultant information deficits mean that this would not faithfully represent the asset position to the users of the financial statements.

The authority has chosen not to disclose this information as the previously reported practices and resultant information deficits mean that gross cost and accumulated depreciation are not measured accurately and would not provide the basis for the users of the financial statements to take economic or other decisions relating to infrastructure assets.

	2023/24	2024/25
	£000	£000
Infrastructure Assets		
Net book value (modified historical cost)		
At 1st April	620,093	614,925
Additions	13,075	20,152
Derecognition	-	-
Depreciation	(18,243)	(18,043)
Impairment	-	-
Other movements in cost	-	-
At 31st March	614,925	617,034
Service Concession Assets		
(included in Infrastructure Assets)		
Net book value		
At 1st April	431,946	424,649
Additions	-	-
Derecognition	-	-
Depreciation	(7,297)	(7,297)
Impairment	-	-
Other movements in cost	-	-
At 31st March	424,649	417,352

	2023/24	2024/25
	£000	£000
Infrastructure Assets	614,925	617,034
Other PPE Assets	259,454	259,844
Total PPE Assets	874,379	876,878

The authority has determined in accordance with Regulation 30M England of the Local Authorities (Capital Finance and Accounting) (England/Wales) (Amendment) Regulations 2022 that the carrying amounts to be derecognised for infrastructure assets when there is replacement expenditure is nil.

Depreciation

Depreciation is calculated on a straight-line basis and the following useful lives and depreciation rates have been used:

Buildings and Other Operational Properties	10-60 years
Community Assets	15 years
Infrastructure Assets	15-120 years
Vehicles, Plant and Equipment	3-10 years
Intangible Assets	5 years

Capital Commitments

At 31st March 2025, the Council has entered into a number of contracts for the construction or enhancement of Property, Plant and Equipment.

The major commitments are:

Contact Centre System	£1.119m
Runcorn Busway	£0.231m
Fleet Vehicles	£0.876m
East Runcorn Development	£0.166m
Green Cycle / Walk Corridors	£0.146m
Open Spaces Schemes	£0.386m
Town Centre Development	£0.944m
Pot Hole & Flood Resilience	£0.597m

At 31st March 2025 the capital commitments totalled £4.465m (£14.233m at 31st March 2024).

Revaluations

The Council carries out a rolling programme that ensures all Property, Plant and Equipment required to be measured at fair value is revalued every 3 years. A mixture of revaluations from each of the below categories are valued each year. Valuations were carried out by Sanderson Weatherall LLP and by the Council's in-house valuer Louise Risk MRICS. Valuations of land and buildings were carried out in accordance with the methodologies and bases for estimation set out in the professional standards of the Royal Institute of Chartered Surveyors.

- Corporate Properties
- Children's centres, children's homes and miscellaneous properties, land and open spaces
- Day care centres, homes, leisure centres, sports fields and changing rooms, allotments, community centres, libraries and cemeteries
- Nursery, infant, junior, primary, secondary, special and PRU schools.

All assets are subject to an annual review to ensure valuations have not materially changed in the years they are not valued and that the carrying value is not significantly different to their fair value.

Assets which were subject to a revaluation in 2024/25 are dated the 31st March 2025. The valuation report which is used in the preparation of the Council's Statement of Accounts takes account of all known events throughout 2024/25 which could subsequently affect the asset's value and is therefore dated the 31st March 2025.

The assets shown by year of valuation are shown in the table below:

	Other Land & Buildings	Community Assets	Infrastructure Assets	Vehicles, Plant & Equipment	Surplus	Under Construction / Development	Total
	£000	£000	£000	£000	£000	£000	£000
Valued at current value as at:							
31 st March 2025	140,704				7,448		148,152
31 st March 2024	82,485				240		82,725
31 st March 2023	10,956				678		11,634
31 st March 2022	450				125		575
31 st March 2021	263				157		420
Valued at Historic Cost		3,569	617,034	7,185		5,584	633,372
Total	234,858	3,569	617,034	7,185	8,648	5,584	876,878

Land & Buildings

Non-specialised property is valued at Fair Value – Existing Use Value. Specialised Property is valued on the basis of Depreciated Replacement Costs.

Community Assets

This group includes parks, cemetery land and other identifiable assets held in perpetuity, usually at Depreciated Historical Cost.

Infrastructure

These are included on the balance sheet at Depreciated Historical Cost in accordance with the guidelines contained in the RICS Appraisal and Valuation Standards.

Vehicles, Plant and Equipment

The majority of the Council's plant and equipment is included in the valuation of the buildings. The vehicles and other equipment are valued at Depreciated Historical Cost.

Intangible Assets

This group consists mainly of software licences for computer systems held at Depreciated Historical Cost.

Surplus Assets

Assets held for sale have strict criteria to be met before any assets can be included under this heading. Where assets are not in use but do not meet the criteria, they are accommodated within surplus assets. They are held at highest and best use value.

Assets under Construction/Development

These schemes are held temporarily on the balance sheet at Historic Cost until the asset is completed, when it is replaced with a formal valuation.

Fair Value Hierarchy for Investment Properties, Surplus Assets and Assets Held for Sale

Investment Properties, Surplus Assets and Assets Held for Sale have been value assessed as Level 2 on the fair value hierarchy for valuation purposes (see Statement of Accounting Policies 9 – Fair Value).

Valuation Techniques Used to Determine Level 2 Fair Values

The fair value of Investment Properties, Surplus Assets and Assets Held for Sale have been measured using a market approach, which takes into account quoted prices for the existing or similar assets in active markets, existing lease terms and rentals, research into market evidence including market rentals and yields, the covenant strength for existing tenants, and data and market knowledge gained in managing the Council's Asset portfolio. This information is contained within the Valuation Assumptions and Evidence note agreed between the authority's Asset Manager and professional staff. Market conditions are such that similar properties are actively purchased and sold and the level of observable inputs are significant, leading to the properties being categorised as Level 2 on the fair value hierarchy.

There has been no change in the valuation techniques used during the year for Investment Properties, Surplus Assets or Assets Held for Sale.

Highest and Best Use

In estimating the fair value of the Council's Investment Properties, the highest and best use is their current use, though Assets Held for Sale have been valued taking their development potential into account.

De-minimis Assets

At 31st March 2025, the Council had 66 assets with a total value of £0.922m that were not recorded on the Balance Sheet as they fell below its de-minimis level of £35,000.

18. Heritage Assets

Reconciliation of the Carrying Value of Heritage Assets Held by the Council:

	2023/24			2024/25		
	Civic Regalia £000	Outdoor Sculpture £000	Total £000	Civic Regalia £000	Outdoor Sculpture £000	Total £000
Cost or Valuation						
1st April	858	567	1,425	858	567	1,425
Additions	-	-	-	-	-	-
Disposals	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-
Impairment Losses/(Reversals) Recognised in the Revaluation Reserve	-	-	-	-	-	-
Impairment Losses/(Reversals) Recognised in the Surplus or Deficit on the Provision of Services	-	-	-	-	-	-
31st March	858	567	1,425	858	567	1,425

Other Heritage Assets

For the following Heritage Assets, no valuation is held as the records for the cost of acquisition / construction are no longer available, and they are not insured as individual items so are not recorded on the Council's balance sheet. Although these assets have a cultural significance to the local community, they are not considered to have a material financial value.

War Memorials

The Council has two war memorials, one in Runcorn on Moughland Lane and the other in Widnes in Victoria Park.

Duck Decoy (Hale Village)

The Duck Decoy in Hale Village has been restored for use as a nature reserve with assistance from the Heritage Lottery Fund

Outdoor Works of Art

A metal sculpture called Spire in Church Street, Runcorn and works of art on Runcorn Promenade and within sets of railings and panels around Halton Castle.

Halton Castle

One of only two Norman Castles remaining in Cheshire, managed on behalf of the Council by Norton Priory Museum Trust.

19. Investment Properties

The following items of income and expenditure have been accounted for in the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

2023/24		2024/25
£000		£000
(39)	Rental Income from Investment Property	(38)
15	Direct Operating Expenses from Investment Property	1
(24)		(37)

Investment Properties are not directly involved in the delivery of a service and are valued annually.

There are no restrictions on the Council's ability to realise the value inherent in its investment property or on the Council's right to the remittance of income and the proceeds of disposal. The Council has no obligations to purchase, construct or develop investment property or undertake repairs, maintenance or enhancement.

The following table summarises the movement in the fair value of investment properties over the year:

	2023/24	2024/25
	£000	£000
Balance at the start of the year	1,344	1,323
Additions:		
- Purchases	-	-
- Construction	-	-
- Subsequent expenditure	-	-
Disposals	(73)	-
Net gain/(losses) from fair value adjustments	52	859
Transfers:		
- (To)/from Inventories	-	-
- (To)/from Property, Plant and Equipment	-	-
Other changes	-	-
	1,323	2,182

For details of the fair value valuations used for Investment Properties, see Note 17.

20. Intangible Assets

The Council accounts for its software as intangible assets, with the exception of software which is an integral part of a particular IT system and accounted for as part of the hardware item of Property, Plant and Equipment.

All software is given a finite life, based on assessments of the period that the software is expected to be of use to the Council. The useful lives assigned to the major software suites used by the Council are 5 years.

The carrying amounts of intangible assets are amortised on a straight-line basis. The amortisation of £0.273m charged to revenue in 2024/25 was charged to various cost centres and then absorbed as an overhead across all service headings in the Net Expenditure of Continuing Operations.

The movement on Intangible Asset balances during the year is as follows:

	2023/24 Restated £000	2024/25 £000
Balance at start of year:		
Gross carrying amounts	1,069	10,443
Accumulated amortisation	(343)	(9,659)
Net carrying amount at start of year	726	784
Additions:		
Purchases	296	220
Amortisation for the period	(238)	(273)
Net carrying amount at end of year	784	731
Comprising:		
Gross carrying amounts	1,365	10,663
Accumulated amortisation	(581)	(9,932)
	784	731

Please note that the brought forward gross valuation of Intangible Assets and associated depreciation have been reduced by £9.078m as the carrying amounts included items no longer held by the Council. These items were fully depreciated and this change therefore has no impact on the net asset values recorded on the Balance Sheet.

21. Assets Held for Sale

	2023/24	2024/25
	£000	£000
Balance Outstanding at Start of Year	12,229	987
Assets Newly Classified as Held for Sale:		
- Property, Plant and Equipment	-	-
- Intangible Assets	-	-
Revaluation Losses	-	(396)
Revaluation Gains	-	-
Impairment Losses	-	-
Assets Declassified as Held for Sale:		
- Property, Plant and Equipment	(5,242)	-
- Intangible Assets	-	-
Assets Sold	(6,000)	-
Transfers from Non-Current to Current	-	-
Other Movements	-	-
Balance Outstanding at Year-End	987	591

For details of the fair value valuations used for Assets Held for Sale, see Note 17.

Please note all Assets Held for Sale are due to be sold within a year and are shown as Current Assets on the Balance Sheet.

22. Investments

Investments in Associates and Joint Ventures are shown below:

	31/03/2024	31/03/2025
	£000	£000
Associates		
Daresbury SIC LLP (25% equity shares)	5,003	3,794
Joint Ventures		
Halton & Kent Commercial Services LLP		(140)
	5,003	3,654

Copies of the accounts for Daresbury SIC LLP and Halton & Kent Commercial Services LLP will be available from Companies House (gov.uk/get-information-about-a-company).

Long-term Investments consist of:

	31/03/2024 £000	31/03/2025 £000
Subsidiaries		
Mersey Gateway Share Capital - de minimis	-	-
	-	-
Other Long Term Investments		
Municipal Bonds Agency	10	10
CCLA Property Fund	8,523	8,715
Long Term Deposits	15,000	5,000
	23,533	13,725
Total Long Term Investments	23,533	13,725

Short-term investments consist of:

	31/03/2024 £000	31/03/2025 £000
Non-UK Banks		
Bank of Montreal	5,000	-
Local Authorities		
Aberdeen City Council	7,000	10,000
Adur District Council	1,000	-
Gravesham Borough Council	5,700	-
Police and Crime Commissioner for Kent	5,000	7,000
Warrington Borough Council	-	10,000
West Northamptonshire Council	-	5,000
Interest accrued on investments 31st March	948	404
	24,648	32,404

23. Debtors

	Gross Debtors	Impairment	Net Debtors	Gross Debtors	Impairment	Net Debtors
	31/03/2024			31/03/2025		
	£000	£000	£000	£000	£000	£000
Short Term						
Mersey Gateway						
- Toll and registration fees	2,597	(2,137)	460	2,958	(2,568)	390
- Public charge notices	32,632	(30,849)	1,783	36,078	(34,733)	1,345
VAT	6,401	-	6,401	5,869	-	5,869
Other receivable amounts	41,899	(5,760)	36,139	44,981	(6,147)	38,834
Prepayments	3,036	-	3,036	2,698	-	2,698
Local Taxation	22,431	(17,402)	5,029	22,426	(17,274)	5,152
	108,996	(56,148)	52,848	115,010	(60,722)	54,288
Long Term						
Other receivable amounts	13,113	-	13,113	12,044	-	12,044
	13,113	-	13,113	12,044	-	12,044

The past due but not impaired amount for local taxation (council tax and non-domestic rates) can be analysed by age as follows:

	31/03/2024	31/03/2025
	£000	£000
Less than one year	2,354	2,218
One to two years	1,062	1,110
Two to three years	687	705
Three to four years	382	485
Four to five years	273	306
Five years and above	271	328
	5,029	5,152

24. Cash and Cash Equivalents

	31/03/2024	31/03/2025
	£000	£000
Cash held by the Council	45	255
Bank current accounts	1,352	(5,201)
Short-term deposits	55,975	15,500
	57,372	10,554

25. Creditors

	31/03/2024	31/03/2025
	£000	£000
Mersey Gateway		
- Payment to toll collection company	(2,608)	(2,496)
- Payment of unitary charge	(6,582)	(6,819)
- Construction costs	(363)	(2)
- Mersey Gateway excess revenue share repayable to DFT	(44,750)	-
Short-term element of long-term liabilities	(9,139)	(11,570)
Other payable amounts	(50,631)	(49,472)
	(114,073)	(70,359)

26. Borrowings

Short-term borrowings consist of:

	31/03/2024	31/03/2025
	£000	£000
Source of loans:		
Ashfield District Council	(5,000)	-
Cambridge and Peterborough Combined Authority	(5,000)	-
Chichester District Council	(5,000)	-
Gwynedd Council	(5,000)	-
Lancaster City Council	-	-
London Treasury Liquidity Fund	-	(10,000)
Public Works Loan Board	-	(10,000)
Swansea County Council	(5,000)	-
West Midlands Combined Authority	-	-
West Yorkshire Pension Fund	(10,000)	-
Interest accrued on borrowing	(3,150)	(1,072)
	(38,150)	(21,072)

Long-term borrowings consist of:

	31/03/2024	31/03/2025
	Restated £000	£000
Source of loans:		
Public Works Loan Board	(172,000)	(212,000)
	(172,000)	(212,000)
Analysis of loans by maturity:		
Maturing in 1-2 years	(10,000)	(50,000)
Maturing in 2-5 years	-	-
Maturing in 5-10 years	-	-
Maturing in more than 10 years	(162,000)	(162,000)
	(172,000)	(212,000)

Please note the 31/03/24 figure on analysis by maturity has been updated to move £10m PWLB borrowing to 1-2 years, which was included in 2-5 years in error.

27. Provisions

	Short-Term					Long-Term		
	NNDR Appeals £000	Insurance Provision £000	Mersey Gateway Grant £000	Other Provisions £000	Total £000	NNDR Appeals £000	Mersey Gateway Grant £000	Total £000
Balance at 1st April 2023	(987)	(1,251)	(46,345)	(354)	(48,937)	(990)	(16,150)	(17,140)
Movement in use of provision in year	(1,016)	242	46,345	-	45,571	990	(7,276)	(6,286)
Amounts reclassified from >12 months	-	-	-	-	-	-	-	-
Amounts reclassified from <12 months	-	-	-	-	-	-	-	-
Balance at 31st March 2024	(2,003)	(1,009)	-	(354)	(3,366)	-	(23,426)	(23,426)
Balance at 1st April 2024	(2,003)	(1,009)	-	(354)	(3,366)	-	(23,426)	(23,426)
Movement in use of provision in year	(383)	(152)	-	(299)	(834)	-	(5,773)	(5,773)
Amounts reclassified as <12 months	-	-	-	-	-	-	-	-
Amounts reclassified from <12 months	-	-	-	-	-	-	-	-
Balance at 31st March 2025	(2,386)	(1,161)	-	(653)	(4,200)	-	(29,199)	(29,199)

NNDR Appeals

The Council is required to make a provision for NNDR valuation appeal claims. It is assumed that appeals outstanding on the 2023 list will be settled in 2025/26.

Insurance Provision

The Council have a number of insurance claims outstanding in relation to employers' liability and public liability claims. The provision shown above reflects the expected cost to the Council, up to the value of the excess for each claim. It is assumed that all claims will be settled during 2025/26.

Mersey Gateway Grant Repayment

As part of the agreement with the Department for Transport, following each 3-year project review, the next being in 2026/27, 85% of any unused grant is to be repaid to Central Government.

28. Contingent Liabilities

At 31st March 2025, the Council had no categories of material Contingent Liabilities.

29. Other Long-Term Liabilities

	31/03/2024	31/03/2025
	£000	£000
Defined benefit pension liability	(4,504)	(4,042)
PFI lease liability due in more than 12 months	(15,924)	(19,489)
Mersey Gateway unitary charge due in more than 12 months	(320,351)	(354,776)
Other lease liabilities due more than 12 months	-	(2,790)
Repayment of grant due in more than 12 months	(1,846)	-
Deferred liabilities	(29)	-
	(342,654)	(381,097)

30. Leases

IFRS16 Transition

In 2024/25, the council applied IFRS 16 Leases as required by the Code of Practice for Local Authority Accounting in the United Kingdom. The main impact of the new requirements is that for arrangements previously accounted for as operating leases (ie without recognising the leased property as an asset and future rents as a liability) a right-of-use asset and a lease liability are to be brought into the Balance Sheet at 1st April 2024. Leases for items of low value and leases that expire on or before 31st March 2025 are exempt from the new arrangements.

IFRS 16 has been applied retrospectively, but with the cumulative effect recognised at 1st April 2024. This means that right-of-use assets and lease liabilities have been calculated as if IFRS 16 had always applied but recognised in 2024/25 and not by adjusting prior year figures. However, some practical expedients have been applied as required or permitted by the Code:

- liabilities are measured at the present value of the remaining lease payments at 1 April 2024 discounted by the authority's incremental borrowing rate at that date.
- the weighted average of the incremental borrowing rates used to discount liabilities was 5.20%
- right-of-use assets are measured at the amount of the lease liability, adjusted for any prepaid or accrued lease payments that were in the balance sheet on 31st March 2024 – any initial direct costs have been excluded
- all leases were assessed as to whether they were onerous at 31st March 2024, so right-of-use assets have not been subject to an impairment review – carrying amounts have been reduced by any provisions for onerous contracts that were in the 31st March 2024 Balance Sheet.

This has resulted in the following additions to the Balance Sheet:

- £2.936m Property, plant and equipment – land and buildings (right-of-use assets)
- £2,864m Non-current creditors (lease liabilities)
- £0.072m Current creditors (lease liabilities)

The newly recognised lease liabilities of £2.936m compare with the operating lease commitments of £10.210m at 31st March 2024 disclosed in the notes to the 2023/24 financial statements. When these are discounted to their present value of £2.936m (using the incremental borrowing rate at 1st April 2024), there is a difference of £7.274m from the newly recognised lease liabilities. This is explained by the fact that the lease liabilities exclude amounts for leases of low value items and leases that will expire before 31st March 2025.

Authority as Lessee

The authority's lease contracts comprise leases of operational land and buildings. Most are individually immaterial however, material leases include:

- Lease for Rutland House, which commenced in December 1972 for a term of 122 years. The value of the asset as at 31st March 2025 was £2.9m.

Right of use assets

This table shows the change in value of right of use assets held under lease by the authority.

	Land and Buildings £000
Balance at 1st April 2024	-
Additions	(2,936)
Revaluation	-
Depreciation and Impairment	-
Disposals	-
Balance at 31st March 2025	(2,936)

Transactions under leases

The authority incurred the following expenses and cash flows in relation to leases

	2024/25 £000
Comprehensive income and expenditure statement	
Interest expense on lease liabilities	154
Expense relating to short term assets	16
Expense relating to low value items	170
Income from subletting right of use assets	(103)
Cash flow statement	
Minimum lease payments	226

Maturity analysis of lease liabilities

The lease liabilities are due to be settled over the following time bands (measured at the undiscounted amounts of expected cash payments)

	31/03/2024	31/03/2025
	£000	£000
Not later than one year	196	177
Later than one year and not later than five years	602	615
Later than five years	9,412	9,841
	10,210	10,633

Authority as a Lessor

Operating Leases

The Council leases out property under operating leases to supplement the Council's income, to allow short-term use of assets being retained for longer-term asset strategy and to allow the use of Council assets by the third sector.

The future minimum lease payments receivable under non-cancellable leases in future years are:

	31/03/2024	31/03/2025
	£000	£000
Not later than one year	653	730
Later than one year and not later than five years	1,800	1,824
Later than five years	6,697	7,851
	9,150	10,405

Finance Leases

The authority leases buildings in Venture Fields and Daresbury SciTech. The authority has a gross investment in the leases, made up of the minimum lease payments expected to be received over the remaining term and the residual value anticipated for the properties when the lease comes to an end. The minimum lease payments comprise settlement of the long-term debtor for the interest in the property acquired by the lessee and finance income that will be earned by the authority in future years while the debtor remains outstanding. The gross investment is made up of the following amounts:

	31/03/2024	31/03/2025
	£000	£000
Finance lease debtor (net present value of minimum lease payments)		
- Current	552	566
- Non-Current	9,768	9,201
Unearned finance income	2,281	2,025
Gross investment in the lease	12,601	11,792

The gross investment in the lease and the minimum lease payments will be received over the following periods:

	Gross Investment in the Lease		Minimum Lease Payments	
	31/03/2024	31/03/2025	31/03/2024	31/03/2025
	£000	£000	£000	£000
Not later than one year	810	810	810	810
Later than one year and not later than five years	3,238	3,238	3,238	3,238
Later than five years	8,553	7,744	8,553	7,744
	12,601	11,792	12,601	11,792

As the Council is unaware of any financial circumstances that might result in lease payments not being made, there has been no provision set aside for uncollectable amounts. This will be reviewed on an annual basis.

31. Private Finance Initiatives and Similar Schemes

Halton Grange School PFI Scheme

On 20th June 2011 the Council entered into a 25-year Private Finance Initiative (PFI) arrangement with HTP Grange Ltd for the provision of 1 new high school. There is a 25-year PFI contract for the construction, maintenance, and facilities management of Grange School. The new school building was handed over to the Council on 15th April 2013 and on 1st January 2018 the school converted to an academy.

The Grange PFI School was removed from the Council's Property Plant and Equipment during 2017/18 at a cost of £21.4m. As the Council is party to the contract with the PFI Operator, the PFI liability is retained on the Council's Balance Sheet and the income from the Academy school is recognised to reduce the overall charge in the year.

The contract specifies minimum standards for the services provided by the contractor to the school. The contractor took on the obligation to construct the school and maintain it in a minimum acceptable condition and to procure and maintain the plant and equipment needed to operate the school. The buildings and any plant and equipment installed in them at the end of the contract will be transferred to the Council for nil consideration. The Council only has rights to terminate the contract if it compensates the contractor in full for the costs incurred and future profits that would have been generated over the remaining term of the contract.

Payments

The Council makes an agreed payment each year which is increased annually by inflation and can be reduced if the contractor fails to meet availability and performance standards in any year, but which is otherwise fixed.

Payments remaining to be made under the PFI contract at 31st March 2025 are as follows:

	Payment for Services £000	Reimbursements of Capital Expenditure £000	Interest £000	Total £000
Payment in 2025/26	1,525	929	1,752	4,206
Payable within 2-5 years	6,013	4,701	6,114	16,828
Payable within 6-10 years	7,955	8,038	5,042	21,035
Payable within 11-15 years	4,660	6,750	1,207	12,617
Total	20,153	20,418	14,115	54,686

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred and interest payable. The liability outstanding to the contractor for capital expenditure incurred is shown below.

The liability outstanding at 1st April 2024 has been increased in line with the implementation of IFRS 16, and the liability now includes the indexation of unitary charges since the start of the scheme (see policy 25).

	2023/24	2024/25
	£000	£000
Balance outstanding at 31st March	17,162	16,546
IFRS16 Restatement of Liability	-	4,673
Balance outstanding at 1st April	17,162	21,219
Payments during the year	(616)	(801)
Capital expenditure incurred in the year	-	-
Balance outstanding at 31st March	16,546	20,418

The carrying value of the PFI liability is the present value of the payments due using the interest rate implicit in the contract.

Mersey Gateway – Unitary Payments

On 13th October 2017 the Mersey Gateway Bridge opened. The project was funded through a mixture of capital payments from Halton Borough Council and monthly unitary charge payments to Merseylink paid using the toll income raised. Unitary Charge payments cover the costs of construction and ongoing maintenance of the bridge for a period of 27 years.

The Mersey Gateway Bridge is recognised in Infrastructure Assets on the Council's Balance Sheet. Movements in the value of the Mersey Gateway over the year are detailed in the analysis of the movement on the property, plant and equipment balance in Note 17.

The Project Company took on the obligation to construct the bridge and associated roads and maintain them in a minimum acceptable condition. At the end of the contract the assets will be handed back to the Council for nil consideration. Full details of the requirement to achieve acceptable handback condition are in the Project Agreement. The Council has rights to terminate the contract if it compensates the contractor in full as detailed in the Project Agreement. There are also provisions for termination by either party for certain breaches of performance.

Payments

The Council makes an agreed payment each month to Merseylink which is increased annually by inflation and can be reduced if traffic flows fall below an agreed level.

Payments remaining to be made under the scheme at 31st March 2025 (excluding any deductions) are as follows:

	Payment for Services £000	Reimbursements of Capital Expenditure £000	Interest £000	Total £000
Payment in 2025/26	3,413	10,640	28,182	42,235
Payable within 2-5 years	18,077	46,780	104,084	168,941
Payable within 6-10 years	28,681	74,985	107,510	211,176
Payable within 11-15 years	30,031	108,124	73,021	211,176
Payable within 16-20 years	21,476	124,887	22,576	168,939
Total	101,678	365,416	335,373	802,467

Please note, the services element of the contract is calculated using the estimated costs over the life of the agreement.

Although the payments made to the contractor are described as unitary payments, they have been calculated to compensate the contractor for the fair value of the services they provide, the capital expenditure incurred, and interest payable. The liability outstanding to the contractor for capital expenditure incurred is shown below.

The liability outstanding at 1st April 2024 has been increased in line with the implementation of IFRS 16, and the liability now includes the indexation of unitary charges since the start of the scheme (see policy 25).

	2023/24 £000	2024/25 £000
Balance outstanding at 31st March	336,188	328,862
IFRS16 Restatement of Liability		46,118
Balance outstanding at 1st April	336,188	374,980
Payments during the year	(7,326)	(9,563)
Capital expenditure incurred in the year	-	-
Balance outstanding at 31st March	328,862	365,417

32. Pension Schemes

Disclosure of Net Pensions Asset/Liability

Participation in pension schemes

As part of the terms and conditions of employment of its officers and other employees, the Council makes contributions towards the cost of post-employment retirement benefits. Although these benefits will not actually be payable until employees retire, the Council has a commitment to make the payments that needs to be disclosed at the time that employees earn their entitlement.

The Council participates in three pension schemes, all of which offer defined benefit schemes:

The Local Government Pension Scheme administered by Cheshire West and Chester Council - this is a funded career average revalued earnings (CARE) defined benefit scheme, meaning that the Council and its employees pay contributions into a fund, calculated at a level intended to balance the pension liabilities with investment assets.

The principal risks to the authority of the scheme are the longevity assumptions, changes to inflation, bond yields, the performance of the equity investments held, and any significant statutory or structural changes to the scheme. The risks are, in part, mitigated by the annual process of charging to the General Fund any increase/decrease in the net asset or liability, as identified in the actuarial valuation.

The Teachers' Pension Scheme – this is a centralised scheme administered by Teachers' Pensions Agency. Although the scheme is unfunded, the Agency uses a notional fund as the basis for calculating the employers' contribution rate paid by Local Education Authorities.

The NHS Pension Scheme relates to 19 employees. The scheme operates on a similar basis to the Teachers' Pension Scheme.

Local Government Pension Scheme

Transactions Relating to Post-Employment Benefits

In 2024/25, the Council paid an employer's contribution to the Cheshire Pension Fund of £16.882m (£16.010m in 2023/24).

The cost of retirement benefits is recognised in the Net Cost of Services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge that is required to be made against council tax is based on the cash payable in the year, so the real cost of retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the General Fund Balance via the Movement in Reserves Statement during the year.

Following the revaluation by our actuary it was determined that the fair value of the pension plan asset outweighed the present value of the plan obligations as at 31st March 2025, which

resulted in a plan asset. IAS 19 Employee Benefits requires that, where a pension asset exists, it is measured at the lower of the surplus in the defined benefit plan, and the asset ceiling. The calculation was completed by the actuaries and it was determined that the asset ceiling is nil. An adjustment has been added to notes below to reflect this.

	2023/24	2024/25
Comprehensive Income & Expenditure Statement		
Cost of Services	£000	£000
Current service costs	15,916	15,088
Past service costs/(gain)	335	48
Losses/(gains) from settlements	(369)	(296)
Finance & Investment Income & Expenditure		
Net interest expense	(4,600)	(6,481)
Interest on the effect of the asset ceiling	4,816	6,644
Total Post-Employment Benefit Charged to the Surplus or Deficit on the Provision of Services	16,098	15,003
Other Post-Employment Benefits Charged to the Comprehensive Income and Expenditure Statement		
Re-measurement of the net defined benefit liability comprising:		
Return on plan assets (excluding the amount included in the net interest expense)	(12,383)	18,687
Actuarial (gains) and losses arising on changes in demographic assumptions	(3,842)	(1,021)
Actuarial (gains) and losses arising on changes in financial assumptions	(32,769)	(88,040)
Other experience	18,311	(5,241)
Asset ceiling adjustment	30,780	77,470
Total Post-employment Benefits charged to the Comprehensive Income and Expenditure Statement	97	1,855
Movement in Reserves Statement		
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	(16,098)	(15,004)
Actual amount charged against the General Fund Balance for pensions in the year:		
Contributions in respect of unfunded benefits	425	439
Employers' contributions payable to scheme	16,010	16,882

Pension Assets and Liabilities Recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the Council's obligation in respect of its defined benefit plans is as follows:

	2023/24 £000	2024/25 £000
Present value of funded liabilities	(574,476)	(504,753)
Present value of unfunded liabilities	(4,504)	(4,042)
Fair value of plan assets	711,469	725,860
Sub Total	132,489	217,065
Other movement in the asset / liability	-	-
Net asset / (liability) arising from defined benefit obligation	132,489	217,065

Reconciliation of the Movements in the Fair Value of Scheme (Plan) Assets.

	2023/24 £000	2024/25 £000
Opening fair value of scheme assets	670,796	711,469
Interest income	31,788	34,443
Remeasurement gain / (loss)	-	-
The return on plan assets, excluding the amount included in the net interest expense	12,383	(18,687)
Contributions from employer	16,010	16,882
Contributions from employees into the scheme	4,873	5,221
Benefits paid	(23,743)	(22,943)
Effect of settlements	(638)	(525)
Closing fair value of scheme assets	711,469	725,860

Reconciliation of Present Value of the Scheme Liabilities (Defined Benefit Obligation).

	2023/24	2024/25
	£000	£000
Opening balance at 1st April	(574,143)	(578,980)
Current service cost	(15,916)	(15,088)
Interest cost	(27,188)	(27,962)
Contribution from scheme participants	(4,873)	(5,222)
Remeasurement (gains) and losses:		-
- Actuarial gains / losses arising from changes in demographic assumptions	3,842	1,021
- Actuarial gains / losses arising from changes in financial assumptions	32,769	88,040
- Other	(18,311)	5,241
Past service cost	(335)	(48)
Benefits paid	24,168	23,382
Liabilities extinguished on settlements	1,007	821
Closing balance at 31st March	(578,980)	(508,795)

Reconciliation of Asset Ceiling Adjustment.

	2023/24	2024/25
	£000	£000
Opening effect of the asset ceiling	(101,397)	(136,993)
Interest on the effect of the asset ceiling	(4,816)	(6,644)
Changes in the effect of the asset ceiling	(30,780)	(77,470)
Closing effect of the asset ceiling	(136,993)	(221,107)

Local Government Pension Scheme assets comprised:

	Fair value of scheme assets 2023/24			Fair value of scheme assets 2024/25		
	Quoted prices in active markets £000	Unquoted prices not in active markets £000	Total £000	Quoted prices in active markets £000	Unquoted prices not in active markets £000	Total £000
Cash and cash equivalents	-	8,148	8,148	-	6,337	6,337
Equity securities						
- Consumer	3,441	-	3,441	3,531	-	3,531
- Manufacturing	3,585	-	3,585	3,299	-	3,299
- Energy & utilities	-	-	-	-	-	-
- Financial institutions	743	-	743	704	-	704
- Health & care	1,309	-	1,309	1,499	-	1,499
- Information technology	23,828	-	23,828	24,215	-	24,215
- Other	1,847	-	1,847	2,632	-	2,632
Sub-total equity	34,752	-	34,752	35,880	-	35,880
Debt securities						
- Corporate bonds	-	-	-	-	-	-
- Government bonds	-	-	-	-	-	-
- Other	-	-	-	-	-	-
Sub-total bonds	-	-	-	-	-	-
Property						
- UK property	-	49,891	49,891	-	53,780	53,780
- Overseas property	-	953	953	-	926	926
Sub-total property	-	50,844	50,844	-	54,706	54,706
Private Equity	-	48,356	48,356	-	47,918	47,918
Other investment funds						
- Equities	205,359	-	205,359	213,171	-	213,171
- Bonds	162,019	106,890	268,909	153,417	118,977	272,394
- Hedge funds	-	50,553	50,553	-	47,919	47,919
- Infrastructure	-	11,606	11,606	-	13,601	13,601
- Other	-	32,941	32,941	-	33,934	33,934
Sub-total investment funds	367,378	201,990	569,368	366,588	214,431	581,019
Total Assets	402,131	309,338	711,468	402,468	323,392	725,860

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels, etc. The liabilities have been assessed by Hymans Robertson LLP, an independent firm of actuaries.

The principal assumptions used by the actuary are shown below:

	2023/24	2024/25
Mortality Assumptions		
Longevity at 65 for current pensioners:		
- Men	20.8 years	20.8 years
- Women	23.5 years	23.5 years
Longevity at 65 for future pensioners:		
- Men	21.3 years	21.2 years
- Women	24.8 years	24.7 years
Rate of inflation	2.8%	2.8%
Rate of increase in salaries	3.5%	3.5%
Rate of increase in pensions	2.8%	2.8%
Rate for discounting scheme liabilities	4.9%	5.8%
Take-up of option to convert annual pension into retirement lump sum		
- Service to April 2008	65%	65%
- Service from April 2008	65%	65%

The estimation of the defined benefit obligations is sensitive to the actuarial assumptions set out in the table above. The sensitivity analyses below have been determined based on reasonable possible changes of the assumptions occurring at the end of the reporting period and assumes for each change that the assumption analysed changes while all the other assumptions remain constant. The assumptions in longevity, for example, assume that life expectancy increases or decreases for men and women. In practice, this is unlikely to occur, and changes in some of the assumptions may be interrelated. The estimations in the sensitivity analysis have followed the accounting policies for the scheme, i.e. on an actuarial basis using the projected unit credit method. The methods and types of assumptions used in preparing the sensitivity analysis overleaf did not change from those used in the previous period.

	Approximate % increase to Defined Benefits Obligation	Approximate monetary amount £000
Change in assumptions at 31st March 2025		
0.1% decrease in Real Discount Rate	2%	8,648
1 year increase in Member Life Expectancy	4%	20,264
0.1% increase in the Salary Increase Rate	0%	410
0.1% increase in the Pension Increase Rate	2%	8,478

Impact on the Authority's Cash Flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The Council has agreed a strategy with the scheme's actuary to achieve a funding level of 100% over the 20 years following the last valuation. Funding levels are monitored on an annual basis and the next triennial valuation was completed on 31st March 2025.

The scheme will need to take account of the national changes to the scheme under the Public Pensions Services Act 2013. Under the Act, the Local Government Pension Scheme in England and Wales and other main existing public service schemes may not provide benefits in relation to service after 31st March 2014 (or service after 31st March 2015 for other main existing public service pension schemes in England and Wales). The Act provides for scheme regulations to be made within a common framework, to establish new career average revalued earnings schemes to pay pensions and other benefits.

The authority is anticipated to pay contributions of £16.490m to the scheme in 2025/26.

The weighted average duration of the defined benefit obligation for scheme members is 18 years in 2024/25 (18 years in 2023/24).

Further information can be found in Cheshire West and Chester Council's Pension Funds Annual Report, which is available from Cheshire Pension Fund, Cheshire West and Chester Council, 4 Civic Way, Ellesmere Port, CH65 0BE.

Teachers' Pension Scheme

Defined Contribution Scheme

In 2024/25, the Council paid an employers' contribution to the Teachers' Pension Agency of £7.899m (£6.365m in 2023/24) in respect of teachers' pension costs. The contribution rate for 2024/25 was 23.7% (23.7% in 2023/24) of teachers' pensionable pay.

The scheme is a defined benefit scheme. Although the scheme is unfunded, Teachers' Pensions use a notional fund as the basis for calculating the employers' contribution rate paid by Local Education Authorities. It is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purpose of the statement of accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

The Council is responsible for any additional benefits granted upon early retirement, outside the standard terms of the scheme. For the year 2024/25 the cost was £0.154m (£0.168m in 2023/24).

NHS Pension Scheme

Defined Contribution Scheme

In 2024/25 the Council paid an employers' contribution to the National Health Service Pension Scheme in respect of 19 employees, the amount paid was £0.150m (£0.157m in 2023/24) in respect of these former NHS employees' pension costs. The contribution rate was 14.4% (14.4% in 2023/24) of pensionable pay, with an additional 2.5% bi-annual contribution towards the increase in employer contributions of 6.3% in 2019. The NHS are responsible for funding the remaining 3.8% of the increase.

The scheme is a defined benefit scheme. Although the scheme is unfunded, the NHS use a notional fund as the basis for calculating the employers' contribution rate paid by local authorities.

It is not possible for the Council to identify a share of the underlying liabilities in the scheme attributable to its own employees. For the purposes of this Statement of Accounts, it is therefore accounted for on the same basis as a defined contribution scheme.

33. Financial Instruments

Categories of Financial Instruments

The following categories of financial instrument are carried in the Balance Sheet:

Financial Assets

	Long Term 31/03/2024	Current 31/03/2024	Long Term 31/03/2025	Current 31/03/2025
	£000	£000	£000	£000
Fair value through profit and loss	8,523	-	8,715	-
Amortised cost				
- Investments	15,000	24,648	5,000	32,404
- Debtors	13,112	38,199	12,044	40,256
- Cash & cash equivalents	-	57,372	-	10,554
Fair value through other comprehensive income				
- Designated equity instruments	10	-	10	-
- Other	5,003	-	3,654	-
Total financial assets	41,648	120,219	29,423	83,214
Assets not defined as financial instruments	877,911	15,973	881,215	14,980
Total assets	919,559	136,192	910,638	98,194

Financial Liabilities

	Long Term 31/03/2024	Current 31/03/2024	Long Term 31/03/2025	Current 31/03/2025
	£000	£000	£000	£000
Financial liabilities at amortised cost				
- Borrowings	(172,000)	(38,150)	(212,000)	(21,072)
- Other lease liabilities and PFI	(15,924)	(628)	(22,276)	(1,006)
- Mersey Gateway Unitary Charge	(320,351)	(8,511)	(354,776)	(10,640)
- Creditors	(1,845)	(99,605)	-	(57,483)
Fair Value through profit or loss	-	-	-	-
Total financial liabilities	(510,120)	(146,894)	(589,052)	(90,201)
Liabilities not defined as financial instruments	(29,500)	(15,911)	(33,244)	(12,494)
Total liabilities	(539,620)	(162,805)	(622,296)	(102,695)

Financial Instruments Designated at Fair Value through Profit or Loss

The Council's investment in the CCLA Property Fund has been disclosed at Fair Value through Profit or Loss and is valued at £8.715m at 31st March 2025 (£8.522m at 31st March 2024).

The valuation is based on the net asset value provided by CCLA at 31st March 2025.

As the property fund has been classified at Fair Value through Profit or Loss, the changes in the valuation would have a direct impact on the General Fund Balance, but to comply with the IFRS statutory override, any unrealised gains or losses since the acquisition of the fund units have been moved to the Pooled Investment Fund Adjustment Account. Further details can be found in Note 37.

Investments in Equity Instruments Designated at Fair Value through Other Comprehensive Income

The Council holds a 25% equity holding in Daresbury SIC LLP, valued at a net asset value of £3.794m at 31st March 2025 (£5.003m at 31st March 2024).

The Council holds a 50% equity holding in Halton & Kent Commercial Services LLP, valued with a net liability value of £0.140m at 31st March 2025. 2024/25 is the first year that this holding has been recognised in the accounts.

The Council also holds a £0.010m shareholding in the Municipal Bonds Agency, which is valued at cost based on materiality.

Income, Expense, Gains and Losses

	2023/24		2024/25	
	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000	Surplus or Deficit on the Provision of Services £000	Other Comprehensive Income and Expenditure £000
Net (gains)/losses on:				
Financial assets measured at fair value through profit or loss	347	-	(192)	-
Financial assets measured at fair value through other comprehensive income	-	(134)	-	1,349
Interest revenue				
Financial assets measured at amortised cost	(5,438)	-	(5,053)	-
Financial assets measured at fair value through profit or loss	(424)	-	(438)	-
Interest expense	34,139	-	38,888	-
Net Gain/(Loss)	28,624	(134)	33,205	1,349

Fair Values of Financial Assets

Some of the authority's financial assets are measured at fair value on a recurring basis and are described in the following table, including the valuation techniques used to measure them.

Recurring fair value measurements	Input level in fair value hierarchy £000	Valuation technique used to measure fair value £000	31/03/2024 £000	31/03/2025 £000
Fair Value through Profit or Loss: CCLA Property Fund	Level 1	Unadjusted quoted prices in active markets for identical shares	8,523	8,715
Fair Value through Other Comprehensive Income & Expenditure:				
Daresbury SIC LLP	Level 2	Net Asset Valuation	5,003	3,794
Halton & Kent				
Commercial Services LLP	Level 2	Net Asset Valuation	-	(140)
Municipal Bonds Agency	Level 3	At Cost	10	10

There have been no transfers between input levels during the year, and no change in the valuation technique used.

The Fair Values of Financial Assets and Financial Liabilities that are not Measured at Fair Value (but for which Fair Value disclosures are required)

Except for the financial assets carried at fair value (described in the table above), all other financial liabilities and financial assets held by the authority are carried in the Balance Sheet at amortised cost. Their fair value can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments (Level 2), using the following assumptions:

- Estimated ranges of interest rates at 31st March 2025 for loans from PWLB and other loans receivable and payable, based on new lending rates for equivalent loans at that date.
- No early repayment or impairment is recognised for loans or investments.
- Short Term Investments, Cash, and Cash Equivalents are held at carrying value.
- The fair value of trade and other receivables is taken to be the invoiced or billed amount less a provision for impairment.
- Short-term creditors are carried at cost.

The fair values are shown below:

	2023/24		2024/25	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Assets - short-term				
Investments	24,648	24,648	32,404	32,404
Cash and cash equivalents	57,372	57,372	10,554	17,361
Debtors	38,199	38,199	40,256	40,256
Financial Assets - long-term				
Investments	15,000	15,162	5,000	5,199
Debtors	13,112	13,113	12,044	12,044
Fair value through profit and loss	8,523	8,522	8,715	8,715
Fair value through other comprehensive income	5,013	5,013	3,664	3,664

Where the fair value of assets is higher than the carrying amount, this is because the Council's portfolio of investments includes a number of fixed rate investments where the interest receivable is higher than the rates available for similar loans at the Balance Sheet date. This shows a notional future gain (based on economic conditions at the 31st March 2025) attributable to the commitment to receive interest above current market rates.

	2023/24		2024/25	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	£000	£000	£000	£000
Financial Liabilities - short-term				
Borrowings	(38,150)	(38,150)	(21,072)	(21,072)
Other lease liabilities & PFI	(628)	(628)	(1,006)	(1,006)
Mersey Gateway unitary charge	(8,511)	(8,511)	(10,640)	(10,640)
Creditors	(99,605)	(99,605)	(57,483)	(57,483)
Financial Liabilities - long-term				
Borrowings	(172,000)	(138,491)	(212,000)	(167,597)
Other lease liabilities & PFI	(15,924)	(19,844)	(22,276)	(22,276)
Mersey Gateway unitary charge	(320,351)	(407,015)	(354,776)	(354,776)
Creditors	(1,845)	(1,845)	-	-

Where the fair value of the liabilities is lower than the carrying amount, this is because the Council's portfolio of loans includes a number of fixed rate loans where the interest rate payable is lower than the prevailing rates at the Balance Sheet date. This shows a notional

future gain (based on economic conditions at 31st March 2025) arising from a commitment to pay interest to lenders below current market rates.

Nature and Extent of Risks from Financial Instruments

The Council's activities expose it to a variety of financial risks:

Credit Risk – the possibility that other parties might fail to pay amounts due to the Council

Liquidity Risk – the possibility that the Council might not have enough funds available to meet its commitments to make payments

Market Risk – the possibility that financial loss might arise for the Council as a result of changes in such measures as interest rates and stock market movements

The Council's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the resources available to fund services. Risk management is carried out by the treasury management section, under policies approved by the Council in the Treasury Management Strategy. The Council provides written principles for overall risk management, as well as written policies covering specific areas, such as interest risk, credit risk and the investment of surplus cash.

Fair Value

The Code requires that each class of financial asset and liability should disclose the "fair value" in a way that permits it to be compared with its carrying amount, as well as the method used in determining such fair values. The Council has used Link Asset Services, its treasury management advisors, to calculate these values and they have based the calculation on the appropriate PWLB rate for new loans as at 31st March 2025.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures from the Council's customers.

Risks are minimised through the Annual Investment Strategy by ensuring that cash deposits are only placed with financial institutions identified on the Council's Approved List of Counterparties that meet identified minimum credit criteria and imposes a maximum sum to be invested with a financial institution located within each category. This list was established as one of the series of controls recommended by the CIPFA Code of Practice on Treasury Management (the Code) which the Council has adopted. The Annual Investment Strategy is regularly reviewed, as is the approved counterparty list, to help minimise the Council's exposure to risk.

Customers for goods and services are assessed, taking into account their financial position, past experience and other factors, with individual credit limits being set in accordance with parameters set by the Council.

The Council's maximum exposure to credit risk in relation to its investments held in banks and building societies of £0.213m cannot be assessed generally, as the risk of any institution failing to make interest payments or repay the principal sum will be specific to each individual

institution. Recent experience has shown that it is rare for such entities to be unable to meet their commitments. A risk of non-recoverability applies to all Council deposits, but there was no evidence at 31st March 2025 that this was likely to crystallise.

During the year the Council complied fully with the requirements laid out in the Code and no counterparty indicated any problem with repaying any deposit placed by the Council.

The counterparties on the Councils' list are grouped and ranked by a mixture of credit ratings and size, and are set out below:

Maximum Deposit per institution £000	Counterparties	Exposure at 31/03/2025 £000
40,000	UK Government	-
	UK Banks and Building Societies	
30,000	- Minimum Rating AAA	-
25,000	- Minimum Rating AA	-
20,000	- Minimum Rating A	213
10,000	- Minimum Rating BBB	-
	Foreign Banks (with Sovereign Rating of AAA)	
25,000	- Minimum Rating AAA	-
20,000	- Minimum Rating AA	-
10,000	- Minimum Rating A	-
	Money Market Funds	
20,000	- Minimum Rating AAA	10,500
10,000	Property Funds	8,715
40,000	Local Authorities	42,000
		61,428

The amount invested in the CCLA Property Fund is £10m, the value of which was £8.715m at 31st March 2025 (£8.522 at 31st March 2024).

The counterparties on the list are under constant assessment using a variety of sources including rating agencies and professional advice.

The following table analyses the Council's potential maximum exposure to credit risk on financial assets. The historical experience of default has been provided by Link Asset Services based on the rating of each institution.

	Amount outstanding at 31/03/2025 £000	Historical experience of default %	Estimated maximum exposure to default and non- collection at 31/03/2025 £000
Deposits with AA rated banks and building societies			
- 1 year and over	-	0.02	-
- under 1 year	-	0.00	-
Deposits with A rated banks and building societies			
- 1 year and over	-	0.05	-
- under 1 year	213	0.00	-
Deposits with other Local Authorities	42,000	0.00	-
Deposits with MMF	10,500	0.00	-
Deposits with property funds	8,715	0.00	-
	61,428		-

None of the Council's counterparties had any difficulty in repaying their liabilities during 2024/25. There has been no impairment of any financial assets during the course of the year. The Council does not anticipate any losses due to non-performance of its counterparties.

An analysis of the customer/client debt is shown below. As at 31st March 2025, £54.483m of this debt is overdue:

	31/03/2024 £000	31/03/2025 £000
Less than 3 months	10,277	9,856
3 to 6 months	5,784	4,660
6 months to 1 year	8,661	7,407
More than 1 year	29,153	33,845
	53,875	55,768
Provision for non-payment	(38,746)	(43,448)

Liquidity Risk

The Council has a comprehensive cash flow management system that seeks to ensure that cash is available as needed. If unexpected movements happen, the Council has ready access to borrowings from the money markets and the Public Works Loans Board (PWLb). There is no significant risk that the Council will be unable to raise finance to meet its commitments under financial instruments. Instead, the risk is that the Council will be bound to replenish a

significant proportion of its borrowings at a time of unfavourable interest rates. The Council sets limits on the proportion of its fixed rate borrowing during specified periods.

The maturity analysis of financial liabilities is as follows.

	31/03/2024	31/03/2025
	£000	£000
Less than 1 year	146,894	90,202
Between 1 and 2 years	12,024	62,104
Between 2 and 5 years	43,032	39,506
More than 5 years	455,063	487,442
	657,013	679,254

Market Risk

Interest Rate Risk

The Council is exposed to interest rate movements on its borrowing and investments. Movements in interest rates can have a complex impact on the Council. For example, a rise in interest rates would have the following effects:

Borrowing at variable rates – the interest expense charged to the Comprehensive Income & Expenditure Statement will rise

Borrowing at fixed rates – the fair value of liabilities will fall (with no impact on revenue balances)

Investment at variable rates – the interest income credited to the Comprehensive Income and Expenditure Statement will rise

Investment at fixed rates – the fair value of assets will fall (with no impact on revenue balances)

Borrowings are not carried at fair value on the Balance Sheet, so nominal gains and losses on fixed rate borrowings would not impact on the Comprehensive Income and Expenditure Statement. However, changes to interest payable and receivable on variable rate borrowings and investments are posted to the Comprehensive Income and Expenditure Statement and affect the General Fund Balance. Movements in the fair value of fixed rate investments that have a quoted market price will be reflected in Other Comprehensive Income and Expenditure.

The Council has a number of strategies for managing interest rate risk. The Annual Treasury Management Strategy draws together the Council's prudential and treasury indicators and its expected treasury operations, including an expectation of interest rate movements. From this strategy, the treasury management section monitors interest rates within the year and adjusts exposures accordingly. During periods of falling interest rates, and where economic circumstances make it favourable, fixed rate loans will be repaid early to limit exposure to

losses and fixed rate investments may be taken for longer periods to secure better long-term results. Similarly, the drawing of longer-term fixed rate borrowing would be postponed.

If interest rates had been 1% higher with all other variables held constant, the financial effect would be:

	31/03/2025
	£000
Increase in interest payable on short-term borrowings	158
Increase in interest receivable on short-term investments	(873)
	(715)

The impact of a 1% fall in interest rates would be as shown previously but with movements being reversed.

Price Risk

The Council has invested £10m in the CCLA property fund as at 31st March 2025. The price of the investment is subject to potential gains and losses based on market volatility. The investment is shown in the accounts at its value as at 31st March 2025 and any gains or losses relating to this investment are shown in the Comprehensive Income and Expenditure Statement, but due to the IFRS statutory override there is no impact on the General Fund.

The Council has no other holdings that are subject to market volatility, an example of which would be shares traded on the equity market.

Foreign Exchange Risk

Other than £5k held in petty cash, the Council has no financial assets or liabilities, denominated in foreign currencies and thus has no exposure to loss or movement in exchange rates.

34. Adjustments between Accounting Basis and Funding Basis under Regulation

This note details the adjustments that are made to total comprehensive income and expenditure recognised by the Council in the year in accordance with proper accounting practice, to the resources that are specified by statutory provisions as being available to the Council to meet future capital and revenue expenditure.

(a) 2024/25

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£000	£000	£000	£000	£000
Capital adjustment account reversal of items debited or credited to the CIES:					
Charges for depreciation and impairment on non-current assets	(26,368)	-	-	(26,368)	26,368
Revaluation losses on Property, Plant and Equipment	(6,932)	-	-	(6,932)	6,932
Movements in the Market Value of Investment Properties	859	-	-	859	(859)
Amortisation of Intangible Assets	(273)	-	-	(273)	273
Capital Grants and Contributions applied	20,770	-	8,404	29,174	(29,174)
Revenue Expenditure Funded by Capital Under Statute	(12,356)	-	-	(12,356)	12,356
Exceptional Financial Support	(10,000)	-	-	(10,000)	10,000
IFRS Revaluation of Mersey Gateway PFI Liability	(46,117)	-	-	(46,117)	46,117
Amounts written off on disposal of Academies to CIES	(3,703)	-	-	(3,703)	3,703
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the CIES	(4,578)	(1,038)	-	(5,616)	5,616
Insertion of items not debited or credited to the CIES:					
Statutory provision for the financing of Capital investment	13,510	-	-	13,510	(13,510)
Capital expenditure charged against the General Fund Balance	64	-	-	64	(64)
Capital Grants Unapplied Account					
Capital Grants and Contributions unapplied credited to the CIES	21,198	-	(21,198)	-	-

	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000	Movement in Unusable Reserves £000
Capital Receipts Reserve					
Use of Capital Receipts Reserve to Finance new Capital Expenditure	-	3,240	-	3,240	(3,240)
Use of Capital Receipts to reduce MRP liability	-	558	-	558	(558)
Pensions Reserve					
Reversal of items relating to retirement benefits debited/credited to the CIES	(15,003)	-	-	(15,003)	15,003
Employers pension contributions and direct payments to pensioners	17,320	-	-	17,320	(17,320)
Collection Fund Adjustment					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(58)	-	-	(58)	58
Accumulated Absences Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration in accordance with statutory requirements	(408)	-	-	(408)	408
Pooled Investment Fund Adjustment Account					
Reversing the impact of CCLA Property Fund valuation on the General Fund	193	-	-	193	(193)
Dedicated Schools Grant Adjustment Account					
Reversing impact of overspent Dedicated Schools Grant on General Fund	(9,120)	-	-	(9,120)	9,120
TOTAL ADJUSTMENTS	(61,002)	2,760	(12,794)	(71,036)	71,036

(b) 2023/24

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£000	£000	£000	£000	£000
Capital adjustment account reversal of items debited or credited to the CIES:					
Charges for depreciation and impairment on non-current assets	(26,316)	-	-	(26,316)	26,316
Revaluation losses on Property, Plant and Equipment	255	-	-	255	(255)
Movements in the Market Value of Investment Properties	52	-	-	52	(52)
Amortisation of Intangible Assets	(238)	-	-	(238)	238
Capital Grants and Contributions applied	11,553	-	8,103	19,656	(19,656)
Revenue Expenditure Funded by Capital Under Statute	(9,783)	-	-	(9,783)	9,783
Amounts written off on disposal of Academies to CIES	(4,960)	-	-	(4,960)	4,960
Amounts of non-current assets written off on disposal or sale as gain/loss on disposal to the CIES	6,262	(13,170)	-	(6,908)	6,908
Insertion of items not debited or credited to the CIES:					
Statutory provision for the financing of Capital investment	11,410	-	-	11,410	(11,410)
Capital expenditure charged against the General Fund Balance	294	-	-	294	(294)
Capital Grants Unapplied Account					
Capital Grants and Contributions unapplied credited to the CIES	9,528	-	(9,528)	-	-

	General Fund Balance	Capital Receipts Reserve	Capital Grants Unapplied	Movement in Usable Reserves	Movement in Unusable Reserves
	£000	£000	£000	£000	£000
Capital Receipts Reserve					
Use of Capital Receipts Reserve to Finance new Capital Expenditure	-	3,238	-	3,238	(3,238)
Use of Capital Receipts to reduce MRP liability	-	7,744	-	7,744	(7,744)
Pensions Reserve					
Reversal of items relating to retirement benefits debited/credited to the CIES	(16,098)	-	-	(16,098)	16,098
Employers pension contributions and direct payments to pensioners	16,435	-	-	16,435	(16,435)
Collection Fund Adjustment					
Amount by which council tax income credited to the CIES is different from council tax income calculated for the year in accordance with statutory requirements	(65)	-	-	(65)	65
Accumulated Absences Account					
Amount by which officer remuneration charged to the CIES on an accruals basis is different from remuneration in accordance with statutory requirements	113	-	-	113	(113)
Pooled Investment Fund Adjustment Account					
Reversing the impact of CCLA Property Fund valuation on the General Fund	(346)	-	-	(346)	346
Dedicated Schools Grant Adjustment Account					
Reversing impact of overspent Dedicated Schools Grant on General Fund	(2,456)	-	-	(2,456)	2,456
TOTAL ADJUSTMENTS	(4,360)	(2,188)	(1,425)	(7,973)	7,973

35. Usable Reserves

Usable reserves are those reserves that contain resources that the Council can apply to the provision of services, either by incurring expenses or undertaking capital investment. Usable reserves include the General Fund Balance, any earmarked reserves under the General Fund umbrella, the Capital Receipts Reserve and any Capital Grants Unapplied.

General Fund Balance

The General Fund Balance records the Council's accumulated income over expenditure for each financial year. The fund manages the reversal of a number of transactions that are required to be included in the preparation of the financial statements, but which are subsequently removed under statutory mitigation.

Earmarked Reserves

These reserves help to meet specific known or predicted future requirements and are legally part of the General Fund Reserve. The earmarked reserves also include unspent school balances of budgets delegated to individual schools.

The movements in earmarked reserves are analysed in Note 36.

Capital Receipts Reserve

This reserve holds the proceeds from the sale of assets and can only be used for funding capital investment or the repayment of borrowing.

Movements in the Council's usable reserves are detailed in the Movement in Reserves Statement.

Capital Grants Unapplied

This reserve holds Capital Grants income for which all conditions have been met, but the funding has yet to be used to finance capital expenditure.

2023/24		2024/25
£000		£000
	General Fund	
(5,149)	- Excluding Earmarked Reserves	(5,149)
(35,517)	- Earmarked Reserves	(27,624)
	Capital Reserves	
(4,978)	- Capital Receipts Reserve	(2,217)
(30,362)	- Capital Grants Unapplied	(43,156)
(76,006)	Total Usable Reserves	(78,146)

36. Transfers to/from Earmarked Reserves

This note sets out the amounts set aside from the General Fund in earmarked reserves to provide financing for future expenditure plans, and the amounts posted back from earmarked reserves to meet General Fund expenditure in 2024/25.

	Balance at 31 st March 2023	Movement (to)/from Reserve	Balance at 31 st March 2024	Movement (to)/from Reserve	Balance at 31 st March 2025
General Fund	£000	£000	£000	£000	£000
Schools Reserves	(7,207)	688	(6,519)	721	(5,798)
Balances held by schools under the scheme of delegation					
Capital	(1,173)	672	(501)	101	(400)
To support the Council's Capital Programme					
Insurance General Fund	(1,355)	355	(1,000)	151	(849)
To self-fund possible insurance claims					
Building Schools for the Future Capital	(6,917)	388	(6,529)	-	(6,529)
To fund future capital costs					
Enterprise and Employment	(577)	89	(488)	(405)	(893)
Employment activities for future years					
Health & Community	(2,203)	1,634	(569)	(15)	(584)
To support future Adult Social Care revenue budgets					
Transformation Fund	(2,424)	(4,008)	(6,432)	6,432	-
To fund costs arising from future efficiency reviews					
Highways Feasibility Costs	(102)	(862)	(964)	733	(231)
To fund initial expenditure on new highways schemes					
Public Health & Health	(2,350)	469	(1,881)	377	(1,504)
To fund future Public Health activities					
Education, Inclusion & Provision	(587)	31	(556)	(509)	(1,065)
Education Grant Income held for a specific purpose but with no repayment conditions attached					
Revenue Efficiencies	(2,748)	2,748	-	-	-
To help fund budget gaps over the medium term					
Mersey Gateway Reserve	(11,029)	6,894	(4,135)	(1,018)	(5,153)
To fund any potential surplus Mersey Gateway income to be paid to Department for Transport					

	Balance at 31st March 2023	Movement (to)/from Reserve	Balance at 31st March 2024	Movement (to)/from Reserve	Balance at 31st March 2025
General Fund	£000	£000	£000	£000	£000
Employment, Learning & Skills	(1,288)	532	(756)	340	(416)
To fund Adult Education Schemes and Work Programmes					
Local Authority Domestic Abuse Duty Grant	(877)	(309)	(1,186)	271	(915)
Ringfenced grant funding for new Domestic Abuse Duties					
Other Earmarked Reserves	(5,813)	1,813	(3,999)	712	(3,287)
Total of reserves under £750k					
TOTAL ALL RESERVES	(46,651)	11,135	(35,515)	7,891	(27,624)

In order to streamline the note, any reserves under £0.750m have been summarised as 'Other Earmarked Reserves' in the table above.

37. Unusable Reserves

2023/24 £000		2024/25 £000
(152,745)	Revaluation Reserve	(144,365)
4,505	Pensions Reserve	4,043
(120,210)	Capital Adjustment Account	(67,802)
(10,551)	Deferred Capital Receipts	(9,993)
(2,958)	Collection Fund Adjustment Account	(2,900)
(5,002)	Financial Instruments Revaluation Reserve	(3,653)
2,814	Accumulated Absences Account	3,221
5,349	Dedicated Schools Grant Adjustment Account	14,469
1,478	Pooled Investment Fund Adjustment Account	1,285
(277,320)	Total Unusable Reserves	(205,695)

Revaluation Reserve

The revaluation reserve contains the gains and losses made by the Council arising from increases in the value of its Property, Plant and Equipment. The balance is reduced when assets with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Used in the provision of services and the gains are consumed through depreciation.
- Disposed of, and the gains are realised.

The reserve contains only revaluation gains accumulated since 1st April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

2023/24 £000		£000	2024/25 £000
(136,275)	Balance at 1st April		(152,745)
(27,554)	Upward revaluation of assets	(11,439)	
3,885	Downward revaluation of assets and impairment losses not charged to the Surplus/(Deficit) on the Provision of Services	8,824	
(23,669)	Surplus or deficit on revaluation of non-current assets not posted to the Surplus/(Deficit) on the Provision of Services		(2,615)
4,439	Difference between fair value depreciation and historical cost depreciation	4,981	
2,688	Accumulated gain on academies transferred	2,555	
72	Accumulated gains on assets sold or scrapped	3,459	
7,199	Amount written off to the Capital Adjustment Account		10,995
(152,745)	Balance at 31st March		(144,365)

Capital Adjustment Account

The capital adjustment account absorbs the timing differences arising from the different arrangements for accounting for the consumption on non-current assets and for financing the acquisition, construction or enhancement of those assets under statutory provisions. The account is debited with the cost of acquisition, construction or enhancement as depreciation, impairment losses and amortisations are charged to the Comprehensive Income and Expenditure Statement (with reconciling postings from the Revaluation Reserve to convert fair value figures to a historical cost basis). The account is credited with the amounts set aside by the Council as finance costs of acquisition, construction or enhancement.

The account contains accumulated gains and losses on investment properties and gains recognised on donated assets that are yet to be consumed by the Council.

The account also contains revaluation gains accumulated on property, plant and equipment before 1st April 2007, the date the revaluation reserve was created to hold such gains.

2023/24 £000		£000	2024/25 £000
(118,028)	Balance at 1 st April		(120,210)
	Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:		
26,316	Charges for depreciation and impairment of non-current assets	26,368	
-	- IFRS16 Mersey Gateway PFI Revaluation Loss	46,117	
-	- Capitalisation of Revenue costs under Exceptional Financial Support	10,000	
(255)	Revaluation losses on Property, Plant and Equipment	6,933	
238	Amortisation of intangible assets	273	
9,783	Revenue expenditure funded from capital under statute	12,356	
4,960	Carrying value of Academies transferred	3,703	
6,369	Carrying amount of non-current assets sold	5,058	
47,411			110,808
(7,199)	Adjusting amounts written out of the Revaluation Reserve		(10,995)
40,212	Net written out amount of the cost of non-current assets consumed in the year		99,813
	Capital financing applied in the year:		
(3,238)	Use of the Capital Receipts Reserve to finance new capital expenditure	(3,240)	
(11,553)	Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(20,770)	
(8,103)	Application of grants to capital financing from the Capital Grants Unapplied Account	(8,404)	
(11,410)	Statutory provision for the financing of capital investment charged against the General Fund	(13,510)	
(7,744)	Use of Capital Receipts to reduce MRP liability	(558)	
(294)	Capital expenditure charged against the General Fund	(64)	
(42,342)			(46,546)
(52)	Movements in the market value of investment properties debited or credited to the Comprehensive Income and Expenditure Statement		(859)
(120,210)	Balance at 31st March		(67,802)

Pension Reserve

The Pension Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions. The Council accounts for post-employment benefits in the Comprehensive Income and Expenditure Statement as the benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs.

Statutory arrangements require benefits earned to be financed as the Council makes employer's contributions to pension funds or eventually pays any pensions for which it is directly responsible. IFRIC 14 restricts the value of any surplus on the pension fund to the amount that the employer has the right to receive as a refund at the end of the reporting period. Under the terms of the Local Government Pension Scheme, this value is zero. The asset ceiling adjustment shown in the table below removes the amount by which the pension asset attributable to the Council, exceeds the accrued pension liability. The debit balance on the Pension Reserve shows a shortfall in the benefits earned by past and current employees and the resources the Council has set aside to meet them which relate to the Council's unfunded pension schemes. More details can be found in Note 32.

2023/24 £000		£000	2024/25 £000
4,745	Balance at 1 st April		4,505
	Re-measurement of the net defined benefit liability comprising:		
(3,842)	Changes in demographic assumptions	(1,021)	
(32,769)	Changes in financial assumptions	(88,040)	
18,311	Other experience	(5,241)	
30,780	Asset Ceiling Adjustment	77,470	
(12,383)	Returns on assets excluding amounts included in net interest	18,687	
97			1,855
16,098	Reversal of items relating to retirement benefits debited or credited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement		15,004
(16,435)	Employers pensions contributions and direct payments to pensioners payable in the year		(17,321)
4,505	Balance at 31 st March		4,043

Deferred Capital Receipts Reserve

Deferred Capital Receipts are amounts derived from the sale of assets, which will be received in instalments over an agreed period of time.

2023/24		2024/25
£000		£000
(232)	Castlefields Equity Advances	(232)
(5,872)	Sci-Tech Daresbury Lease	(5,595)
(4,447)	Venture Fields Lease	(4,166)
(10,551)		(9,993)

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Council does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts Reserve.

2023/24		2024/25
£000		£000
(11,090)	Balance at 1st April	(10,551)
-	Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-
539	Transfer to the Capital Receipts Reserve upon receipt of cash	558
(10,551)	Balance at 31st March	(9,993)

Collection Fund Adjustment

The Collection Fund Adjustment Account manages the differences arising from the recognition of council tax and non-domestic rates income in the Comprehensive Income and Expenditure Statement as it falls due from council tax payers, compared with the statutory arrangements for paying across amounts to the General Fund from the Collection Fund.

2023/24		2024/25
£000		£000
(3,023)	Balance at 1st April	(2,958)
	Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income collected in the year in accordance with statutory requirements	
1,161		(750)
	Amount by which non-domestic rates income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income collected in the year in accordance with statutory requirements	
(1,096)		808
(2,958)	Balance at 31st March	(2,900)

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the gains made by the authority arising from increases in the value of its investments that are measured at fair value through other comprehensive income. The balance is reduced when investments with accumulated gains are:

- Revalued downwards or impaired and the gains are lost.
- Disposed of and the gains are realised.

2023/24		2024/25
£000		£000
(4,869)	Balance at 1st April	(5,002)
-	Upward revaluation of investments	-
(133)	Downward revaluation of investments	1,349
-	Change in impairment loss allowances	-
(5,002)		(3,653)
	Accumulated gains or losses on assets sold and maturing assets written out to the Comprehensive Income and Expenditure Statement as part of Other Investment	
-	Income	-
	Accumulated gains or losses on assets sold and maturing assets written out to the General Fund Balances for financial assets designated to Fair Value through Other	
-	Comprehensive Income	-
(5,002)	Balance at 31st March	(3,653)

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund balance accruing from compensated absences earned but not yet taken in year, e.g. annual leave entitlement carried forward at 31st March. Statutory arrangements require that the impact on the General Fund balance is neutralised by transfers to or from the account.

2023/24		2024/25
£000		£000
2,926	Balance at 1st April	2,813
(2,926)	Settlement or cancellation of accrual made at the end of the preceding year	(2,813)
2,813	Amount accrued at the end of the current year	3,221
	Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	
(113)		408
2,813	Balance at 31st March	3,221

Dedicated Schools Grant Adjustment Account

Statutory arrangements require that any school budget deficits must not be charged to the General Fund, and the deficit must be carried forward to be funded from future Dedicated Schools Grant Income. The deficit balance is held in the Dedicated Schools Grant Adjustment Account as shown below:

2023/24		2024/25
£000		£000
2,892	Balance at 1st April	5,349
2,457	Amount by which Dedicated Schools Grant is in deficit at 31st March	9,120
5,349	Balance at 31st March	14,469

Pooled Investment Funds Adjustment Account

Accounting regulations state that the fair value of movements in the value of pooled investment funds are shown in the Comprehensive Income and Expenditure Statement under Other Comprehensive Income and Expenditure, but should not impact the Council's General Fund balance. This reserve is a mechanism that is required by the capital finance and accounting regulations to hold the fair value movements in those pooled investment funds specified by the regulations.

2023/24		2024/25
£000		£000
1,132	Balance at 1st April	1,478
346	Fair value movements transferred to/from the General Fund in accordance with the statutory requirements	(193)
1,478	Balance at 31st March	1,285

38. Cash Flow Statement – Operating Activities

The surplus or deficit on the provision of services has been adjusted for the following non-cash movements.

2023/24		2024/25
£000		£000
(26,316)	Depreciation	(26,368)
255	Impairment and downward valuation	(6,932)
(238)	Amortisation of intangible assets	(273)
52	Movement in market value of investment properties	859
(12,711)	(Increase)/decrease in impairment debtors	(4,574)
(48,641)	(Increase)/decrease in creditors and receipts in advance	47,803
-	Restatement of IFRS16 PFI Liabilities	(50,791)
19,597	Increase/(decrease) in debtors	5,769
(70)	Increase/(decrease) in inventories	20
337	Non-cash pension adjustments	2,317
39,285	Contributions (to)/from provisions	(6,607)
	Carrying amount of non-current assets and non-current assets	
(6,369)	held for sale, sold or de-recognised	(5,058)
(4,960)	Loss on transfer to academies	(3,703)
(2,634)	Other non-cash adjustments	1,724
(42,413)	Total non-cash movements	(45,814)

The surplus or deficit on the provision of services has been adjusted for the following items that are investing and financing activities:

2023/24		2024/25
£000		£000
15,012	Capital grants credited to the surplus or deficit on the provision of services	37,632
13,170	Proceeds from the sale of non-current assets	1,038
28,182	Net cash flows from investing or financing activities	38,670

The cash flows for operating activities include the following items:

2023/24		2024/25
£000		£000
(5,760)	Interest received	(6,035)
36,529	Interest paid	36,810
30,769		30,775

39. Cash Flow Statement – Investing Activities

2023/24		2024/25
£000		£000
32,221	Purchase of property, plant and equipment, investment property and intangible assets	40,365
17,000	Purchase of short-term and long-term investments	(48,700)
(13,262)	Proceeds from the sale of property, plant and equipment, investment property and intangible assets	(1,208)
(60,000)	Proceeds from short-term and long-term investments	47,000
(10,229)	Other receipts from investing activities	(38,071)
(34,270)	Net Cash flows from Investing Activities	(614)

40. Cash Flow Statement – Financing Activities

2023/24		2024/25
£000		£000
(50,000)	Cash receipts of short-term and long-term borrowing	(128,000)
(8)	Agency treatment of Collection Fund balances	488
7,803	Cash payments from the reduction of the outstanding liabilities relating to leases and PFI contracts	10,193
30,000	Repayments of short-term and long-term borrowing	103,000
-	Net adjustment for agency treatment of government grants	-
(12,205)	Net Cash flows from Financing Activities	(14,319)

Reconciliation of Liabilities Arising from Financing Activities

	Note	31/03/2024	Financing	Non-Cash	31/03/2025
		£000	Cash Flows	Changes	£000
			£000	£000	
Long-Term Borrowings	26	(172,000)	(40,000)	-	(212,000)
Short-Term Borrowing	26	(38,150)	15,000	2,078	(21,072)
On Balance Sheet PFI and Lease Liabilities	31	(345,408)	10,193	(53,486)	(388,701)
Net Cash flows from Financing Activities		(555,558)	(14,807)	(51,408)	(621,773)

41. Interest in Companies and Other Entities

The Council is involved with several companies over which it has varying degrees of control and influence. The Council is required to classify the entities according to whether they are subsidiaries, associates, or joint ventures.

Subsidiary

An entity is only a subsidiary if the Council has power over the entity, exposure, or rights, to variable returns from its involvement with the entity and ability to use its power over the entity to affect the amount of the Council's returns.

As at 31st March 2025 the following was a subsidiary of the Council:-

- Mersey Gateway Crossings Board Ltd - The principal activity of the company is to administer and oversee the maintenance of the Mersey Gateway Bridge and the tolling of the Silver Jubilee Bridge. The Council holds 100% of the shares issued by the company. An amount of £500k is held as a long-term debtor on the Council's Balance Sheet; this is the amount which has been passed to Mersey Gateway Crossings Board Ltd as working capital.

In accordance with paragraph 9.1.1.7 of the Code, the subsidiary has not been consolidated into group accounts as they are not considered to be of material value.

Copies of the accounts for Mersey Gateway Crossings Board Ltd are available from Companies House.

Joint Ventures

These are arrangements under which two or more parties have contractually agreed to share control, such that decisions about activities that significantly affect returns require the unanimous consent of the parties sharing control, and joint parties have rights to the net assets of the arrangement.

As at 31st March 2025 the Council were party to the following joint ventures:-

- Daresbury SIC (Pub Sec) LLP - The principal activity of the company during the year was to assist, promote, encourage, develop and secure the development of the International Science Park at Daresbury, Cheshire. Members of the partnership are Halton Borough Council and United Kingdom Research & Innovation.
- Halton & Kent Commercial Services LLP – The principal activity of the company during the year was to deliver temporary and interim staffing services on behalf of the Council. Members of the partnership are Halton Borough Council and Commercial Services Kent Ltd.

In accordance with paragraph 9.1.1.7 of the Code, the Council's equity within the joint venture has not been consolidated into group accounts as it is not considered to be of material value.

Associates

Associates are entities for which the Council is an investor and has significant influence. The Council can have an associate relationship with an entity that is a joint venture under the control of other investors.

As at 31st March 2025 the Council had associate relationships with the following:-

- Daresbury SIC LLP- The principal activity of the LLP is the management and development of the Sci-Tech Daresbury Campus in the North West. Designated members of the partnership are Langtree Daresbury Ltd and Daresbury SIC (Pubsec) LLP, in which the Council is an equal partner. Amounts of £5.3m are held as a long-term debtor and £0.3m held as a short-term debtor on the Council's Balance Sheet. This relates to a long-term lease agreement between the Council and the company for a property asset based at the Sci-Tech Daresbury Campus.

In accordance with paragraph 9.1.1.7 of the Code, the Council's equity within the associate relationship has not been consolidated into group accounts as it is not considered to be of material value.

42. Transport Act 2000 – Mersey Gateway Crossing

The Mersey Gateway Bridge, which opened in October 2017, is a second crossing which spans the River Mersey and the Manchester Ship Canal and was built to ease congestion on the previous crossing, the Silver Jubilee Bridge.

The crossing was funded through a mixture of capital payments from Halton Borough Council, and a monthly unitary charge to Merseylink which covers the costs of construction and ongoing maintenance of the bridge for a period of 27 years (see Note 31 for further detail).

Since the opening of the Mersey Gateway, both crossings (Mersey Gateway and Silver Jubilee Bridge) have operated as toll crossings and the unitary charges and other running costs are funded from a mixture of toll income and Government Grant funded from the Department for Transport.

As part of the agreement with Department for Transport all funds relating to the Mersey Gateway must be accounted for separately and any surplus must be held in a separate reserve until all debt relating to the crossing, including unitary charge payments and the repayment of Council borrowing specifically for the scheme, has been repaid.

Due to the mandatory introduction of IFRS 16 for the 2024/25 financial year, the value of the liability relating the unitary charges was recalculated based on indexed value of future unitary charge payments. As the value of infrastructure assets are valued at Depreciated Historic Cost, the valuation of the Mersey Gateway Crossing will not be altered in the accounts, and the revaluation loss is shown as expenditure the Mersey Gateway line of the Comprehensive Income and Expenditure Statement. It should be noted that this is purely an accounting adjustment and has no impact on the General Fund balance, or Mersey Gateway reserve position (see policy 25 – Service Concessions).

The income raised from, and charges relating to the crossings are shown in the table below, along with the year-end position on the Mersey Gateway Grant Reserve.

		2023/24			2024/25		
		Charge to General Fund £000	Accounting Adjustments £000	Income and Expenditure £000	Charge to General Fund £000	Accounting Adjustments £000	Income and Expenditure £000
Income	Toll Income	(37,224)		(37,224)	(38,687)		(38,687)
	Penalty Charge Notices	(19,000)		(19,000)	(17,948)		(17,948)
	Registration Fees	(1,153)		(1,153)	(1,978)		(1,978)
	DfT Grant Income	(22,566)		(22,566)	(22,468)		(22,468)
	Other Income	(657)		(657)	(149)		(149)
		(80,600)	-	(80,600)	(81,230)	-	(81,230)
Expenditure	Unitary Charge Payments	41,241	(32,891)	8,350	41,980	(38,517)	3,463
	DMPA Fee	13,378	-	13,378	14,057	-	14,057
	MG Environmental Trust	227	-	227	90	-	90
	Bus Support	401	-	401	500	-	500
	Depreciation		8,029	8,029	-	8,030	8,030
	Interest Costs	5,648	(5,648)	-	5,609	(5,609)	-
	Bad Debt Provision	9,526	-	9,526	9,371	-	9,371
	DFT Grant Provision	(39,069)	-	(39,069)	5,773	-	5,773
	DFT Grant payable to DFT	44,750	-	44,750	-	-	-
	DFT Grant payable to HBC	7,897	(7,897)	-	-	-	-
	IFRS16 Revaluation loss	-	-	-	-	46,118	46,118
	Other Costs	3,496	(827)	2,669	2,832	(339)	2,493
		87,495	(39,234)	48,261	80,212	9,683	89,895
Total		6,895	(39,234)	(32,339)	(1,018)	9,683	8,665

Mersey Gateway Grant Reserve

Balance Brought Forward	(11,029)	(4,135)
Movement In year	6,894	(1,018)
Balance Carried Forward	(4,135)	(5,153)

Collection Fund

The Collection Fund is an agent's statement that reflects the statutory obligation for billing authorities to maintain a separate Collection Fund. The statement shows the transactions of the billing authority in relation to the collection from taxpayers and the distribution to local authorities and the Government in relation to council tax and non-domestic rates.

Collection Fund Statement

2023/24				2024/25		
Council Tax £000	Non Domestic Rates £000	Total £000		Council Tax £000	Non Domestic Rates £000	Total £000
(75,731)		(75,731)	Income			
	(59,247)	(59,247)	Council Tax	(80,676)		(80,676)
	(3,976)	(3,976)	Non Domestic Rates		(64,825)	(64,825)
			Transitional Protection Payment	-	(1,381)	(1,381)
(75,731)	(63,223)	(138,954)		(80,676)	(66,206)	(146,882)
			Expenditure			
			<u>Precepts, Demands & Shares</u>			
	-	-	Central Government		-	-
60,714	57,330	118,044	Halton Borough Council	64,039	63,093	127,132
9,076		9,076	Cheshire Police Authority	9,573		9,573
3,170	579	3,749	Cheshire Fire Service	3,280	637	3,917
689		689	Liverpool City Region	692		692
166		166	Parish Precept	214		214
			<u>Apportionment of Previous Year's Surplus</u>			
	-	-	Central Government		-	-
1,172	1,933	3,105	Halton Borough Council	234	2,472	2,706
173		173	Cheshire Police Authority	35		35
61	20	81	Cheshire Fire Service	12	25	37
14		14	Liverpool City Region	3		3
			<u>Charges to Collection Fund</u>			
386	(1)	385	Write-off Uncollectable Amounts	291	607	898
1,822	1,228	3,050	Increase / (Decrease) in Bad Debt Provision	1,392	(1,289)	103
	26	26	Increase / (Decrease) in Appeals Provision	-	387	387
	157	157	Cost of Collection	-	157	157
	31	31	Interest Payable	-	61	61
(306)		(306)	Council Tax Support Income	-		-
	814	814	Disregarded Amounts	-	872	872
77,137	62,117	139,254		79,765	67,022	146,787
(1,703)	(1,632)	(3,335)	Balance Brought Forward	(297)	(2,738)	(3,035)
1,406	(1,106)	300	Movement on Fund Balance	(911)	816	(95)
(297)	(2,738)	(3,035)	Balance Carried Forward	(1,208)	(1,922)	(3,130)

Further information on the Collection Fund balance as at 31st March 2025 can be found within the Narrative Report (Page 16).

Collection Fund Balance Sheet

2023/24					Council Tax	2024/25				
Halton BC £000	Cheshire P&CC £000	Cheshire Fire £000	LCR £000	Total £000		Halton BC £000	Cheshire P&CC £000	Cheshire Fire £000	LCR £000	Total £000
14,296	2,137	745	161	17,339	Arrears	15,915	2,378	830	180	19,303
(10,609)	(1,586)	(553)	(119)	(12,867)	Provision for Doubtful Debts	(11,756)	(1,757)	(613)	(133)	(14,259)
(809)	(121)	(42)	(9)	(981)	Overpayments / Prepayments	(866)	(129)	(45)	(10)	(1,050)
(244)	(37)	(13)	(3)	(297)	(Surplus)/Deficit	(996)	(149)	(52)	(11)	(1,208)
(2,634)	(393)	(137)	(30)	(3,194)	Cash	(2,297)	(343)	(120)	(26)	(2,786)
-	-	-	-	-		-	-	-	-	-

2023/24				Non-Domestic Rates	2024/25			
Central Gov £000	Halton BC £000	Cheshire Fire £000	Total £000		Central Gov £000	Halton BC £000	Cheshire Fire £000	Total £000
-	8,135	82	8,217	Arrears	-	6,511	66	6,577
-	(6,793)	(69)	(6,862)	Provision for Doubtful Debts	-	(5,518)	(56)	(5,574)
-	(2,003)	(20)	(2,023)	Appeals Provision	-	(2,386)	(24)	(2,410)
-	(480)	(5)	(485)	Overpayments / Prepayments	-	(662)	(6)	(668)
-	(2,711)	(27)	(2,738)	(Surplus)/Deficit	-	(1,903)	(19)	(1,922)
-	3,852	39	3,891	Cash	-	3,958	39	3,997
-	-	-	-		-	-	-	-

Notes to the Collection Fund

1. Introduction of the Council Tax

The property-based council tax was introduced on the 1st April 1993, replacing the personal liability Community Charge. The Council determined its Band D equivalent tax base for 2024/25 at 36,409 (2023/24 – 36,241)

2. The Council Tax Base Determination

Band	Properties	Ratio	Band D Equivalents
Disabled	113	5/9	63
A	23,456	6/9	15,637
B	11,359	7/9	8,835
C	7,566	8/9	6,726
D	4,773	9/9	4,773
E	3,628	11/9	4,434
F	1,179	13/9	1,703
G	328	15/9	546
H	31	18/9	62
Total	52,433		42,779
Reductions relating to Non-Collection and changes in assumptions			(6,370)
Tax Base set for 2024/25			36,409

The parishes' individual tax bases are shown below:

	2023/24	2024/25
Hale	668	667
Daresbury	186	212
Moore	336	341
Preston Brook	370	370
Halebank	528	534
Sandymoor	1,473	1,606

3. Precepting Authorities

Halton Borough Council has three precepting authorities; Cheshire Police & Crime Commissioner, Cheshire Fire Authority, and Liverpool City Region Combined Authority. The Band D charge and total precept are shown in the table below:

	2023/24 £	2024/25 £
Cheshire Police and Crime Commissioner		
- Band D Charge	250.44	262.94
- Precept	9,076,196	9,573,382
Cheshire Fire Authority		
- Band D Charge	87.48	90.09
- Precept	3,170,363	3,280,087
Liverpool City Region		
- Band D Charge	19.00	19.00
- Precept	688,579	691,771

4. Non-Domestic Rates

The non-domestic rate replaced locally fixed rates from 1st April 1990. The rateable value at 31st March and the business rate multiplier, which is fixed by the Government, are shown in the table below:

	2023/24 £	2024/25 £
Rateable value at 31st March	149,733,919	151,240,908
Non Domestic rating multiplier	51.2	54.6
Small Business Non Domestic rating multiplier	49.9	49.9

Statement of Responsibilities for the Statement of Accounts

The Council's Responsibilities

The Council is required:

To make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Council, the Director of Financial Services has that responsibility;

To manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets;

To approve the Statement of Accounts.

The Director of Financial Services Responsibilities

The Director of Financial Services is responsible for the preparation of the Council's statement of accounts which, in terms of CIPFA/LASAAC Code of Practice on Local Authority Accounting in Great Britain ("the Code of Practice"), is required to present a true and fair view of the financial position of the Council at the accounting date and its income and expenditure for the year (ended 31st March 2025).

In preparing this Statement of Accounts, the Director of Financial Services has:

Selected suitable accounting policies and then applied them consistently;

Adopted the principal of "True and Fair" regarding the Council's financial position;

Made judgements and estimates that were reasonable and prudent;

Complied with the Code of Practice.

The Director of Financial Services has also:

Kept proper accounting records which were kept up to date;

Taken reasonable steps for the prevention and detection of fraud and other irregularities.

I certify that this Statement of Accounts presents a true and fair view of the financial position and income and expenditure of Halton Borough Council for the year ended 31st March 2025.



Signed by:

Director of Financial Services

Date: 30th September 2025

Statement of Accounting Policies

1. General

The Statement of Accounts summarises the Council's transactions for the 2024/25 financial year and its position at the year-ending 31st March 2025.

Halton Borough Council is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which is required to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice of Local Authority Accounting in the United Kingdom 2024/25 supported by International Financing Reporting Standards (IFRS).

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

2. Changes to the 2024/25 Accounting Policies

The Council's accounting policies are subject to regular review arising from changes in the way costs are accounted for and changes in the requirements of the Code of Practice. Changes have been made during 2024/25 to the following accounting policies due to the mandatory first-time adoption of IFRS 16 Leases:

- 14. Leases
- 25. Service Concessions

IFRS 16 removes the traditional distinction between finance leases and operating leases for lessors. Under finance lease arrangements, assets are recognised on the Balance Sheet, alongside the corresponding lease liability. In contrast, operating lease payments have previously been treated as an in-year expense, with no asset or liability accounted for on the Balance Sheet. Under IFRS 16, all leases where the Council is the lessee above a de-minimis amount require an asset and corresponding liability to be recognised on the Balance Sheet.

Under the previously adopted accounting standard, IAS 17, finance lease liabilities were not remeasured when indexation was applied to the value of payments. Under IFRS 16, where indexation impacts on future payments, the lease liability is remeasured, along with the value of the corresponding right-of-use asset.

3. Accruals of Income and Expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received.

3(a) Revenue Recognition

Revenue from contracts with service recipients, whether for services or the provision of goods, is recognised when (or as) the goods or services are transferred to the service recipient in accordance with the performance obligations in the contract.

3(b) Employee Costs

The full cost of employees is charged to the period which the employees worked. Accruals are made for pay awards awaiting settlement and for the cost of holiday entitlements and time off in lieu earned by employees but not taken before the year-end. To ensure that the actual costs to the Council falls in the year in which they are paid, a transfer is made to the Accumulated Absences Account.

3(c) Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date, or an officer's decision to accept voluntary redundancy in exchange for those benefits. They are charged on an accrual basis at the earlier of when the Council can no longer withdraw the offer of those benefits, or when the Council recognises costs for a restructuring. Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund Balance to be charged with the amount payable by the Council to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners, and any such amounts payable but unpaid at the year-end.

3(d) Interest

Interest receivable on investments and payable on borrowings is accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract.

3(e) Supplies and Services

Supplies and services are accounted for in the period that they are consumed or received. Accruals are made for all material sums unpaid at year end for goods and services received or works completed. Where there is a gap between the date supplies are received and consumption, they are carried as inventories on the Balance Sheet.

3(f) Cash and Cash Equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature within 3 months or less from the date of acquisition and are readily convertible to known amounts of cash with insignificant risk of change of value.

In the Cash Flow Statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Council's cash management.

3(g) Debtors and Creditors

Where revenue and expenditure have been recognised but cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the balance of debtors is written down and a charge made to revenue for the income that might not be collected.

Known uncollectable debt is written off with a charge being made to the Bad Debt Provision.

4. Contingent Assets

A contingent asset arises where an event has taken place that gives the Council a possible asset whose existence can only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Council.

Contingent assets are not recognised on the Balance Sheet but by way of notes to the accounts where it is probable that there will be an inflow of economic benefit or service potential.

5. Contingent Liabilities

A contingent liability arises where an event has taken place that gives the Council a possible obligation whose existence will only be confirmed by the occurrence or non-occurrence of uncertain future events not wholly within the control of the Council.

Contingent liabilities are not recognised on the Balance Sheet but disclosed by way of notes to the accounts.

6. The Collection Fund

The Council is required by statute to maintain a separate fund (i.e. The Collection Fund) for the collection and distribution of amounts due in respect of council tax and national non-domestic rates.

6(a) Council Tax Income

In its capacity as a billing authority the Council acts as an agent. It collects council tax income on behalf of the major preceptors (The Police and Crime Commissioner for Cheshire, Cheshire Fire & Rescue Service, and Liverpool City Region Combined Authority) and itself.

6(b) National Non-Domestic Rates (NNDR)

As part of the Business Rate Retention Pilot Scheme, the Council acts as an agent and collects national non-domestic rates on behalf Cheshire Fire & Rescue Service and itself.

6(c) Accounting for Council Tax and Non-Domestic Rates

While the council tax and non-domestic rates income for the year credited to the Collection Fund is the accrued income for the year, regulations determine when it should be released from the Collection Fund and transferred to the General Fund. The amount credited to the General Fund under statute is the Council's demand for the year plus the Council's agreed share of the surplus (or less its share of the deficit) on the Collection Fund.

The difference between the income included in the Comprehensive Income and Expenditure Statement and the amount required to be credited to the General Fund is taken to the Collection Fund Adjustment Account and included as a reconciling item in the Movement in Reserves Statement.

The Balance Sheet includes the authority's share of the end of year balances in respect of council tax and non-domestic rates relating to arrears, impairment allowances for doubtful debts, overpayments and prepayments, and appeals.

Where debtor balances for the above are identified as impaired because of a likelihood arising from a past event that payments due under the statutory arrangements will not be made (fixed or determinable payments), the asset is written down and a charge made to the Financing and Investment Income & Expenditure line in the CIES. The impairment loss is measured as the difference between the carrying amount and the revised future cash flows.

7. Events after the Reporting Period

Events after the Balance Sheet date are those events, both favourable and adverse, that occur between the end of the reporting period and the date when the Statement of Accounts are authorised for issue. Two types of events can be identified:

Those that provide evidence of conditions that existed at the end of the reporting period – the Statement of Accounts is adjusted to reflect such events.

Those that are indicative of conditions that arose after the reporting period – the Statement of Accounts are not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

Events taking place after the date of authorisation are not reflected in the Statement of Accounts.

8. Financial Instruments

The Council invests and borrows money as part of its day to day business and Treasury Management Strategy. It is required to present on the Balance Sheet at fair value its outstanding financial obligations and assets in relation to these transactions. Assets exclude short term investments i.e. invested for periods of less than 3 months at inception and not due for repayment at the Balance Sheet date. These investments are treated as cash equivalents due to their liquid nature.

The Council uses Link Asset Services to provide independent valuations of the position at the period end.

Link Asset Services use the Net Present Value valuation technique to value borrowings. The discount rate used within the calculation is the Public Works Loans Board new borrowing rate.

8(a) Financial Liabilities

Financial liabilities are initially measured at fair value and carried at their amortised cost. Annual charges to the Comprehensive Income and Expenditure Statement for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. Financial liabilities due to be settled within 12 months of the Balance Sheet date, along with accrued interest on all financial liabilities, are recorded as a current liability.

8(b) Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics.

There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVPL), and
- fair value through other comprehensive income (FVOCI)

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Council, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

Any gains and losses that arise on derecognition of an asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The Council recognises expected credit losses on all of its financial assets held at amortised cost (or where relevant FVOCI), either on a 12-month or lifetime expected credit loss basis. Only lifetime expected credit losses are recognised for trade receivables (debtors) held by the Council.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime expected credit loss basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

Financial Assets Measured at Fair Value through Profit or Loss

Financial assets that are measured at FVPL are recognised on the Balance Sheet when the Council becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price

- other instruments with fixed and determinable payments – discounted cash flow analysis.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the Council can access at the measurement date.
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.
- Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement.

9. Fair Value

The Council measures some of its non-financial assets such as surplus assets and investment properties, and some of its financial instruments, such as equity shareholdings (other financial instruments as applicable), at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. 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.

The Council measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

When measuring the fair value of a non-financial asset, the Council takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest or best use.

The Council uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

Inputs to the valuation techniques in respect of the Council's fair value measurement of its assets and liabilities are categorised within the fair value hierarchy as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3 – unobservable inputs for the asset or liability

10. Government Grants, Other Contributions and Donated Assets

Whether paid on account, by instalments, or arrears, government grants and third-party contributions and donations are recognised as due to the Council when there is reasonable assurance that:

- The Council will comply with the conditions attached to the payments, and
- The grants or contributions will be received.

Amounts recognised as due to the Council are not credited to the Comprehensive Income and Expenditure Statement until conditions attached to the grant or contribution have been satisfied. Conditions are stipulations that specify that the future economic benefits or service potential are required to be consumed by the Council as specified, or future economic benefits or service potential must be returned to the transferor.

Monies advanced as grants or contributions for which conditions have not been satisfied are carried on the Balance Sheet as Receipts in Advance. When conditions are satisfied, the grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the Comprehensive Income and Expenditure Statement.

Where capital grants are credited to the Comprehensive Income and Expenditure Statement, they are reversed out of the General Fund in the Movement in Reserves Statement from the Capital Adjustment Account. Where the grant is yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

11. Interest in Companies and Other Entities

The Council has an interest in subsidiaries, joint ventures and associated entities that would require it to prepare group accounts. As the transactions relating to group entities are not material, no group financial statements are being produced for the 2024/25 accounts.

The definition of materiality as per the Code of Practice on Local Authority Accounting is:

The relevance of information contained in the financial statements is affected by its nature and materiality. Omissions or misstatements of items are material if they could, individually or collectively, influence the decisions or assessments of users made on the basis of the financial statements. Materiality depends on the nature or size of the omission or misstatement judged in the surrounding circumstances. The nature or size of the item, or a combination of both, could be the determining factor. Therefore, materiality provides a threshold or cut-off point rather than a primary qualitative characteristic which information must have if it is to be useful. An authority need not comply with the Code, as to both disclosure and accounting principles, if the information is not material to the true and fair view of the financial statements and to the understanding of users.

In assessing the materiality of group entities an assessment has been undertaken of the following quantitative and qualitative factors:

Quantitative Factor

- The activities of group entities are not significant to the representation of the operational activities of the authority as a whole.
- Gross Value of the investments in group entities are not significant in terms of the Balance Sheet of HBC.
- Gross Value of the borrowings or other liabilities of group entities are not significant to the Balance Sheet of HBC.
- An adjustment to usable reserves that would arise on consolidation would not be significant.

Qualitative Factor

- The authority does not depend significantly on group entities for continued provision of statutory services.
- There is no concern to which the Council has passed on control of its assets to other parties.
- There is no concern about the extent to which the Council is exposed to commercial risk.
- Not consolidating group entities does not mask significant trends.
- Grouping the accounts would not provide any more useful disclosures.

12. Intangible Assets

Expenditure on non-monetary assets that do not have physical substance but are controlled by the Council as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible asset to the Council.

Intangible assets are initially measured at cost. Amounts are only revalued where the fair value of the assets held by the Council can be determined with reference to an active market. In practice, no intangible asset held by the Council meets these criteria, and they are therefore carried at amortised cost. The depreciable amount of any intangible asset is amortised over its useful life to the relevant service line in the Comprehensive Income and Expenditure Statement.

13. Inventories and Long-Term Contracts

Inventories are included in the Balance Sheet at the lower of cost and net realisable value.

Long-term contracts are accounted for on the basis of charging the Surplus or Deficit on the Provision of Services with the consideration allocated to the performance obligations satisfied based on the goods or services transferred to the service recipient during the financial year.

14. Leases

14(a) The authority as lessee

The authority classifies contracts as leases based on their substance. Contracts and parts of contracts, including those described as contracts for services, are analysed to determine

whether they convey the right to control the use of an identified asset, through rights both to obtain substantially all the economic benefits or service potential from that asset and to direct its use. The Code expands the scope of IFRS 16 Leases to include arrangements with nil consideration, peppercorn or nominal payments.

Initial measurement

Leases are recognised as right-of-use assets with a corresponding liability at the date from which the leased asset is available for use (or the IFRS 16 transition date, if later). The leases are typically for fixed periods in excess of one year but may have extension options. The authority initially recognises lease liabilities measured at the present value of lease payments, discounting by applying the authority's incremental borrowing rate wherever the interest rate implicit in the lease cannot be determined. Lease payments included in the measurement of the lease liability include:

- fixed payments, including in-substance fixed payments
- Variable lease payments that depend on an index or rate, initially measured using the prevailing index or rate as at the adoption date
- amounts expected to be payable under a residual value guarantee
- the exercise price under a purchase option that the authority is reasonably certain to exercise
- lease payments in an optional renewal period if the authority is reasonably certain to exercise an extension option
- penalties for early termination of a lease, unless the authority is reasonably certain not to terminate early.

The right-of-use asset is measured at the amount of the lease liability, adjusted for any prepayments made, plus any direct costs incurred to dismantle and remove the underlying asset or restore the underlying asset on the site on which it is located, less any lease incentives received. However, for peppercorn, nominal payments or nil consideration leases, the asset is measured at fair value.

Subsequent measurement

The right-of-use asset is subsequently measured using the fair value model. The authority considers the cost model to be a reasonable proxy except for:

- assets held under non-commercial leases
- leases where rent reviews do not necessarily reflect market conditions
- leases with terms of more than five years that do not have any provision for rent reviews
- leases where rent reviews will be at periods of more than five years.

For these leases, the asset is carried at a revalued amount. In these financial statements, right-of-use assets held under index-linked leases have been adjusted for changes in the relevant

index, while assets held under peppercorn or nil consideration leases have been valued using market prices or rentals for equivalent land and properties.

The right-of-use asset is depreciated straight-line over the shorter period of remaining lease term and useful life of the underlying asset as at the date of adoption.

The lease liability is subsequently measured at amortised cost, using the effective interest method. The liability is remeasured when

- there is a change in future lease payments arising from a change in index or rate
- There is a change in the group's estimate of the amount expected to be payable under a residual value guarantee
- the authority changes its assessment of whether it will exercise a purchase, extension or termination option, or
- there is a revised in-substance fixed lease payment.

When such a remeasurement occurs, a corresponding adjustment is made to the carrying amount of the right-of-use asset, with any further adjustment required from remeasurement being recorded in the income statement.

Low value and short lease exemption

As permitted by the Code, the authority excludes leases:

- for low-value items that cost less than £10,000 when new, provided they are not highly dependent on or integrated with other items, and
- with a term shorter than 12 months (comprising the non-cancellable period plus any extension options that the authority is reasonably certain to exercise and any termination options that the authority is reasonably certain not to exercise).

Lease expenditure

Expenditure in the Comprehensive Income and Expenditure Statement includes interest, straight-line depreciation, any asset impairments and changes in variable lease payments not included in the measurement of the liability during the period in which the triggering event occurred. Lease payments are debited against the liability. Rentals for leases of low-value items or shorter than 12 months are expensed.

Depreciation and impairments are not charges against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

14 (b) The authority as lessor

Leases are classified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases.

Finance leases

Where the authority grants a finance lease over a property or an item of plant or equipment, the relevant asset is written out of the Balance Sheet as a disposal. At the commencement of the lease, the carrying amount of the asset in the Balance Sheet (whether property, plant and equipment or assets held for sale) is written off to the other operating expenditure line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. A gain, representing the authority's net investment in the lease, is credited to the same line in the Comprehensive Income and Expenditure Statement also as part of the gain or loss on disposal (ie netted off against the carrying value of the asset at the time of disposal), matched by a lease (long-term debtor) asset in the Balance Sheet.

Lease rentals receivable are apportioned between:

- a charge for the acquisition of the interest in the property – applied to write down the lease debtor (together with any premiums received), and
- finance income (credited to the financing and investment income and expenditure line in the Comprehensive Income and Expenditure Statement).

The gain credited to the Comprehensive Income and Expenditure Statement on disposal is not permitted by statute to increase the General Fund balance and is required to be treated as a capital receipt. Where a premium has been received, this is posted out of the General Fund balance to the capital receipts reserve in the Movement in Reserves Statement. Where the amount due in relation to the lease asset is to be settled by the payment of rentals in future financial years, this is posted out of the General Fund balance to [the deferred capital receipts reserve in the Movement in Reserves Statement.

The written-off value of disposals is not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are therefore appropriated to the capital adjustment account from the General Fund balance in the Movement in Reserves Statement.

Operating leases

Where the authority grants an operating lease over a property or an item of plant or equipment, the asset is retained in the Balance Sheet. Rental income is credited to the other operating expenditure line in the Comprehensive Income and Expenditure Statement. Credits are made on a straight-line basis over the life of the lease or where this is initiated by a service to the individual service, even if this does not match the pattern of payments (e.g. there is a premium paid at the commencement of the lease). Initial direct costs incurred in negotiating and arranging the lease are added to the carrying amount of the relevant asset and charged as an expense over the lease term on the same basis as rental income.

15. Non-Current Assets, Property, Plant and Equipment

15(a) Recognition

Non-current assets are assets that have physical substance and are held for use in the production or supply of goods or services, for rental to others, or for administrative purposes,

and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Expenditure on the acquisition, creation or enhancement of a non-current asset is capitalised on an accruals basis. Expenditure is only capitalised when it adds to or extends, and not merely maintains the value of an existing asset.

15(b) Measurement

Assets are initially measured at cost, comprising:

- the purchase price
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management
- the initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located

The cost of assets acquired other than by purchase is deemed to be its fair value, unless the acquisition does not have commercial substance (i.e. it will not lead to a variation in the cash flows of the Council). Where an asset is acquired via an exchange, the cost of the acquisition is the carrying amount of the asset given up by the Council.

Assets are then carried on the Balance Sheet using the following measurement bases:

- Infrastructure, assets under construction and community assets are measured on the basis of depreciated historic cost.
- Surplus assets, investment properties and assets held for sale are based on their fair value, estimated at highest and best use from a market participant's perspective.
- School buildings – current value, but because of their specialist nature, are measured at depreciated replacement cost which is used as an estimate of current value.
- All other assets are measured at current value which is determined as the amount that would be paid for the asset in its existing use ("existing use value" – EUV).

Where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of current value. For non-property assets (e.g. vehicles, plant and equipment) that have short useful lives or low values (or both) depreciated historical cost basis is used as a proxy for current value.

Assets are subject to an annual impairment check. A proportion of the assets will be subject to revaluation each year to allow for the workload of revaluation to be more evenly spread and the Balance Sheet to be more accurate. Each asset will be revalued on a 3-year cycle.

All assets are subject to an annual review to ensure valuations have not materially changed in the years they are not valued and that the carrying value is not significantly different to their fair value.

Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Surplus or Deficit on the Provision of Services where they arise from the reversal of a loss previously charged to a service.

Where decreases in value are identified, they are accounted for by:

- Where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains).
- Where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the Comprehensive Income and Expenditure Statement.

The Council operates a de-minimis level of £35,000 at acquisition, in respect of land and property, and a qualified valuer certifies the valuation. In respect of vehicles, plant and equipment, these are carried at depreciated historic cost subject to an initial recognition de-minimis of £5,000.

15(c) Impairment

Assets are assessed at year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.

Where impairment losses are identified, the carrying amount of the asset is written down first against the accumulated gains in the revaluation reserve.

Where there is no longer a balance in the revaluation reserve to consume the loss, the carrying amount of the asset is written down against the relevant service lines in the Comprehensive Income and Expenditure Statement.

When an impairment loss is reversed, the reversal is credited to the relevant service lines in the Comprehensive Income and Expenditure Statement, up to the amount of the original loss and adjusted for depreciation that would have been charged if the loss had never been recognised.

15(d) Disposals and Non-Current Assets Held for Sale

When it becomes probable that the carrying amount of an asset will be recovered through the sale of a transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value at highest and best use, less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the Comprehensive Income and Expenditure Statement. Gains in fair value are recognised only up to the amount of any previous losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on assets held for sale.

To be classified as held for sale an asset must meet all of the following criteria:

- The asset (or disposal group) must be available for immediate sale in its present condition subject to terms that are usual and customary for sales of such assets (or disposal groups).

- The sale must be highly probable; the appropriate level of management must be committed to a plan to sell the asset (or disposal group) and an active programme to locate a buyer and complete the plan must have been initiated.
- The asset (or disposal group) must be actively marketed for a sale at a price that is reasonable in relation to its current value.
- The sale should be expected to qualify for recognition as a completed sale within one year of the date of classification and action required to complete the plan should indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

If assets no longer meet the criteria to be classified as assets held for sale, they are reclassified back to non-current assets and valued at the lower of carrying amount before they were classified as held for sale, adjusted for depreciation, amortisation or revaluations that would have been recognised had the asset not been classified as held for sale, and their recoverable amount at the date of the decision not to sell.

Receipts from the disposal of property, plant and equipment assets greater than £10,000 are credited to the useable capital receipts reserve on an accruals basis. Lower amounts are treated as de-minimis and credited to the revenue account.

15(e) Depreciation

Depreciation is provided for on all property, plant and equipment assets with a finite useful life. The provision for depreciation is calculated by allocating the cost less any estimated residual value of the asset over its useful life. The useful lives of assets are estimated on a realistic basis and reviewed regularly, and where necessary revised.

The estimated useful lives of assets by class are as follows:

Buildings and Other Operational Properties	Up to 60 years
Existing Highway Infrastructure and Community Assets	15 Years
New Highway Infrastructure	25 Years
Mersey Gateway Crossing - In line with the policy on Componentisation (Para 15g), significant components are:	
• Structures (Main Crossing, Earthworks, Bridge Approaches)	120 Years
• Highways (incl. Street Lighting)	25 Years
• Other (Tolling, Landscaping, Signage)	30 Years
• General (Financing and Development Costs)	Split pro-rata across above elements
Vehicles, Plant and Equipment	3-10 Years
Intangible Assets	5 Years

Leases – vehicles, plant and equipment	3-10 Years equal to length
Leases – buildings	Up to 60 years

All assets are depreciated on a straight line basis, with depreciation commencing the year after acquisition. In exceptional circumstances, for example, if a particularly expensive asset is acquired with a short life expectancy, then a charge may be levied in the year of acquisition to ensure the charge to the service is more in line with the consumption of the asset.

Revaluation gains are also depreciated, with an amount equal to the difference between current value depreciation charged on assets and the depreciation that would have been chargeable based on their historical cost being transferred each year from the Revaluation Reserve to the Capital Adjustment Account.

An exception to depreciation is made for assets without a determinable finite useful life (i.e. freehold land and certain community assets) and assets that are not yet available for use (i.e. assets under construction); these are not depreciated.

15(f) Investment Property

Investment property is property (land or a building – or part of a building – or both) held solely to earn rentals or for capital appreciation or both, rather than for:

- (a) Use in the production or supply of goods or services or for administrative purposes; or
- (b) Sale in the ordinary course of operations.

Investment properties are initially measured at cost and subsequently at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but revalued annually according to market conditions at the year end. Gains and losses on revaluation are posted to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement. The same treatment is applied to gains and losses on disposal.

Rentals received in relation to investment properties are credited to the Financing and Investment Income line and result in a gain to the General Fund balance. Revaluation and disposal gains and losses are not permitted by statutory arrangements to have an impact on the General Fund balance. The gains and losses are reversed out of the General Fund in the Movement in Reserves Statement and posted to the Capital Adjustment Account and (for any sale proceeds greater than £10,000) the Capital Receipts Reserve.

15(g) Componentisation

The objective of component accounting is to follow proper accounting practice by ensuring that items of Property, Plant and Equipment are accurately and fairly included in the Balance Sheet and the Comprehensive Income and Expenditure Statement. Consumption of economic benefits should be properly reflected over the assets individual useful lives, through depreciation charges.

The overall value of an asset must be fairly apportioned over significant components, which need to be accounted for separately, with their useful lives and the method of depreciation being determined on a reasonable and consistent basis.

Having identified individual material assets or groups of similar assets with similar characteristics, each component part of an item of Property, Plant and Equipment with a cost that is significant in relation to the total cost of the asset shall be depreciated separately.

Once individual material assets and asset groups have been identified, items of Property, Plant and Equipment will be categorised as follows based on their significance, useful life and depreciation method:

Component	Detail
Superstructure and substructure	Frame, upper floors, roof, stairs, external walls, external windows and doors, internal walls and partitions, internal doors
Internal Finishes and Fittings	Wall, floor, ceiling finishes, fittings and furnishings
Services	Sanitary appliances, services equipment, disposal installations, water installations, heat source, space heating and air conditioning, ventilating systems, electrical installations, fuel installations, fire and lightning protection, communication and security installations, builders' work in connection and management and commissioning of services
Land	Land upon which the property is constructed

The basis upon which the calculation of the value of components will be made is replacement cost. The actual split will be determined following individual valuation of the property.

Land is a separate component in its own right, but is not considered for depreciation purposes. Generally, land is considered to have an infinite life.

When an asset is enhanced or replaced, the cost of the replacement component is compared with the cost of the total asset. If the cost of the enhancement or replacement is above 15% or £35,000 of the overall cost of the asset, a proportion of the relevant component's carrying value is derecognised and replaced by the cost of the new replacement asset.

When an asset is acquired or revalued, the cost of its component parts will be broken down into Superstructure and Substructure, Internal Finishes and Fittings and Services. Land will be identified as a separate component in its own right.

15(h) Charges to Revenue for Non-Current Assets

Services are debited with the following amounts to record the cost of holding non-current assets during the year:

- depreciation attributable to the assets used by the relevant service
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off
- amortisation of intangible assets attributable to the service.

The Council does not raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, the Council is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Council in accordance with statutory guidance.

Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the contribution in the General Fund balance from the Capital Adjustment Account in the Movement in Reserves Statement known as the Minimum Revenue Provision (MRP).

15(i) Schools (Land & Buildings)

Section 20 of the Schools Standards and Framework Act 1998 established the following categories of maintained schools in England and Wales:

- (a) Community Schools
- (b) Foundation Schools
- (c) Voluntary Schools comprising Voluntary Aided and Voluntary Controlled
- (d) Community Special Schools, and
- (e) Foundation Special Schools

In order to recognise a non-current school's asset on the Council's Balance Sheet, the Council has followed the recognition criteria of the Code and determined the extent to which the Council has control of the service potential associated with the school's assets.

The Council has concluded that a) Community Schools and d) Community Special Schools will form part of the Council's non-current assets.

For all other schools the Council is merely using the non-current asset under licence. A licence passes no interest in the non-current asset to the Council and is always revocable, therefore these schools will not form part of the Council's non-current assets.

15(j) Accounting for Schools Transferring to Academy Status

The accounting standards on group accounts and consolidation mean all types of school are now considered to be entities controlled by the Council. When a school transfers to academy status this control is transferred to a third party. As a result, the school as an entity needs to be derecognised in the Council's accounts by writing off the net assets of the school to the Comprehensive Income and Expenditure Statement.

15(k) Highway Network Infrastructure Assets

Highways network infrastructure assets include carriageways, footways and cycle tracks, structures (e.g. bridges), street lighting, street furniture (e.g. illuminated traffic signals, bollards), traffic management systems and land, which together form a single integrated network.

Recognition

Expenditure on the acquisition or replacement of components of the network is capitalised on an accrual basis, provided that it is probable that the future economic benefits associated with the item will flow to the Authority and the cost of the item can be measured reliably.

Measurement

Highways network infrastructure assets are generally measured at depreciated historical cost. However, this is a modified form of historical cost - opening balances for highways infrastructure assets were originally recorded in balance sheets at amounts of capital undischarged for sums borrowed as at 1st April 1994, which was deemed at that time to be historical cost.

Where impairment losses are identified, they are accounted for by the carrying amount of the asset being written down to the recoverable amount.

Depreciation

Depreciation is provided on the parts of the highways network infrastructure assets that are subject to deterioration or depletion and by the systematic allocation of their depreciable amounts over their useful lives.

Annual depreciation is the depreciation amount allocated each year. Useful lives of the various parts of the highways network are shown below:

- Newly constructed carriageways, footways, cycle tracks – 25 years
- Repairs and maintenance of all highways assets – 15 years
- Mersey Gateway Bridge
 - o Structures (main crossing, earthworks, bridge approaches) – 120 years
 - o Highways (including street lighting) – 25 years
 - o Other (tolling, landscaping, signage) – 30 years
 - o General (financing and development costs) – split pro rata across elements above
- Street lighting and street furniture – 15 years

Disposals and derecognition

When a component of the network is disposed of or decommissioned, if material, the carrying amount of the component in the Balance Sheet is written off to the 'Other operating expenditure' line in the Comprehensive Income and Expenditure Statement as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the

Comprehensive Income and Expenditure Statement, also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal).

The written-off amounts of disposals are not a charge against council tax, as the cost of non-current assets is fully provided for under separate arrangements for capital financing. Amounts are transferred to the capital adjustment account from the General Fund Balance in the Movement in Reserves Statement.

From 2020/21, in accordance with the temporary relief by the update to the code on infrastructure assets, the accounts do not show the gross cost and accumulated depreciation for infrastructure assets, and shows the net position in a separate table to other Property, Plant and Equipment.

16. Overheads and Support Services

The costs of overheads and support services are charged to those that benefit from the supply and service. The total absorption costing principal is used – the full cost of overheads and support services are shared between users in proportion to the benefits received.

17. Pension Costs

General

The cost of providing pensions for employees is charged in accordance with the requirements of IAS19 Retirement Benefits subject to the interpretation set out in the Code governing the pension schemes. The Council pays an employer's contribution to the Cheshire Pension Fund; Teachers' Pension Agency and the National Health Service Pension Scheme.

Pensions Reserve

Where there is a difference between the amount charged to the Comprehensive Income and Expenditure Statement in the year and the amount payable to the pension funds, that sum is taken to the Pension Reserve. This additional debit or credit to the services is shown as a reconciling item in the Movement in Reserves Statement within the Adjustments between Accounting Basis and Funding Basis under regulations note.

Classification of Schemes

Defined Benefit Schemes

Accounting policies set out as below apply in respect of pension costs arising from the Local Government Pension Scheme and unfunded discretionary benefits paid:

- (i) The liabilities of the Cheshire Pension Fund and unfunded liabilities of the Teachers' Pension Scheme attributable to the Council are included in the Balance Sheet on an actuarial basis using the projected unit method – i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates, etc., and projections of projected earnings for current employees.

- (ii) Liabilities are discounted to their value at current prices, using the relevant discount rate.
- (iii) The assets of Cheshire Pension Fund attributable to the Council are included in the Balance Sheet at their fair value:
 - a. Quoted securities – current bid price
 - b. Unquoted securities – professional estimate
 - c. Unitised securities – current bid price
 - d. Property – market value
- (iv) The change in the net pensions liabilities is analysed into the following components:
 - a. Service cost comprising:
 - i. Current service cost – the increase in liabilities as a result of years of service earned this year – allocated in the Comprehensive Income and Expenditure Statement of the services for which the employees worked
 - ii. Past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of services earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement
 - iii. Net interest on the net defined benefit liability (asset), i.e. net interest expense for the Council – the change during the period in the net defined benefit liability (asset) that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the Comprehensive Income and Expenditure Statement – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability (asset) at the beginning of the period – taking into account any changes in the net defined benefit liability (asset) during the period as a result of the contribution and benefit payments.
 - b. Re-measurements comprising:
 - i. The return on plan assets – excluding amounts included in net interest on the net defined benefit liability (asset) – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
 - ii. Actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pension Reserve as Other Comprehensive Income and Expenditure.
 - c. Contribution paid to Pension Funds – cash paid as employer’s contributions to the pension fund in settlement of liabilities: not accounted for as an expense.
- (v) In relation to retirement benefits, statutory provision requires the General Fund Balance to be charged with the amount payable by the Council to the pension fund or directly to pensions in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, this means that there are transfers to and from the Pension Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end. The negative balance that arises on the Pension Reserve thereby

measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Defined Contribution Schemes

The arrangements for the Teachers' Pension Scheme and the NHS Pension Scheme mean that liabilities for these benefits cannot ordinarily be specified by the Council. The scheme is therefore accounted for as if it were a defined contribution scheme and no liability for future payments or benefits is recognised on the Balance Sheet. The relevant service line in the Comprehensive Income and Expenditure Statement is charged with the Council's contributions payable to Teachers' Pensions and NHS Pension Scheme in the year.

Discretionary Benefits

The Council has restricted powers to make discretionary awards of retirement benefits in the event of early retirements. Any liabilities estimated to arise as a result of an award to any member of staff (including teachers) are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

18. Pooled Budgets

Under Section 75 of the Health Act, the Council is able to establish joint working arrangements with NHS bodies and other Councils to pool funds from both organisations to create a single pot. Where pooled budgets are established, the Council's accounts reflect only the Council's share of the overall pot and exclude the share attributable to partner organisations.

19. Prior Period Adjustments

Prior period adjustments may arise as a result of a change in accounting policy or to correct a material error. Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

Changes in accounting policy are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of its transactions, other events and conditions on the financial position or performance. When a change is made, it is applied retrospectively (unless stated otherwise) by adjusting opening balances and comparative amounts for the prior period as if the new policy had always been applied.

Material errors discovered in prior period figures are corrected retrospectively by amending opening balances and comparative amounts for the prior period.

20. Provisions

Provisions are made where an event has taken place that gives the Council a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential and a reliable estimate can be made of the amount of the obligation. Provisions are created by a charge to a service and as such appear in the Comprehensive

Income and Expenditure Statement in the Cost of Services in the year the Council becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking account of risks and uncertainties. Where it becomes apparent that a lower settlement is anticipated than first thought, the provision is reversed and credited back to the relevant service.

When payments are eventually made, they are charged to the provision carried on the Balance Sheet.

21. Repurchase of Borrowing

Gains or losses arising on the repurchase or early settlement are charged in the Comprehensive Income and Expenditure Statement in the period during which the repurchase is made. If the repurchase was coupled with refinancing or restructuring, gains or losses are charged over the life of the replacement loan.

22. Reserves

The Council sets aside specific amounts as reserves for future policy purposes to cover contingencies. Reserves are created by apportioning amounts out of the General Fund balance in the Movement in Reserves Statement. When expenditure to be financed from the reserve is incurred, it is charged to the appropriate service in that year against the Surplus or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement.

The reserve is then appropriated back in the General Fund Balance in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

The Council maintains two kinds of reserve, Usable and Unusable Reserves.

Usable reserves comprise:

- Capital Receipts Reserve
- General Fund Balance
- Schools Balances
- Earmarked Reserves
- Capital Grants Unapplied

Unusable reserves comprise:

- Revaluation Reserve
- Capital Adjustment Account
- Financial Instruments Revaluation Reserve
- Pensions Reserve
- Collection Fund Adjustment Account
- Deferred Capital Receipts Reserve
- Accumulated Absences Account
- Dedicated Schools Grant Adjustment Account
- Pooled Investment Fund Adjustment Account

Usable reserves are available to fund expenditure, either revenue or capital, incurred by the Council. Unusable reserves are not available to fund expenditure since they do not represent new resources available to the Council.

23. Revenue Expenditure Funded from Capital under Statute

Legislation allows some expenditure to be classified as capital for funding purposes when it does not result in the creation of a non-current asset on the Balance Sheet. Such expenditure is charged to the appropriate service account within the Comprehensive Income and Expenditure Statement in accordance with the provisions of the Code.

Where the Council has determined to meet the cost of this expenditure from existing capital resources or borrowing, a transfer in the Movement in Reserves Statement from the General Fund Balance to the Capital Adjustment Account then reverses the amounts charged so that there is no impact on the council tax.

24. Senior Officers

The Council is required to disclose senior officers who are paid a salary of more than £150,000 by name and job title. The requirement also extends to those officers whose salary is more than £50,000 and have a statutory role defined by legislation or are responsible for directing and controlling the day-to-day operations of the Council; disclosure is restricted to job title.

25. Service Concessions

PFI (Private Finance Initiatives) and similar contracts are agreements to receive services, where the responsibility for making available the property, plant and equipment needed to provide the services passes to the PFI contractor. As the Council is deemed to control the services that are provided under PFI schemes, and as ownership of the property, plant and equipment will pass to the Council at the end of the contracts for no additional charge, the Council carries the assets used under the contracts on its Balance Sheet as part of Property, Plant and Equipment.

The original recognition of these assets at fair value (based on the cost to purchase the property, plant and equipment) is balanced by the recognition of a liability for amounts due to the scheme operator to pay for the capital investment.

Non-current assets recognised on the Balance Sheet are re-valued and depreciated in the same way as property, plant and equipment owned by the Council.

The amounts payable to the PFI operators each year are analysed into five elements:

- Fair value of the services received during the year – debited to the relevant service in the Comprehensive Income and Expenditure Statement
- Finance cost – an interest charge on the outstanding Balance Sheet liability, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement
- Contingent rent – increases in the amount to be paid for the property arising during the contract, debited to the Financing and Investment Income and Expenditure line in the Comprehensive Income and Expenditure Statement

- Payment towards liability – applied to write down the Balance Sheet liability towards the PFI operator (the profile of write-downs is calculated using the same principles as for a lease)
- Life cycle replacement costs – where material, a proportion of the amounts payable is posted to the Balance Sheet as a prepayment and then recognised as additions to Property, Plant and Equipment when the relevant works are eventually carried out.

Following the introduction of IFRS 16 on 1st April 2024, the PFI lease liabilities will be remeasured each year to take account of the impact of indexation of future payments. This would normally impact the value of the associated right-of-use asset, but for the Council's two PFI Schemes the impact will be shown in the Comprehensive Income and Expenditure Statement as detailed below:

- The liability relating to the Unitary Charge element of Mersey Gateway Bridge has increased by £46.1m during the year. As Infrastructure assets are held at historic depreciated cost, this has been treated as a revaluation loss shown in Mersey Gateway expenditure in the Comprehensive Income and Expenditure Statement.
- The liability relating to the Grange School has been increased by £4.7m during the year. This has been treated as Revenue Expenditure Funded by Capital Under Statute in the Schools expenditure figure in the Comprehensive Income and Expenditure Statement as the Council no longer owns the asset following its conversion to academy status in January 2018.

These costs do not impact the General Fund as they are reversed through the Movement in Reserves Statement to the Capital Adjustment Account.

26. Heritage Assets

Where applicable, heritage assets are measured at insurance valuation on the Balance Sheet.

Unlike other non-current assets depreciation is not required on heritage assets which have infinite useful lives. Similarly, impairment reviews are only required in limited circumstances, for example if a heritage asset has suffered breakage or physical deterioration.

27. Accounting Standards that have been Issued but not yet Adopted

Under the Code of Practice on Local Authority Accounting in the United Kingdom 2024/25 (the Code), the Council is required to disclose information setting out the impact of an accounting change required by new accounting standards which have been issued at the balance sheet date but which will not apply to local authorities' accounts until subsequent financial years.

The standards introduced by the 2025/26 Code where disclosures are required in the 2024/25 financial statements, in accordance with the requirements of paragraph 3.3.4.3 of the Code, are:

- (i) The Effects of Changes in Foreign Exchange Rate (Lack of Exchangeability) (Amendments to IAS 21).
- (ii) Insurance Contracts (Adoption of IFRS 17).

- (iii) Changes to the measurement of non-investment assets, setting out three revaluation processes for operational property, plant and equipment, requiring indexation for tangible non-investment assets, and a requirement to value intangible assets using the historical cost approach (Adaptations to IAS 16 and IAS 38, and relief from the requirements of IAS 8).

With the exception of the adaptations to IAS 16, these amendments are not expected to have a material impact on the Council's Statement of Accounts.

28. Critical Judgements in Applying Accounting Policies

The Council has made judgements about different transactions and the uncertainty of future events. The critical judgements made in the Statement of Accounts are:

Capitalised expenditure

On 20th February 2025 the Minister of State for Local Government and English Devolution wrote to the Council that he was 'minded to' approve a capitalisation direction of a total not exceeding £52.8m, comprising £20.8m in 2024/25 and £32m in 2025/26.

In order for the department to provide a final capitalisation direction, the council is required to undergo an external assurance review which will include, but will not be limited to, an assessment of the council's financial position and governance arrangements and must comply with the following conditions

- the authority may only capitalise expenditure when it is incurred;
- where expenditure is capitalised, the authority shall charge annual MRP using the asset life method with a proxy 'asset life' of no more than 20 years.

Only £10m of the potential capital direction of £20.8m was utilised in 2024/25 and the Statement of Accounts include the £10m capitalisation direction which can be seen in the Capital Financing Note (see Note 16) and the Movement in Reserves Statement (see note 34a Adjustments between Funding and Accounts Basis).

Although the Council has not received a capitalisation direction letter from the Minister of State issued under section 16(2)(b) of the Local Government Act 2003, the Council believe that it is complying with the intent of the Secretary of State's letter of 20th February 2025 by capitalising revenue expenditure in advance of receipt of the direction. The Council believes that in its judgment the Minister of State's intention was that the financial statements would include the capitalised expenditure. Formal approval of the capitalisation direction will be provided by the Minister of State following the Council undergoing an assessment of its financial position and governance arrangements. The Minister of State reserves the right to extend the scope of the review to consider any other relevant issue that is deemed necessary. Consequently, as the Council has concluded it has met all the requirements in the Minister of State's letter it has capitalised £10m of expenditure as a result.

29. Assumptions Made about the Future and other Major Sources of Estimation Uncertainty

The Statement of Accounts contains estimated figures that are based on assumptions made by the Council about the future or that are otherwise uncertain. Estimates are made by taking into account historical experience, current trends and other relevant factors. However,

because some balances cannot be determined with certainty, actual results could be materially different from the assumptions and estimates.

The items in the Council's Balance Sheet at 31st March 2025 for which there is a significant risk of material adjustment in the forthcoming financial year are as follows:

29(a) Property, Plant and Equipment

The carrying amount in the Balance Sheet at the 31st March 2025 is £876.9m, of which £417.3m relates to the Unitary Charge element of the Mersey Gateway Crossing.

Assets are depreciated over useful lives that are dependent on assumptions about the level of repairs and maintenance that will be incurred in relation to individual assets. The current economic climate makes it uncertain that the Council will be able to sustain its spending on repairs and maintenance, bringing into doubt the useful lives of those assets. Ongoing maintenance for the Mersey Gateway Crossing is covered by unitary payments and therefore has no impact on the Council's on-going repairs and maintenance spending.

If the useful life of Buildings included in Property, Plant and Equipment is reduced, depreciation increases and the carrying amount of the asset falls. It is estimated that the annual depreciation charge for buildings could increase between 10%-15% equating to an additional £0.652m to £0.978m for every year that useful lives had been reduced.

29(b) Pensions Liability / Asset

The carrying amount in the Balance Sheet at the 31st March 2025 is a liability of £4.044m.

Estimation of the net liability to pay pensions depends on a number of complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Hymans Robertson LLP is engaged on behalf of the Council by Cheshire West and Chester Council to provide expert advice about the assumptions to be applied.

An estimate of the impact of any changes to the principal assumptions provided by the actuary are shown in the Note 32.

30 Going Concern

The statement of accounts has been prepared on an assumption that the Council will continue in operational existence for the foreseeable future. This is a requirement of the Code, which reflects the fact that since the management of a statutory local authority does not have the power to cease operations and wind up the entity, a statutory local authority will always be a going concern as defined by IAS 1 (Presentation of Financial Statements)

Glossary of Terms

For the purposes of the Code of Practice the following definitions have been adopted:

Accruals

The concept that income and expenditure are recognised as they are earned or incurred, not as money is received or paid.

Accounting Policies

Those principals, bases, conventions, rules and practices applied by an entity that specify how the effects of transactions and other events are to be reflected in its financial statements through:

- (a) Recognising;
- (b) Selecting and measuring bases for; and
- (c) Presenting.

Assets, liabilities, gains, losses and changes to reserves.

Accounting policies do not include estimation techniques.

Accounting policies define the process whereby transactions and other events are reflected in financial statements. For example, an accounting policy for a particular type of expenditure may specify whether an asset or a loss is to be recognised; the basis on which it is to be measured; and where in the Income and Expenditure account or Balance Sheet it is to be presented.

Acquired Operations

Operations comprise services and divisions of service as defined in SeRCOP. Acquired operations are those operations of the Council that are acquired in the period.

Actuarial Gains and Losses

For a defined benefit pension scheme, the changes in actuarial deficits or surpluses that arise because:

- (a) Events have not coincided with the actuarial assumptions made for the last valuation (experience gains and losses); or
- (b) The actuarial assumptions have changed.

Capital Expenditure

Expenditure on the acquisition of a non-current asset or expenditure which adds to and not merely maintains the value of an existing non-current asset.

Class of Non-Current Assets

The classes of non-current assets required to be included in the accounting statements are:

Property, Plant and Equipment:

- Other land and buildings
- Vehicles, plant, furniture and equipment
- Infrastructure assets
- Community assets
- Assets under construction
- Surplus assets

Other classes of assets:

- Investment properties
- Assets held for sale
- Heritage assets

Community Assets

Assets that the Council intends to hold in perpetuity, that have no determinable useful life, and that may have restrictions on their disposal. Examples of community assets are parks and historic buildings.

Consistency

The concept that the accounting treatment of like items within an accounting period and from one period to the next are the same.

Constructive Obligation

An obligation that derives from a Council's actions where:

- (a) By an established pattern of past practice, published policies or a sufficiently specific current statement, the Council has indicated to other parties that it will accept certain responsibilities; and
- (b) As a result, the Council has created a valid expectation on the part of those other parties that it will discharge those responsibilities.

Contingent Asset

A contingent asset is a possible asset arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Local Authority's control.

Contribution

A contribution may be received from a partner to help perform a particular function (i.e. PCT and third sector in health/education, S106 developers etc...)

Contingent Liability

A contingent liability is either:

- (a) A possible obligation arising from past events whose existence will be confirmed only by the occurrence of one or more uncertain future events not wholly within the Council's control; or
- (b) A present obligation arising from past events where it is not probable that a transfer of economic benefits will be required or the amount of the obligation cannot be measured with sufficient reliability.

Corporate and Democratic Core

The corporate and democratic core comprises all activities which Local Authorities engage in specifically because they are elected multi-purpose Authorities. The cost of these activities are thus over and above those which would be incurred by a series of independent, single purpose, nominated bodies managing the same services. There is therefore no basis for apportioning these costs over or across services.

Current Service Cost (Pensions)

The increase in the present value of a defined benefit scheme's liabilities expected to arise from employee service in the current period.

Curtailment

For a defined benefit scheme, an event that reduces the expected years of future service of present employees or reduces for a number of employees the accrual of defined benefits for some or all of their future service. Curtailments include:

- (a) Termination of employees' services earlier than expected, for example as a result of closing a factory or discontinuing a segment of a business; and
- (b) Termination of, or amendment to the terms of, a defined benefit scheme so that some or all future service by current employees will no longer qualify for benefits or will qualify only for reduced benefits.

Deferred Charges

Expenditure which may properly be deferred, but which does not result in, or remain matched with, tangible assets. Examples of deferred charges are expenditure on items such as improvement grants and the expenses of private acts.

Defined Benefit Scheme

A pension or other retirement benefit scheme other than a defined contribution scheme. Usually, the scheme rules define the benefits independently of the contributions payable, and the benefits are not directly related to the investments of the scheme. The scheme may be funded or unfunded (including notionally funded).

Defined Contribution Scheme

A pension, or other retirement benefit scheme into which an employer pays regular contributions fixed as an amount, or as percentage of pay, and will have no legal or constructive obligation to pay further contributions if the scheme does not have sufficient assets to pay all employee benefits relating to employee service in the current and prior periods.

Depreciation

The measure of cost or revalued amount of the benefits of the non-current asset that have been consumed during the period.

Consumption includes the wearing out, using up or other reduction in the useful life of a non-current asset whether arising from use, effluxion of time or obsolescence through either changes in technology or demand for the goods or services produced by the asset.

Discontinued Operations

Operations comprise services and divisions of service as defined in CIPFA's Standard Classification of Income and Expenditure. An operation should be classified as discontinued if all of the following conditions are met:

- (a) The termination of the operation is completed either in the period before the earlier of three months after the commencement of the subsequent period and the date on which the financial statements are approved;
- (b) The activities related to the operation have ceased permanently;
- (c) The termination of the operation has a material effect on the nature and focus of the Local Authority's operations and represents a material reduction in its provision of services resulting either from its withdrawal from a particular activity (whether a service or division of service, or its provision in a specific geographical area) or from a material reduction in net expenditure in the Local Authority's continuing operations;
- (d) The assets, liabilities, income and expenditure of operations and activities are clearly distinguishable physically, operationally and for financial reporting purposes.

Operations not satisfying all the conditions are classified as continuing.

Discretionary Benefits

Retirement benefits which the employer has no legal, contractual or constructive obligation to award which are awarded under the Council's discretionary powers, such as The Local Government (Discretionary Payments) Regulations 1996, the Local Government (Discretionary Payments and Injury Benefits) (Scotland) Regulations 1998, or the Local Government (Discretionary Payments) Regulations (Northern Ireland) 2001.

Estimation Techniques

The methods adopted by an entity to arrive at estimated monetary amounts, corresponding to the measurement bases selected, for assets, liabilities, gains losses and changes to reserves.

Estimation techniques implement the measurement aspects of accounting policies. An accounting policy will specify the basis on which an item is to be measured; where there is uncertainty over the monetary amount corresponding to that basis, the amount will be arrived at by using an estimation technique. Estimation techniques include, for example:

- (a) Methods of depreciation, such as straight-line and reducing balance, applied in the context of a particular measurement basis, used to estimate the proportion of the economic benefits of a tangible non-current asset consumed in a period.
- (b) Different methods used to estimate the proportion of debts that will not be recovered, particularly where such methods consider a population as a whole rather than individual balances.

Events after the Balance Sheet Date

Those events, both favourable and unfavourable, which occur between the balance sheet date and the date on which the Statement of Accounts is signed by the responsible financial officer.

Exceptional Items

Material items which derive from events or transactions that fall within the ordinary activities of the Council and which need to be disclosed separately by virtue of their size or incidence to give a fair presentation of the accounts.

Exit Packages

Exit packages are defined as amounts payable as a result of either an employer's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept voluntary redundancy in exchange for those benefits. Exit packages also include enhancement of retirement benefits, when an employee retires early without actuarial reduction of pension.

Expected Rate of Return on Pensions Assets

For a funded defined benefit scheme, the average rate of return, including both income and changes in fair value but net of scheme expenses, expected over the remaining life of the related obligation on the actual assets held by the scheme.

Extraordinary Items

Material items, possessing a high degree of abnormality, which derive from events or transactions that fall outside the ordinary activities of the Council and which are not expected to recur. They do not include exceptional items, nor do they include prior period items merely because they relate to a prior period.

Fair Value

The fair value of an asset is the price at which it could be exchanged in an arm's length transaction less, where applicable, any grants receivable towards the purchase of use of the asset.

Going Concern

The concept that the Council will remain in operational existence for the foreseeable future, in particular that the Income and Expenditure Account and Balance Sheet assume no intention to curtail significantly the scale of the operations.

Government Grants

Assistance by Government and Inter-Government Agencies and similar bodies, whether local, national or international, in the form of cash or transfers of assets to a Council in return for past or future compliance with certain conditions relating to the activities of the Council.

Heritage Assets

Heritage Assets are assets that have historical, artistic, scientific, technological, geophysical or environmental qualities. Examples of heritage assets held by the Council include civic regalia, paintings and artefacts.

Impairment

A reduction in the value of a non-current asset below its carrying amount on the Balance Sheet.

Infrastructure Assets

Non-current assets that are inalienable, expenditure on which is recoverable only by continued use if the asset created. Examples of infrastructure assets are highways and footpaths.

Interest Cost (Pensions)

For a defined benefit scheme, the expected increase during the period of present value of the scheme liabilities because the benefits are one period closer to settlement.

Inventories

The amount of unused or unconsumed stocks held in expectation of future use, comprising the following categories:

- (a) goods or other assets purchased for re-sale;
- (b) consumable stores;
- (c) raw materials and components purchased for incorporation into products for sale;
- (d) products and services in intermediate stages of completion;
- (e) long-term contract balances; and
- (f) finished goods.

Investments (Non-Pensions Fund)

A long-term investment is an investment that is intended to be held for use on a continuing basis in the activities of the Council. Investments should be classified only where an intention to hold the investment for the long-term can clearly be demonstrated or where there are restrictions as to the investor's ability to dispose of the investment.

Investments, other than those in relation to the pensions fund, that do not meet the above criteria should be classified as current assets.

Investments (Pensions Fund)

The investments of the Pensions Fund will be accounted for in the statements of that Fund. However, councils are also required to disclose, as part of the transitional disclosures relating to retirement benefits, the attributable share of the pension scheme assets associated with their underlying obligations.

Investment Properties

Interest in land and/or buildings:

- (a) In respect of which construction work and development have been completed; and
- (b) Which is held for its investment potential, and rental income being negotiated at arm's length.

Liquid Resources

Current asset investments that are readily disposable by the Council without disrupting its business and are either readily convertible to known amounts of cash or close to the carrying amount, or traded in an active market.

Long-Term Contracts

A contract entered into for the design, manufacture or construction of a single substantial asset or the provision of a service (or a combination of assets or services which together constitute a single project), where the time taken substantially to complete the contract is such that the contract activity falls into different accounting periods. Some contracts with a shorter duration than one year should be accounted for as long-term contracts if they are sufficiently material to the activity of the period.

Net Book Value

The amount at which non-current assets are included in the balance sheet, i.e. their historical cost or current value less the cumulative amounts provided for depreciation.

Net Current Replacement Cost

The cost of replacing or recreating the particular asset in its existing condition and in its existing use, i.e. the cost of replacement or of the nearest equivalent asset, adjusted to reflect the current condition of the existing asset.

Net Debt

The Council's borrowings less cash and liquid resources. Where cash and liquid resources exceed borrowings, reference should be to net funds rather than debt.

Net Realisable Value

The open market value of the asset in its existing use (or open market value in case of non-operational assets), less the expenses to be incurred in realising the asset.

Operating Lease

A lease other than a finance lease.

Past Service Cost

For a defined benefit scheme, the increase in the present value of the scheme liabilities related to employee service in prior periods arising in the current period as a result of the introduction of, or improvements to, retirement benefits.

Prior Period Adjustments

Those material adjustments applicable to prior years arising from changes in accounting policies or from the correction of fundamental errors. A fundamental error is one that is of such significance as to destroy the validity of the financial statements. They do not include normal recurring corrections or adjustments of accounting estimates made in prior years.

Projected Unit Method

An accrued benefits valuation method in which the scheme liabilities make allowance for projected earnings. An accrued benefit valuation method is a valuation method in which the scheme liabilities at the valuation date relate to:

- (a) The benefits for pensioners and deferred pensioners (i.e. individuals who have ceased to be active members but are entitled to benefits payable at a later date) and their dependants, allowing where appropriate for future increases; and
- (b) The accrued benefits for members in service on the valuation date.

The accrued benefits are the benefits for service up to a given point in time, whether vested rights or not. Guidance on the projected unit method is given in the Guidance Note GN26 issued by the Faculty and Institute of Actuaries.

Related Parties

Two or more parties are related parties when at any time during the financial period:

- (a) A party has direct or indirect control of the other party; or
- (b) The parties are subject to common control from the same source; or
- (c) One party has influence over the financial and operational policies of the other party to an extent that the other party might be inhibited from pursuing at all times its own separate interests; or

- (d) The parties, in entering a transaction, are subject to influence from the same source to such an extent that one of the parties to the transaction has subordinated its own separate interest.

Examples of related parties of a Council include:

- (a) Central government;
- (b) Local authorities and other bodies precepting or levying demands on the council tax;
- (c) Its subsidiary and associated companies;
- (d) Its joint ventures and joint ventures partners;
- (e) Its members
- (f) Its chief officers; and
- (g) Its pension fund.

Examples of related parties of a pension fund include its:

- (a) Administering authority and its related parties
- (b) Scheduled bodies and their related parties; and
- (c) Trustees and advisors

This list is not intended to be comprehensive.

For individuals identified as related parties, the following are also presumed to be related parties:

- (a) Members of the close family, or the same household; and
- (b) Partnerships, companies, trusts or other entities in which the individual, or a member of their close family or the same household, has a controlling interest.

A related party transaction is the transfer of assets or liabilities or the performance of services by, to or for a related party irrespective of whether a charge is made. Examples of related party transactions include:

- (a) The purchase, sale, lease rental or hire of assets between related parties;
- (b) The provision by a pension fund to a related party of assets or loans, irrespective of any direct economic benefit to the pension fund;
- (c) The provision of a guarantee to a third party in relation to a liability or obligation of a related party;
- (d) The provision of services to a related party, including the provision of pension fund administration services;
- (e) Transactions with individuals who are related parties of the Council or a pension fund, except those applicable to other members of the community or the pension fund, such as council tax, rents and repayments of benefits.

This list is not intended to be comprehensive.

The materiality of related party transactions should be judged not only in terms of their significance to the Council, but also in relation to its related party.

Remuneration

All sums paid to or receivable by an employee and sums due by way of expenses allowances and the money value of any other benefits received other than in cash. Pension contributions payable by the employee are excluded.

Residual Value

The net realisable value of an asset at the end of its useful life. Residual values are based on prices prevailing at the date of acquisition (or revaluation) of the asset and do not take account of expected future prices.

Retirement Benefits

All forms of consideration given by an employer in exchange for services rendered by employees that are payable after completion of employment. Retirement benefits do not include termination benefits payable as a result of either (i) an employer's decision to terminate an employee's employment before the normal retirement date, or (ii) an employee's decision to accept voluntary redundancy in exchange for those benefits, because these are not given in exchange for services rendered by employees.

Scheme Liabilities

The liabilities of a defined benefit scheme for outgoings due after the valuation date. Scheme liabilities measured using the projected unit method reflect the benefits that the employer is committed to provide for service up to the valuation date.

Settlement

An irrevocable action that relieves the employee (or the defined benefit scheme) of the primary responsibility for a pension obligation and eliminates significant risks relating to the obligation and the assets used to effect the settlement. Settlements include:

- (a) A lump-sum cash payment to scheme members in exchange for their rights to receive specified pension benefits;
- (b) The purchase of an irrevocable annuity contract sufficient to cover vested benefits; and
- (c) The transfer of scheme assets and liabilities relating to a group of employees leaving the scheme.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Council to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy.

Total Cost

The total cost of a service or activity includes all costs which relate to the provision of the service (directly or bought in) or to the undertaking of the activity. Gross total cost includes

employee costs, expenditure relating to premises and transport, supplies and services, third party payments, transfer payments, support services and capital charges. This includes an appropriate share of all support services and overheads, which need to be apportioned.

Useful Life

The period over which the Council will derive benefits from the use of a non-current asset.

Vested Rights

In relation to a defined benefit scheme, these are:

- (a) For active members, benefits to which they would unconditionally be entitled on leaving the scheme;
- (b) For deferred pensioners, their preserved benefits;
- (c) For pensioners, pensions to which they are entitled.

Vested rights include where appropriate the related benefits for spouses or other dependants.

REPORT TO: Audit and Governance Board

DATE: 24 September 2025

REPORTING OFFICER: Finance Director

PORTFOLIO: Corporate Services

SUBJECT: CIPFA Financial Management Code

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 To inform Audit and Governance Board of the Council's self-assessment against the CIPFA Financial Management Code. The report assesses the Council's position against key areas for a number of financial management standards and where appropriate identifies follow up action to comply with the Code.

2.0 RECOMMENDED: That

- (i) the self-assessment against the Financial Management Code, be approved; and
- (ii) the self-assessment against the Financial Management Code be updated and reported on an annual basis and reported to the Board.

3.0 BACKGROUND

- 3.1 CIPFA Financial Management Code (FM Code) is designed to support good practice in financial management and to assist local authorities in demonstrating financial sustainability.
- 3.2 The FM Code is based on a series of 6 principles supported by specific standards which are considered necessary to provide the strong foundation to:
- financially manage the short, medium and long-term finances of a local authority
 - manage financial resilience to meet unforeseen demands on services
 - manage unexpected shocks in financial circumstances.
- 3.3 The six principles of the Financial Management Code and supporting standards are reported at Appendix A.

- 3.4 Each local authority (and those bodies designated to apply the FM Code) must demonstrate that the requirements of the code are being satisfied. Demonstrating this compliance with the FM Code is a collective responsibility of Elected Members, the Chief Finance Officer (CFO) and professional colleagues in the Council's senior leadership team.
- 3.5 The development of the FM Code reflects a recognition that self-regulation by the sector must be the preferred response to financial management failures. The FM Code has sought therefore to rely on the local exercise of professional judgement backed by appropriate reporting. To ensure that self-regulation is successful, compliance with the FM Code cannot rest with the CFO acting alone.
- 3.6 Attached at Appendix B is the Council's assessment against the six key principles followed by financial management standards which underpin the principles. Each key question has been assessed to ascertain how the Council's current procedures comply to the standard, assessed to high, medium or low compliance. Where identified and required, follow up action has been suggested which will be reviewed and reported back on an annual basis.

4.0 POLICY IMPLICATIONS

- 4.1 None.

5.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

- 5.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**
- 5.2 **Building a Strong, Sustainable Local Economy**
- 5.3 **Supporting Children, Young People and Families**
- 5.4 **Tackling Inequality and Helping Those Who Are Most In Need**
- 5.5 **Working Towards a Greener Future**
- 5.6 **Valuing and Appreciating Halton and Our Community**

There are no direct implications, however the Council's financial position is key to the delivery and achievement of all the Council's priorities.

6.0 RISK ANALYSIS

- 6.1 Completion of the FM Code will assist the Council in identifying improvements to good financial management and financial sustainability.

7.0 EQUALITY AND DIVERSITY ISSUES

7.1 None.

8.0 CLIMATE CHANGE IMPLICATIONS

8.1 None

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

Document	Place of Inspection	Contact Officer
CIPFA Financial Management Code	Halton Stadium	Steve Baker Head of Revenues and Financial Management

Appendix A – Financial Management Code Principles and Standards



Responsibilities of the Chief Finance Officer and Leadership Teams

Financial Management Standard A

The leadership team is able to demonstrate that the services provided by the authority provide value for money.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Does the authority have a clear and consistent understanding of what value for money means to it and to its leadership team?	H	The four pillars of value for money are economy, efficiency, effectiveness and equity. In making decisions, allocating resources and planning the delivery of services the Council's reporting mechanism is such that financial implications, risk implications and consideration on Council priorities are always reported.	None
Does the authority have suitable mechanisms in place to promote value for money at a corporate level and at the level of individual services?	M	Council has in place the following to promote value for money at a corporate level: • Clear Governance • Scrutiny Officer • Audit & Governance Board • Value for money assessment by External Audit • Engage with service users through the Corporate Plan • Finance and Procurement Standing Orders • Role of the Procurement Team • Regular Peer Review undertaken by LGA. • Monitoring performance and finances through Management Team, Executive Board, and Policy & Performance Boards	A review of council wide contract management arrangements is currently being undertaken as part of the Transformation Programme.

		• Internal Audit Reviews • Transformation Programme Board for example – review of all Council contracts	
Is the authority able to demonstrate the action that it has taken to promote value for money and what it has achieved?	M	The Council is able to draw on the judgements of external audit in promoting value for money. This is a report which is reported to Audit & Governance Board and published annually on the Council's website, reference is made to this in the narrative statement to the Statement of Accounts. The Transformation Programme Board also consider and review specific service themes to bring about financial efficiency, improved working practices and value for money.	Potential for improvements through: Regular service reviews through Policy & Performance Boards including the use of benchmarking data.

Financial Management Standard B

The authority complies with the CIPFA Statement on the Role of the Chief Finance Officer in Local Government. The five Key principles being:

- **Principle 1:** The CFO in a local authority is a key member of the leadership team, helping it to develop and implement strategy and to resource and deliver the authority's strategic objectives sustainably and in the public interest.
- **Principle 2:** The CFO in a local authority must be actively involved in, and able to bring influence to bear on, all material business decisions to ensure immediate and longer term implications, opportunities and risks are fully considered and aligned with the authority's overall financial strategy.
- **Principle 3:** The CFO in a local authority must lead the promotion and delivery by the whole authority of good financial management so that public money is safeguarded at all times and used appropriately, economically, efficiently, and effectively.
- **Principle 4:** The CFO in a local authority must lead and direct a finance function that is resourced to be fit for purpose.
- **Principle 5:** The CFO in a local authority must be professionally qualified and suitably experienced.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Is the authority's CFO a key member of the leadership team, involved in, and able to bring influence to bear on, all material business decisions?	H	The CFO of the Council is a qualified member of CIPFA. The CFO reports directly to the Chief Executive, works closely with the Council's Monitoring Officer, and is a member of the Council's leadership team with financial information and advice provided to the leadership team at all relevant points. The Council's leadership team review all reports prior to decisions being taken by Executive Board, Policy and Performance Boards, and Council. The Medium Term Financial Strategy is maintained on an on-going basis and is formally reviewed by decision makers on an annual basis. The CFO is a key officer on the following groups:	

		• Chief Officers Management Team • Executive Board • Audit and Governance Board • Corporate Policy and Performance Board • Transformation Programme Board	
Does the CFO lead and champion the promotion and delivery of good financial management across the authority?	H	CFO has a strong framework for implementing and maintaining good financial management across the authority, supported by the various Divisions within the Finance Department. CFO leads the implementation and maintenance of a framework of financial controls and procedures for managing financial risk, accounting processes and financial management procedures. In helping to coordinate and facilitate a culture of efficiency and value for money the CFO attends the Council's Transformation Board and the Finance Team support the Transformation Delivery Unit.	
Is the CFO suitably qualified and experienced?	H	The CFO is a member of CIPFA. The CFO is experienced and has many years of working in local Government. The CFO has a good understanding of the principles of financial management and an understanding of the wider business.	

Is the finance team suitably resourced and fit for purpose?	M	Whilst there is a depth of experience within the finance function, the Council's financial position has placed the team under significant pressure aligned to available resources. Staff within the function are encouraged and supported to develop their finance knowledge through further studies. Within Financial Management there are two staff studying CIMA and CIPFA and a further three studying AAT. The level of support and knowledge has been increased in the past year through the appointment of a dedicated VAT Officer.	To continue to develop professional training amongst finance staff.

Governance and Financial Management Style

Financial Management Standard C

The leadership team demonstrates in its actions and behaviours responsibility for governance and internal control.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Does the leadership team espouse the Nolan principles?	H	The Council promote the Nolan principles, those being: • Selflessness • Integrity • Objectivity • Accountability • Openness • Honesty • Leadership The above are achieved through scrutiny of decisions, governance, internal control and through reporting of related party transactions for members and the Council's leadership team.	
Does the authority have in place a clear framework for governance and internal control?	M	The Council's Constitution is reviewed on an annual basis with changes reported and agreed through the Executive Board. Governance structure is led through Executive Board as the Council's main decision making body. Policy and Performance Boards meet on a quarterly basis with set agreed terms of reference (committee purpose) setting out the scope of their responsibilities.	Council should have in place regular reviews to oversee arrangements with partnerships, to ensure they operate effectively and monitor the partnership's objectives. Whilst the Council will have members sitting on partnership boards, consideration should be given to annual partnership review which is reported annually to Executive Board.
Has the leadership put in place effective arrangements for assurance, internal audit and internal accountability?	M	The Council has an Internal Audit function which conforms to the Public Sector Internal Audit Standards. The Internal Audit function is led	Audit and Governance Board, to agree a process for co-opting an independent member

		effectively by the Council's Head of Audit, the function is reviewed and verified by external assessment on a regular basis. Internal Audit works to an agreed plan with a set number of resource days planned out at the start of each year. Recommendations from the Council's external auditors are all reported through the Council's Audit and Governance Board. These are supported by a Council response and follow up action reviewed at the next set audit.	onto the Board, in accordance with Cipfa's Audit Committee Guidance. A new risk management policy is to be reported to the Council Executive Board and Audit and Governance Board in September 2025. This has been drafted in conjunction with subject matter experts at Zurich Municipal, the Council insurers. The aim of the policy to provide direction and alignment to current risk management processes.
Does the leadership team espouse high standards of governance and internal control?	M	The Council has a Code of Conduct, reported through the Constitution for members of the leadership team. A register of interest for the leadership team is maintained and reviewed on an annual basis. Full Council review all key decisions taken by Executive Board and Policy Performance review relevant decision taken by Executive Board.	Consideration be given to further robustness being included within report recommendations through ensuring all decisions have been scrutinised and signed off by relevant professionals. Eg Finance and Legal Services.
Does the leadership team nurture a culture of effective governance and robust internal control across the authority?	H	The leadership team supports and encourages effective governance and scrutiny arrangements operated by elected members, including a member scrutiny co-ordinator, with arrangements being maintained in accordance with the Constitution. The leadership team has a robust control environment in operation across the Council, in accordance with Financial Standing Orders, with ongoing reviews by Internal Audit and oversight by Procurement and Financial Management.	

Financial Management Standard D

The authority applies the CIPFA/SOLACE Delivering Good Governance in Local Government: Framework (2016).

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Has the authority sought to apply the principles, behaviour and actions set out in the framework to its own governance arrangements?	H	During 2023/24 the Council developed a values and behaviours framework which provides a common language around values, fostering a positive organisational culture where employees feel empowered and motivated to uphold these principles. By defining expected behaviours, the Council is promoting accountability and consistency across all levels, leading to increased trust and cohesion within teams. The framework will also serve as a compass in times of uncertainty or conflict, guiding ethical decision-making, and ensuring that actions are in line with the Council's mission and vision. The framework was launched at the Council's Celebrating Success Award Ceremony. Award categories were aligned to the five headlines within the framework, with additional categories for Apprenticeship of the Year and the Community Service Award.	
Does the authority have in place a suitable local code of governance?	H	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, staff bulletins, registers of gifts and hospitality, whistle-blowing procedures, HR policies and fraud awareness training. The Local Code of Corporate Governance is subject to annual review.	
Does the authority have a robust assurance process to support its AGS?	H	The AGS is reviewed and reported on an annual basis. In reviewing the 2024/25 AGS the Council has: • Reviewed the Council's existing governance arrangements against its Local Code of Corporate Governance • Considered any areas where the Local Code of Corporate Governance needs to be updated to reflect changes in the Council's governance arrangements and best practice guidance • Taken account of various internal and external sources of assurance over the operation of the Council's governance framework • Assessed the effectiveness of the Council's governance arrangements and highlighted any planned changes in the coming period • Reviewed previously identified governance issues and the progress made against these during 2024/25.	

Financial Management Standard E

The financial management style of the authority supports financial sustainability.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Does the authority have in place an effective framework of financial accountability?	H	The Council's Constitution includes Finance Standing Orders. This includes information on: • Responsibilities • Financial Planning & Budget Setting • Budgetary Control • Accounting and Financial Management • Asset Control • Expenditure Control • Income Control • Collection & Control of Money • Irregularities, Fraud and Corruption	
Is the authority committed to continuous improvement in terms of the economy, efficiency, effectiveness and equity of its services?	M	The Council has a Transformation Programme in place since April 2023. Budget Constraints have been at the centre of this programme, delivering services more efficiently and effectively. The External Auditor assesses the Council's approach to economy, efficiency and effectiveness through the annual Value for Money assessment.	Alongside the financial benefits, Transformation Programme to highlight quality improvements to services as a result of the programme. Council are developing an Equality Impact Assessment (EIA) procedure with planned rollout of EIA training to employees during Autumn 2025 to ensure compliance with the Equality Act 2010 and the Public Sector Equality Duty.
Does the authority's finance team have appropriate input into the development of strategic and operational plans?	M	Each service department has a dedicated Finance Officer to develop and assist with departmental finances. This finance business partnering approach is helpful when considering departmental strategic and operational plans but there are opportunities for improvement.	Finance to have formal sign off all finance implications when a department is in the process of developing strategic and operational plans. Finance Officers to share information with Corporate Finance Team for consideration of

			accounting and medium term financial implications.
Do managers across the authority possess sufficient financial literacy to deliver services cost effectively and to be held accountable for doing so?	M	Finance Officers provide a dedicated business partnering approach to all departments but do so with limited resources. There is a training programme for the Council's Learning & Development team for all managers across the Council and Financial Management contribute towards this process.	Financial Department to consider introducing more formal training to managers across the Council. To make them aware of their responsibilities and where to go to for financial support, information and guidance.
Has the authority sought an external view on its financial style, for example through a process of peer review?	H	LGA undertook a peer review in 2024. Peer progress review undertaken June 2025.	
Do individuals with governance and financial management responsibilities have suitable delegated powers and appropriate skills and training to fulfil these responsibilities?	H	Training is provided to members on an annual basis, through an annual elected members training programme with the option for members of a personal action plan. Officers training needs are identified through the recently updated Employee Development and Performance framework.	

Financial Management Standard F

The authority has carried out a credible and transparent financial resilience assessment.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Has the authority undertaken a financial resilience assessment?	L	The Council has not undertaken a specific financial resilience assessment, although there are parts of the assessment which the Council will have undertaken, as per the next questions and response.	
Has the assessment tested the resilience of the authority's financial plans to a broad range of alternative scenarios?	M	Factors considered as part of any financial resilience assessment include: Getting Routine Financial Management Well – Financial monitoring reports are provided to Senior Management Team on a bi-monthly basis from 2024/25. This tracks the Council's financial position on a regular basis and provides assurance to the reported position. Planning and Managing Capital Resources Well – Council has an Asset Management Working Group which meets on a regular basis. Building and road maintenance budgets have been cut by 10% from 2024/25. This may impact and quicken the need for capital spend further down the line. Using Performance Information Effectively – Council undertakes an ongoing benchmarking exercise which in addition to cost will also look at performance to develop unit costs for comparison.	Transformation targets to be clearly linked to service areas, there is a requirement to track transformation targets back to benchmarking to evidence the differential in the unit cost of a service between Halton and average comparators. Reserves to be replenished through the Council's Medium Term Financial Strategy.

		Having Clear Plans for Delivering Savings - The Council review savings on a bi-monthly basis and RAG rate them in terms of being achieved. Savings are clearly linked to budget setting and medium term financial plans. Managing Reserves Well – The reserves the Council holds are now insufficient to meet spending forecasts. The Council has made representation to Government for exceptional financial support over the medium term. Review of reserves is undertaken and reported to the Council's leadership team on a bi-monthly basis.	
Has the authority taken appropriate action to address any risks identified as part of the assessment?	M	The Council have been aware of the risks around gaps to its medium term financial position for a number of years. Factors which have been exacerbated by demand within services, particularly children and adult social care. The Council's Transformation Delivery Unit was approved for establishment in February 2023 with a target of £20m efficiencies over the following three years. It is established that transformation of services is critical to the Council making progress towards future balanced budget positions. Revision of transformation targets has been reviewed in line with benchmarking and reported as part of the Financial Recovery Plan.	An assessment of costs required to get the Council to achieving targeted transformation efficiencies needs to be undertaken and assessed how any potential cost will be funded.

Financial Management Standard G

The authority understands its prospects for financial sustainability in the longer term and has reported this clearly to members.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Does the authority have a sufficiently robust understanding of the risks to its financial sustainability?	H	The main risks to the Council's financial sustainability are well known. Regular reporting of costs highlights demand for the following service areas being a main contributor to financial uncertainty. • Children in Care • Internal ASC Care Homes • Home to School Transport • Recruitment Difficulties -Agency Spend. The Council's pace of change in reacting to demand is also a limiting factor to financial sustainability. In addition lack of financial support from Government in funding these costs adds to financial sustainability risks. A Fair Funding consultation was undertaken by Government during the summer of 2025 which the Council responded to. The initial view is the Council will benefit from a fair funding review of needs and resources. Whilst this will be helpful towards achieving a sustainable budget further significant budget reductions will be required.	
Does the authority have a strategic plan and long-term financial strategy that adequately address these risks?	M	The Council has a Corporate Plan running from 2024 to 2029. There is no specific financial strategy that runs alongside this but there is the	The Financial Recovery Plan will require ongoing development as efficiencies and income generation schemes are brought forward.

		Medium Term Financial Strategy which is updated on a regular basis. The latest medium term financial forecast addresses the risk to financial sustainability by including funding for overspends, inflation, demand pressures etc... A Financial Recovery Plan is to be reported to Executive Board in September 2025. This sets out what will be required to achieve a sustainable budget position over the medium term.	
Has the authority sought to understand the impact on its future financial sustainability of the strategic, operational and financial challenges that it might face (eg using a technique such as scenario planning)?	M	The Council will look at scenarios in terms of ideal and worst case scenario's, what it doesn't do is look at plausible alternative combinations or circumstances. Previously if members have not agreed to saving proposals the majority have been dismissed without any further scenarios being considered.	Alternative scenarios should be considered in terms of efficiencies and in terms of growth items. For example following Children's Social Care Ofsted inspection there is an expectancy of £4.2m of spend being required to improve the position. Further scenarios could have been tested and reported to evaluate which would bring about better value for money.
Has the authority reported effectively to the leadership team and to members its prospects for long-term financial sustainability, the associated risks and the impact of these for short and medium-term decision making?	M	Current and future budget gaps are reported to senior officer management team and Executive Board via the Medium Term Financial Strategy. The Council's longer term financial sustainability was reported in detail to the leadership team, Executive Board and all Council Members, as part of considering whether to apply to Government for Exceptional Financial Support.	Having received provisional approval for Exceptional Financial Support it is important that work on continuous development to the Financial Recovery Plan takes place with urgency.

Financial Management Standard H

The authority complies with the CIPFA Prudential Code for Capital Finance in Local Authorities.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Has the authority prepared a suitable capital strategy?	H	Council approved the 2025/26 Capital Strategy in March 2025. This is updated on an annual basis.	
Has the authority set prudential indicators in line with the Prudential Code?	H	Council approved the 2025/26 Treasury Management Statement (including prudential indicators) in March 2025.	
Does the authority have in place suitable mechanisms for monitoring its performance against the prudential indicators that it has set?	H	Monitoring of performance against prudential indicators is reported twice yearly. Once at the end of September and again at the end of March.	

Financial Management Standard I

The authority has a rolling multi-year medium-term financial plan consistent with sustainable service plans.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Does the authority have in place an agreed medium-term financial plan?	H	Council has in place a Medium Term Financial Strategy (MTFS) which is reported to Council in Autumn of each year. The medium term financial forecast is updated and reported to Council within the annual Budget Report. The latest MTFS is to be reported to Executive Board in September 2025, covering the 5 year period 2026/27 to 2030/31.	
Is the medium-term financial plan consistent with and integrated into relevant service plans and its capital strategy?	H	The MTFS is consistent with service plans and the capital strategy. Any changes to service delivery design which have financial implications will be reported through Chief Officers Management Team and/or Executive Board. An example of this would be Children's improvement programme. The MTFS is updated to take into account financial implications from changes to the capital programme.	
Has the medium-term financial plan been prepared on the basis of a robust assessment of relevant drivers of cost and demand?	M	The latest MTFS takes into account drivers of cost and demand. An example of a cost driver would be the increasing complexity of social care. The MTFS will include reference to political factors and changes in legislation where known.	The Council needs to develop a process for better understanding future demand against key service areas

		Similarly with economic factors the MTFS will be updated and take advice from subject experts eg inflation forecasts, energy and employment changes. The MTFS is limited in terms of demand pressures as it calculates this factor based on historical information or one-off information from service leads.	
Has the medium-term financial plan been tested for resilience against realistic potential variations in key drivers of cost and demand?	H	The latest MTFS includes variation analysis for pay, council tax, and social care demand.	
Does the authority have in place a suitable asset management plan that seeks to ensure that its property, plant and equipment including infrastructure assets contribute effectively to the delivery of services and to the achievement of the authority's strategic aims?	M	Latest Asset Management Plan dated 2018 and latest Disposal Programme reported to Executive Board in February 2020.	Consideration to be given to updating Asset Management Plan and Asset Disposal Plan.

Financial Management Standard J

The authority complies with its statutory obligations in respect of the budget setting process.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Is the authority aware of its statutory obligations in respect of the budget-setting process?	H	The Council is aware of the need to: • Set and agree an income and expenditure budget prior to the beginning of a financial year to which the budget relates. • Full Council approving the annual budget together with the associated tax demand. • Council section 151 Officer reporting to the Council on the robustness of the estimates made in the annual budget and on the adequacy of financial reserves.	
Has the authority set a balanced budget for the current year?	H	The Council has set a balanced 2025/26 budget. In doing so it has received an in-principle capital direction from Government, known as Exceptional Financial Support (EFS). It is forecasted within the 2025/26 budget for £29.385m of EFS to be utilised.	
Is the authority aware of the circumstances under which it should issue a Section 114 notice and how it would go about doing so?	H	The Council is aware of circumstances for issuing a Section 114 notice. Regular meetings have taken place with colleagues from Ministry of Housing, Communities & Local Government over the past 2 years to update them on the Council's financial position and advice taken on how to progress and develop.	

Financial Management Standard K

The budget report includes a statement by the chief finance officer on the robustness of the estimates and a statement on the adequacy of the proposed financial reserves.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Does the authority's most recent budget report include a statement by the CFO on the robustness of the estimates and a statement of the adequacy of the proposed financial reserves?	H	The 2025/26 Budget Report includes a statement in line with Section 25 of the Local Government Act 2003.	
Does this report accurately identify and consider the most significant estimates used to prepare the budget, the potential for these estimates being incorrect and the impact should this be the case?	H	The 2025/26 Budget Report includes estimates and some variations around; • Service Demand • Pay • Capital Programme • Funding Levels • Saving Plans and Targets Contingency budget available for any actual variations to estimates.	
Does the authority have sufficient reserves to ensure its financial sustainability for the foreseeable future?	H	Adequacy of reserves are considered within the 2025/26 Budget Report and reviewed and reported on a bi-monthly basis.	
Does the report set out the current level of the authority's reserves, whether these are sufficient to ensure the authority's ongoing financial sustainability and the action that the authority is to take to address any shortfall?	H	It is considered that they are insufficient hence the need for the Council to call on Exceptional Financial Support. It is identified within the report that reserve levels will need to be replenished within the Medium Term Financial Strategy.	

Financial Management Standard L

The authority has engaged where appropriate with key stakeholders in developing its long-term financial strategy, medium-term financial plan and annual budget.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
How has the authority sought to engage with key stakeholders in developing its long-term financial strategy, its medium-term financial plan and its annual budget?	M	Engagement through: - Discussions with Directorate Leads on how 2025/26 budgets have been developed and the assumptions / estimates used. - Senior officer engagement with service leads across the Council. - Annual consultation with the Chamber of Commerce - Chief Operating Officer for Halton Place Partnership is a member of the Council's leadership team - Regular Council dialogue with key stakeholders including Council employees, Police, Fire, Health, Voluntary Sector, Chamber of Commerce.	Consideration to be given to increased engagement with the Public Sector covering the Council's immediate and medium term financial position.
How effective has this engagement been?	L	Minimal response	Need to consider how the Council engages in the future with stakeholders. How does the Council ensure the message is being received by key stakeholders. What feedback is received.
What action does the authority plan to take to improve its engagement with key stakeholders?	L	The Chief Executive and respective Executive Directors have regular meetings with stakeholders at which the current and longer-term financial position is discussed.	Action plan of engagement with key stakeholders to be considered.

Financial Management Standard M

The authority uses an appropriate documented option appraisal methodology to demonstrate the value for money of its decisions.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Does the authority have a documented option appraisal methodology that is consistent with the guidance set out in IFAC/PAIB publication Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal?	M	Included within the annual Capital Strategy document is a Capital Project Financial Assessment Form. The aim of this document is to financially appraise proposed additions to the Council's Capital Programme. Bids for revenue growth (funded through contingency) have to be considered through a 'business case' scenario and requires sign off from the Council Leader, Portfolio Lead for Resources, Chief Executive and Section 151 Officer.	To consider the guidance in the IFAC/PAIB publication 'Project and Investment Appraisal for Sustainable Value Creation: Principles in Project and Investment Appraisal'. To consider how the guidance can be turned into a template investment appraisal model.
Does the authority offer guidance to officers as to when an option appraisal should be undertaken?	M	Guidance for capital investment included within the annual Capital Strategy document.	To consider in line with above action.
Does the authority's approach to option appraisal include appropriate techniques for the qualitative and quantitative assessment of options?	M	Quantitative impact is considered as part of option appraisals eg income, expenditure and associated cashflows.	To consider formally reporting on qualitative factors to include within option appraisals eg economic factors, cost benefit analysis, multi criteria analysis and impact assessments.
Does the authority's approach to option appraisal include suitable mechanisms to address risk and uncertainty?	M	Analysis is undertaken with regard to payback and variations around the capital financing cost of schemes.	To consider increasing the level of techniques to address uncertainty and financial risk.
Does the authority report the results of option appraisals in a clear, robust and informative manner that gives clear recommendations and outlines the risk associated with any preferred option(s)?	L	Included within reports to Executive Board are sections covering financial implications and risk, although the content and quality of these sections is variable.	To consider increased reporting of option appraisals. It is important these are fully supported by appropriate narrative to ensure report users understand what the option appraisal tools are saying and that they are not understood.

Financial Management Standard N

The leadership team takes action using reports enabling it to identify and correct emerging risks to its budget strategy and financial sustainability.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Does the authority provide the leadership team with an appropriate suite of reports that allow it to identify and to correct emerging risks to its budget strategy and financial sustainability?	H	Reporting of in-year and spend outturn forecasting have been reported to the Council Leadership Team every other month from 2024/25.	
Do the reports cover both forward and backward-looking information in respect of financial and operational performance?	H	The reports cover both forward and backward looking information. End of year outturn positions are forecast with supporting narrative included any significant changes from the previous reporting period. Included within the reports is information relating to variations in demand and the financial impact of this.	
Are there mechanisms in place to report the performance of the authority's significant delivery partnerships such as contract monitoring data?	M	Reports covering performance are issued to Policy and Performance Boards.	Consideration should be given to how these reporting arrangements are improved to ensure delivery partnerships are cost effective, bring about value for money and performance in line with set targets and expectations.
Are the reports provided to the leadership team in a timely manner and in a suitable format?	H	Financial reports issued are considered to be: • Clear • Accurate • Timely • Relevant • Well Structured • Concise	

		Feedback always sought where report users suggest improvements.	
Is the leadership team happy with the reports that it receives and with its ability to use these reports to take appropriate action?	H	Where feedback is provided, future reports are amended to take this into account (if possible and of benefit).	

The leadership team monitors the elements of its balance sheet which pose a significant risk to its financial sustainability.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Has the authority identified the elements of its balance sheet that are most critical to its financial sustainability?	M	Included within budget monitoring reports is information covering reserve balances. Treasury Management monitoring reported at the six month point of the financial year and again at year-end.	To consider greater reporting on volume and value of debtors on a bi-monthly basis. To consider the value of debtors, collection rates and the impact on cashflow. Consideration to reporting of Treasury Management monitoring to a quarterly basis.
Has the authority put in place suitable mechanisms to monitor the risk associated with these critical elements of its balance sheet?	M	As above but for reserves only (on a regular basis).	
Is the authority taking action to mitigate any risks identified?	H	Action has been taken over the past year to reduce the level of debtors the Council holds covering Adult Social Care, in particular the impact of full cost payers for social care users.	
Does the authority report unplanned use of its reserves to the leadership team in a timely manner?	H	Reserve levels are reported every other month.	
Is the monitoring of balance sheet risks integrated into the authority's management accounts reporting processes?	M	As above reserves are reported.	Further consideration to reporting of debt levels within management accounts reporting process.

Financial Management Standard P

The chief finance officer has personal and statutory responsibility for ensuring that the statement of accounts produced by the local authority complies with the reporting requirements of the Code of Practice on Local Authority Accounting in the United Kingdom.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Is the authority's CFO aware of their responsibilities in terms of the preparation of the annual financial statements?	H	CFO is aware of Council responsibility to produce and publish statutory accounts in line with Cipfa Code of Practice on Local Authority Accounting in the United Kingdom.	
Are these responsibilities included in the CFO's role description, personal objectives and other relevant performance management mechanisms?	H	Responsibilities around the statement of accounts is included within the CFO job description.	
Have the authority's financial statements hitherto been prepared on time and in accordance with the requirements of the Code of Practice on Local Authority Accounting in the United Kingdom?	H	Draft financial statements for 2024/25 published by 30 June in line with required publication date.	

Financial Management Standard Q

The presentation of the final outturn figures and variations from budget allows the leadership team to make strategic financial decisions.

Key Question	Level of Compliance (H/M/L)	Assessment	Follow Up Action
Is the authority's leadership team provided with a suitable suite of reports on the authority's financial outturn and on significant variations from budget?	H	It is and within good timescales	
Is the information in these reports presented effectively?	H	It is considered the financial outturn reporting is: • Clear • Accurate • Timely • Relevant • Well Structured • Concise	
Are these reports focused on information that is of interest and relevance to the leadership team?	H	Information in reports includes: • Outturn position and how this compares to budget • Narrative on how services have performed against budget. • Issues included within outturn report should be of no surprise to leadership team as will have been reported on a regular basis throughout the year. • Performance against saving targets included. • Performance against capital programme included.	
Does the leadership team feel that the reports support it in making strategic financial decisions?	H	Where feedback and improvement requests received on quality of reports these will be considered and if relevant factored into future reports.	

REPORT TO: Audit and Governance Board

DATE: 24 September 2025

REPORTING OFFICER: Director of Finance

PORTFOLIO: Corporate Services

SUBJECT: Appointment of an Independent Member

WARD(S): Borough-wide

1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to consider the requirements for recruiting an Independent Member to the Board.

2.0 RECOMMENDATIONS: That

- (i) the requirements for the post of Independent Member for the Audit and Governance Board outlined within the report, be approved; and**
- (ii) the proposed process for recruiting an Independent Member to the Audit and Governance Board, be approved.**

3.0 SUPPORTING INFORMATION

- 3.1 In November 2024 the Board reviewed and updated its terms of reference, to ensure they comply with Cipfa's recommended practice. In addition to reducing the size of the Board, it was agreed to appoint a suitably qualified, co-opted, independent Member, who would provide additional expertise and knowledge relevant to the Board's role, particularly that of the Council's Audit Committee. These changes were approved by Council on 16 May 2025 as part of the update of the Constitution.

- 3.2 The following are a draft set of requirements which the Board may wish to consider when recruiting an independent Member;

- (i) Applicants should be available to attend in person approximately four meetings each year and any associated training and development events. In addition, time will be required for preparation for meetings by reading agendas and reports and familiarising themselves with the issues to be discussed. Applicants should also be available on occasions for email or telephone consultation.
- (ii) The appointment will be made for three years.
- (iii) Applicants should have current or previous financial qualifications and/or experience of working in a financial environment within the public or private sector. They should have the ability to analyse, interpret and understand information and evidence effectively and quickly. In addition,

they should have knowledge of financial controls, management, governance, risk and audit matters.

- (iv) The successful applicant will be part of the Audit and Governance Board in an advisory and consultative capacity, but will not have a vote unlike the Elected Members who are entitled to vote.
- (v) Applicants should bring specialist knowledge and insight to the workings and deliberations of the Audit and Governance Board. They should provide external challenge and support in relation to reports presented to the Board.
- (vi) The successful applicant will support the Board in providing effective, independent assurance regarding the adequacy of the risk management framework, an independent review of the Council's financial performance, and assurance regarding the Council's internal control framework and wider governance processes.
- (vii) The successful applicant should promote good governance, risk management, and control in the delivery of all the Council's functions.
- (viii) At Board meetings the successful applicant should ask questions in a non-political, non-judgemental way, with respect for other Board Members and officers, and treating matters as confidential where appropriate.
- (ix) Applicants should be able to present relevant and well-reasoned arguments and provide effective and constructive challenge. They should remain open-minded, objective, impartial and act with integrity.
- (x) Applicants must abide by the Council's Constitution and Members' Code of Conduct. They shall uphold the highest standards of confidentiality in relation to all information obtained, accessed, or discussed in the course of their duties. This includes, but is not limited to, financial data, audit reports, risk assessments, internal control evaluations, and any other sensitive or proprietary information. Such information must not be disclosed to any unauthorised person or used for personal gain, and must be handled in accordance with applicable laws, policies, and ethical standards.
- (xi) Applicants should not have been Elected Members or employees of Halton Borough Council (or its wholly owned companies) within the last three years.
- (xii) Applicants should not be affiliated with any political party or have been affiliated within the last three years.
- (xiii) Applicants must disclose to the Council any matter which might damage the reputation of the Council or indicate a real or perceived conflict of interest with the role of the Audit and Governance Board.

(xiv) The Board may remove an independent member by a majority vote, given reasonable grounds which might include:

- Failure to attend meetings
- Failure to engage in meetings and perform duties effectively
- Failure to act in accordance with the person specification / role profile
- If they cease to be independent due to them developing conflicts of interests
- If they act in a manner that could damage the reputation of the Council

Appeals against a decision to remove an independent member must be made in writing to the Leader of the Council, whose decision will be final.

(xv) Applicants must not have had significant previous dealings with the Council which may compromise (or give the appearance of compromising) their impartiality and independence.

(xvi) The successful candidate will be eligible to receive travelling expenses in accordance with the Council's Constitution, but will not receive an allowance for undertaking the role.

(xvii) Applicants must provide details of two referees who will be contacted in the event of them being shortlisted for interview.

3.3 It is proposed that the position of Independent Member be advertised via the Council's website and via social media, with support from the Communications Team.

3.4 Prospective candidates will be asked to submit their up-to-date CV, along with a supporting statement to include the following points:

- Why they wish to be considered for the position of Independent Member of the Audit and Governance Board and what they can offer to the Board and thereby the Council.
- Brief details of their current and previous experience, in terms of employment, business, professional, voluntary work, and public service.
- Details of their qualifications, and any other matters they consider relevant to their suitability for appointment as an Independent Member of the Audit and Governance Board.
- How they consider they meet the requirements of the role, as outlined in the Audit and Governance Board's Terms of Reference (to be provided) and taking into account the requirements listed in paragraph 3.2 above.

3.5 It is proposed that applications for the position are considered and interviews undertaken by a panel comprising the Chair, Vice-Chair, and Director of Finance.

4.0 POLICY IMPLICATIONS

4.1 There are no direct policy implications arising from this report.

5.0 FINANCIAL IMPLICATIONS

5.1 The only financial implications will arise from paying travelling expenses, if claimed, in respect of each Board meeting attended.

6.0 IMPLICATIONS FOR THE COUNCIL'S PRIORITIES

6.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**

6.2 **Building a Strong, Sustainable Local Economy Employment**

6.3 **Supporting Children, Young People and Families**

6.4 **Tackling Inequality and Helping Those Who Are Most In Need**

6.5 **Working Towards a Greener Future**

6.6 **Valuing and Appreciating Halton and Our Community**

The appointment of an Independent Member to the Audit and Governance Board will support the delivery of all the Council's priorities, by providing independent assurance that key systems and processes are effective, risks are well managed, and resources are used efficiently. It will also help to identify improvements, strengthen internal controls, and promote good governance.

7.0 RISK ANALYSIS

It may not be possible to appoint a suitable candidate to the position, which may require the approach to the recruitment to be reconsidered.

8.0 EQUALITY AND DIVERSITY ISSUES

None

9.0 CLIMATE CHANGE IMPLICATIONS

None

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

None under the meaning of the Act

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

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