

2021/22

HALTON BOROUGH COUNCIL - ANNUAL GOVERNANCE STATEMENT



What is Governance?

Governance is about how we ensure that we are doing the right things, in the right way, for the right people, in a timely, inclusive, open, honest and accountable manner. Good governance leads to:

- Effective leadership
- Good management
- Good performance
- Good stewardship of public money
- Good public engagement, and
- Good outcomes for our citizens and service users.

The governance framework comprises the culture, values, systems and processes by which an organisation is directed and controlled. The framework brings together an underlying set of legislative requirements, good practice principles and management processes.

Halton Borough Council acknowledges its responsibility for ensuring that there is a sound system of governance. The Council 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.

The Council's governance framework aims to ensure that in conducting its business it:

- Operates in a lawful, open, inclusive and honest manner;
- Makes sure that public money is safeguarded, properly accounted for and used economically, efficiently and effectively;
- Has effective arrangements for the management of risk;
- Secures continuous improvements in the way that it operates.

The system of internal control is a significant part of the Council's governance framework and is designed to manage risk to a reasonable level. It cannot eliminate all risk of failure to achieve policies, aims and objectives and can therefore only provide reasonable and not absolute assurance of effectiveness. The Council's system of internal control is based on an ongoing process designed to identify and prioritise the risks to the achievement of the Council's policies, aims and objectives, to evaluate the likelihood of those risks occurring and the impact should they happen, and to manage them efficiently, effectively and economically.

What is 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 any issue(s) identified in last year's governance statement;
- Reports on any significant governance issues identified from this review and provides a commitment to addressing them.

The annual governance statement reports on the governance framework that has been in place at Halton Borough Council for the year ended 31 March 2022 and up to the date of approval of the statement of accounts.

How has the Annual Governance Statement been prepared?

The initial review of the Council's governance framework was carried out by a core group of officers supported by other officers across the Council. The core group comprised:

- [The Operational Director – 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 that the Council acts and operates within the law.

- [The Operational Director – Finance](#)

This post is designated as the s151 Officer appointed under the 1972 Local Government Act.

The Operational Director – Finance is the Council's Chief Financial Officer and carries overall responsibility for the financial administration of the Council.

- [The Divisional Manager – Audit, Procurement & 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 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;
- Considered the impact of COVID-19 in terms of changes made to the Council's governance arrangements.

Management Team, which is chaired by the 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.

What are the key elements of 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 following pages provide a summary of key elements of the Council's governance framework and how they relate to these principles.

KEY PRINCIPLE:

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

SUPPORTING PRINCIPLES:

- Behaving with integrity
- Demonstrating strong commitment to ethical values
- Respecting the rule of law

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- 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 2021.
- The powers and duties of the Council's former Standards Committee were transferred to the Audit and Governance Board in May 2021. One of the roles of the Board is to promote high standards of member conduct and members of the Board were kept updated during the year of standards issues that had arisen.
- The Audit and Governance Board considered a new Model Code of Conduct for elected members at its meeting in July 2021 and recommended its adoption to Council, which was done later the same month. The Code is based on the Local Government Association (LGA) Model Councillor Code of Conduct. It sets out general obligations about the standards of conduct expected of members and co-opted members of the authority, together with provisions about registering and declaring interests. A revised version of the Code was subsequently presented to the Audit and Governance Board in March 2022. The Board recommended its adoption to Council, which was subsequently done in May 2022. The 2021 changes to the Code of Conduct were quite extensive and therefore training was provided for all Members on 15 September 2021 facilitated by an external consultant with expertise in this area. The 2022 changes to the Code of Conduct were relatively minor.
- 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.
- Officer behaviour is governed by the Employees' Code of Conduct. All new employees attending the corporate induction process during 2021/22 were made aware of the Code. 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.

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- 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 7 July 2021 the Audit and Governance Board received an annual report summarising the operation of the Council's counter fraud and corruption arrangements
- 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 2020/21, was presented at the Board's meeting on 2 November 2021.
- 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 Operational Director – 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.

KEY PRINCIPLE:

Ensuring openness and comprehensive stakeholder engagement

SUPPORTING PRINCIPLES:

- Openness
- Engaging comprehensively with institutional stakeholders
- Engaging with individual citizens and service users effectively

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- 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 publically 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 Council is part of the Cheshire and Merseyside Health and Care Partnership (C&MHCP), which is working towards formal designation as an Integrated Care System (ICS). An ICS is a partnership that brings together providers and commissioners of NHS services across a geographical area with local authorities and other local partners to collectively plan health and care services to meet the needs of their population. During 2021/22 the Council has worked jointly with NHS colleagues to establish the Cheshire and Merseyside Integrated Care System and at the local level to establish the One Halton Place Based Partnership, prior to the abolition of Clinical Commissioning Groups from 1 July 2022. The 2022/23 financial year has been established as a transitional year during which the detailed arrangements will be developed for the operation of the new structures. The One Halton Place Based Partnership Board has been meeting monthly to oversee the development of the partnership arrangements. A number of sub-groups have also been established to take aspects of the work forward. These include the Finance and Performance Sub-Group which is developing a methodology to provide place based financial reporting and control.

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- 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 2021/22 and received regular updates on the One Halton Place Based Partnership development with Cheshire Merseyside Integrated Care Board (ICB) and Integrated Care Partnership (ICP), which included updates on the governance structure to be put in place.
- Engagement with citizens and service users is carried out using a variety of methods, including a range of survey techniques and sampling techniques. During 2021/22 the Council consulted on a range of issues, which included:
 - Safer Streets Survey - Asked the general public about their experience of harassment, intimidation or violence in a public place and if there are any particular streets or areas in Halton where residents might feel unsafe.
 - Air Quality Strategy - Asked Halton residents about their opinions on the primary causes of Air Pollution in Halton.
 - Changing Rooms - To gain a better understanding of where, in Halton, there is demand for safe changing spaces for parents, carers and residents with additional needs who are unable to use standard toileting facilities.
 - Social Care Charging - Consultation including residents and stakeholders asking if Halton Borough Council should subsidise residents who have the means to fund their own care.
- 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.

KEY PRINCIPLE:

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

SUPPORTING PRINCIPLES:

- Defining outcomes
- Sustainable economic, social and environmental benefits

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- The long-term vision for Halton is set out in the Council's Corporate Plan, which defines the Council's priorities and how it hopes to achieve them. It also explains the Council's values and principles. Whilst the priorities contained within the existing plan remain relevant, the plan is due to be updated. During 2021/22 the decision was taken that the review and update of the Corporate Plan would be deferred until 2022/23 when the new Chief Executive of the Council had started in post.
- 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 were produced for 2021/22 that described key developments and emerging issues relating to each department of the Council. The plans formally set out key objectives, milestones and measures for each business area.
- On 9 December 2021, the Executive Board approved, in principle, that the Council sets a target to reach a carbon neutral status by 2040 and endorsed the development of a detailed Action Plan to achieve that objective. Following the development of the Council's action plan, a broader Borough wide strategy is to be developed in consultation with partners and the community.
- On 2 March 2022, the Council formally adopted the Halton Delivery and Allocations Local Plan (DALP). The DALP is a key corporate document and the central policy document within Halton's Statutory Development Plan / Local Plan. It has widespread policy implications for the Council and its partners. One of the main thrusts of the DALP is to support the enhancement of the borough's economy and to deliver economic growth. The DALP also aims to consolidate and enhance linkages to the wider sub-region and deliver the economic benefits of Halton's advantageous geographic location.
- The Executive Board approved the Council's Medium Term Financial Strategy (MTFS) at its meeting on 18 November 2021. The MTFS 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.

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- The Council routinely publishes information on the Council's vision, strategy, plans, finances and performance on its website.
- The Council has continued to generate social value through its procurement processes.

KEY PRINCIPLE:

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

SUPPORTING PRINCIPLES:

- Determining interventions
- Planning interventions
- Optimising achievement of intended outcomes economic, social and environmental benefits

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- The Council's Corporate Planning Framework in operation during the year provided the means by which the Council's activities were developed and monitored.
- There is a well-established overview and scrutiny framework with six Policy and Performance Boards (PPBs) aligned to the Council's six corporate plan priorities. During the year they held the Executive to account, scrutinised performance and developed policy proposals for consideration by the Executive.
- 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.

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- 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.
- The Council developed 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.

KEY PRINCIPLE:

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

SUPPORTING PRINCIPLES:

- Developing capacity
- Developing leadership
- Developing the capability of individuals

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- The Council retained the North West Charter for Elected Member Development Exemplar Level status. Elected members were also provided with the opportunity for an annual review to identify their development requirements, which are set out in a Member Action Plan.
- The Council has a Member Development Group that monitors key performance indicators in relation to member development. Its remit also includes raising awareness of learning and development updates. The group also provides a forum for members to raise any other training or support issues to help 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.
- The Council operates ongoing processes to identify the personal development needs of employees. The information gained from these processes is used to inform the design of the corporate training programme and to source specialised professional training.
- The Council's Organisational Development Team offers continuous leadership development through its accreditation with ILM (Institute of Leadership and Management). Specific qualifications have been delivered during 2021/22, with participation numbers increasing due to the restrictions have easing:
 - ILM Level 5 Leadership & Management: Six managers completed in January 2022
 - ILM Level 3 Leadership and Management: Two cohorts are running this year (2022-23) with 27 managers enrolled; both cohorts are due to complete by January 2023.
- The Council has developed a Leadership and Management Framework to ensure continuous development of the senior leadership team and wider management. Implementation of the framework was delayed as a result of the pandemic but it was launched across the Council in May 2021. To date, 83 Managers are enrolled on seven separate cohorts with plans for an eighth later this year.

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- The Council continued to offer its employees the opportunity to apply for funding to support their academic development that is linked to the Council's priorities thereby increasing individual capacity and supporting succession planning. During 2021/22, the Council supported 13 employees to gain a variety of academic qualifications, such as Masters Degrees, BA Degrees and Diplomas.
- The Council is maximising the Apprenticeship Levy. Apprenticeships that commenced in 2021/22 include:
 - Housing & Property Management, Level 3
 - Senior Housing & Property Management, Level 4
 - Data Analyst, Level 4
 - Adult Care Worker, Level 2
 - Lead Adult Care Worker, Level 3
 - HR Support, Level 3
 - Business Administrator, Level 3
 - Health & Social Care, Level 3
 - Nursing Associate, Level 5

KEY PRINCIPLE:

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

SUPPORTING PRINCIPLES:

- Managing risk
- Managing performance
- Robust Internal Control
- Managing data
- Strong Public Financial Management

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- 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 (the Audit and Governance Board), which met regularly during 2021/22. The Board has clearly defined responsibilities and provides oversight and challenge in regard to the Council's governance, risk management, audit, efficiency and improvement, 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 Corporate Risk Register was reviewed and approved by the Audit and Governance Board at its meetings on 29 September 2021 and 24 November 2021. The Council's risk management processes are also used to inform the work of internal audit.
- 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. In the 2021 Auditor's Annual report, the Council's external auditor commented that the Council's internal audit service is considered to be effective and well run.

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- 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 opinion covering 2021/22 was presented to the Audit and Governance Board on 6 July 2022 and concluded that the Council's risk management, control and governance processes that were in place during 2021/22 were considered to be adequate and to have operated effectively during the year.
- Ongoing pressures within demand-led services, especially Adults and Children's Social Care, meant that significant overspending against budget was forecast for the year. Spending continued to be closely monitored and tightly controlled during 2021/22, such that offsetting underspends were achieved in many areas and the eventual Council wide overspend at £1.2m was less than half that previously forecast.
- The Council operates a robust performance management framework with performance monitoring reports being produced each quarter recording progress against key business plan objectives and targets. The reports were presented to the Council's Management Team, to the Executive Board and to the Policy and Performance Boards.
- The Council has a well-established information governance framework. The Data Protection Officer is supported by the Information Governance Service, which plays a key role in ensuring that the Council remains compliant in data protection and security arrangements. The Information Governance Service is responsible for, and oversees, data management and risk, corporate data security policies, staff training and the production of annual reports to the Council's Senior Information Risk Owner.

KEY PRINCIPLE:

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

SUPPORTING PRINCIPLES:

- Implementing good practice in transparency
- Implementing good practice in reporting
- Assurance and effective accountability

EXAMPLES OF HOW WE DID THIS IN 2021/22:

- The Council fully 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 (including the outcome of the independent triennial review of the Members' Allowance Scheme which took place during the year), 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.
- On 24 March 2021, the Council received an unqualified external audit opinion on the 2019/20 financial statements.
- The Council's external auditor provides an annual assessment on how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people. The latest assessment covering 2020/21 concluded that the Council has established appropriate arrangements to ensure economy, efficiency and effectiveness.
- In the 2020/21 Auditor's Annual Report, the Council's external auditor stated that their work had focused on gaining a detailed understanding of the governance in place at the Council and the changes instigated as a result of the pandemic. The auditor concluded that their work had not identified any significant weakness in the Council's governance arrangements in both business as usual governance and the adapted structures. The report added that Halton Borough Council exhibits the majority of the features of a well led and well governed organisation.

EXAMPLES OF HOW WE DID THIS IN 2021/22:

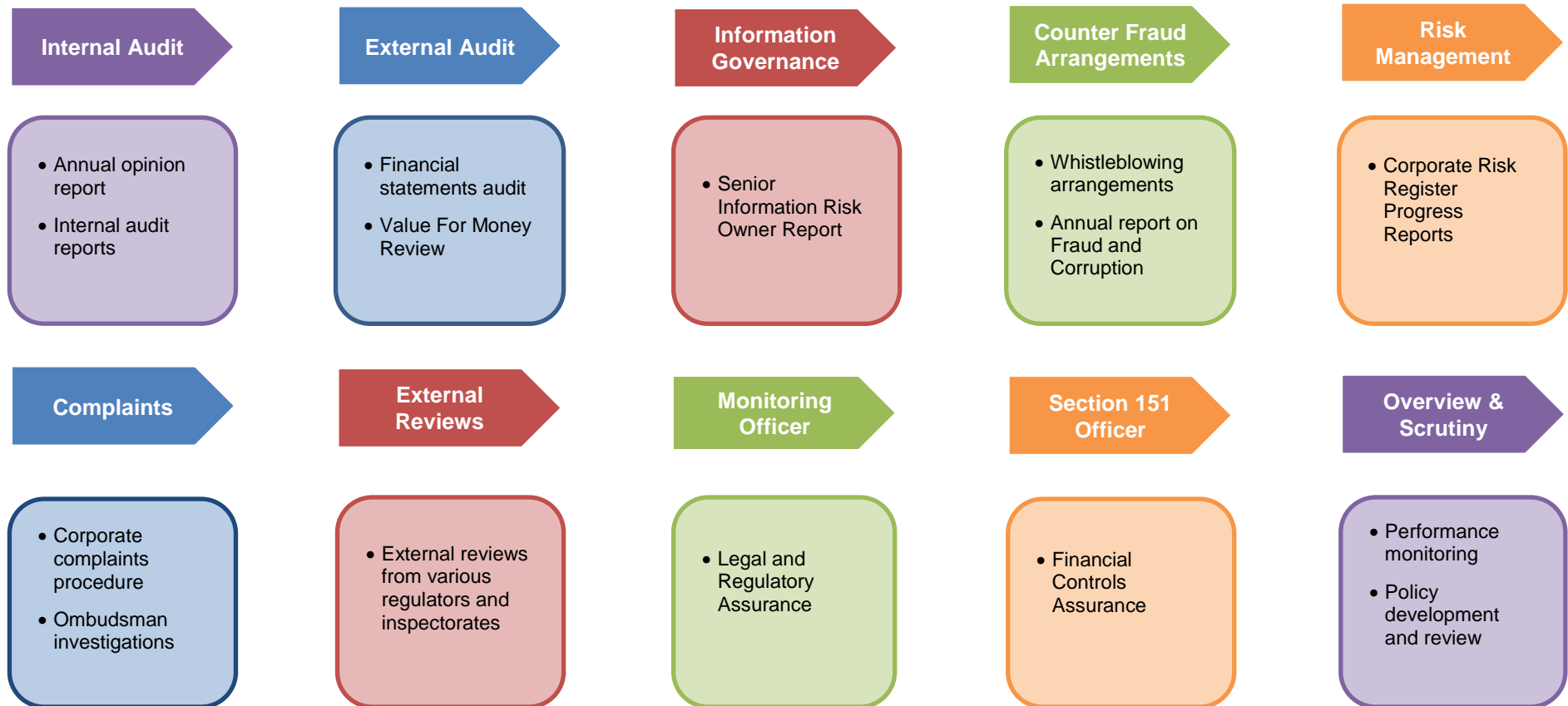
- The Council has established various ongoing arrangements that provide effective assurance. These include the work of internal audit, the Council's risk and performance management arrangements, the work of the Information Governance Group, the work of the Policy and Performance Boards and the work of the Audit and Governance Board.
- The Adult Social Care Annual Report is an embedded part of the reporting cycle for the Council and is recognised as being good practice by the Association of Directors of Adult Social Services (ADASS). The 2020/21 report, which was presented to Executive Board on 17 March 2022, included information on the successes and achievements across Adult Social Care, details of progress against performance metrics, some of the challenges faced, how the Council responded to community needs and details of future activities to be further developed. It also served as a review mechanism for Adult Social Care to consider as part of ongoing continuous service improvement measures.
- The Council operates a whistleblowing procedure and has well-publicised arrangements for employees and the wider community to raise any concerns relating to fraud, misconduct or other issues. Two whistleblowing complaints were received during the year and 48 referrals were received from members of the public. All whistleblowing complaints and referrals received were assessed and investigations undertaken where sufficient information was provided.

What are the roles of those responsible for developing and maintaining the Governance Framework?

<p>Council</p>	<ul style="list-style-type: none"> - Approves the Corporate Plan - Approves the Constitution - Approves the policy and budgetary framework
<p>Executive Board</p>	<ul style="list-style-type: none"> - The main decision-making body of the Council - Comprises ten members who have responsibility for particular portfolios
<p>Audit and Governance Board</p>	<ul style="list-style-type: none"> - Designated as the Council's Audit Committee (formerly the Business Efficiency Board) - Provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework, procurement strategy and internal control environment.
<p>Standards Committee</p>	<ul style="list-style-type: none"> - Promotes high standards of member conduct - Assists members and co-opted members to observe the Council's Member Code of Conduct (The Audit and Governance Board assumed the role of the Council's Standards Committee in May 2021)
<p>Policy & Performance Boards</p>	<ul style="list-style-type: none"> - 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
<p>Management Team</p>	<ul style="list-style-type: none"> - 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 - A wider management group has been meeting since March to manage the Council's response to the Covid-19.
<p>Internal Audit</p>	<ul style="list-style-type: none"> - 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
<p>Managers</p>	<ul style="list-style-type: none"> - Responsible for maintaining and developing the Council's governance and control framework - Contribute to the effective corporate management and governance of the Council

How does the Council monitor and evaluate 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:



How has the Council addressed the governance issues from the 2020/21 Annual Governance Statement?

The 2020/21 annual governance statement contained three key governance issues. Details of these issues and how they were addressed are provided below:

Issue:

Funding

The Council continues to face significant funding reductions whilst demand for Council services, particularly within Social Care is rising and there are income shortfalls across many service areas. The COVID-19 pandemic temporarily changed the Council's focus and the related grant funding has assisted with containing 2020/21 spending within budget.

Looking forward there remains huge uncertainty regarding the Government's plans for the future funding of local government. A number of proposed changes to the funding regime have been deferred, including the Fair Funding Review and the national roll-out of business rates retention. It is unclear whether or not Government will return to these proposals.

This makes financial planning extremely difficult at the current time. The Medium Term Financial Strategy forecasts that the Council may need to identify £12m of budget savings in order to set a balanced budget for 2022/23. In light of these financial pressures, a key challenge for the Council is to maintain sufficient service capacity and robust governance arrangements in order to continue to deliver its corporate objectives and strategic priorities for 2022/23 and beyond.

What we did:

Spending during 2021/22 was closely monitored and reported upon, especially in respect of continuing costs and funding related to the COVID-19 pandemic. Continued spending pressures in demand-led services, especially Adults and Children's Social Care, led to an overall outturn overspend of £1.2m against budget. However, this was less than half the previous forecast. The Council's robust governance arrangements were essential in delivering this improved outcome.

The Member's Budget Working Group met regularly during 2021/22 to consider budget saving proposals in the context of the Council's corporate objectives and strategic priorities. Fundamental to the Budget Working Group's assessment was a desire to protect the Borough's most vulnerable residents and the services provided to them.

Despite significant funding constraints and increasing demand for services, resulting in the need to make significant budget savings, the Council was able to set a balanced budget for 2022/23.

However, it has become increasingly difficult for Members to find efficiency or cost savings and as a result it was necessary to utilise around £8m of one-off reserves to set a balanced budget. The Council only agreed to do this on the basis that steps will now be taken to establish a three year budget plan (2023-2026), by identifying around £25m of savings to be delivered over the next three years. The development of this budget plan will be managed via the Budget Working Group.

Issue:

CIPFA Financial Management Code

The CIPFA Financial Management Code (The Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code therefore sets the standards of financial management for local authorities.

The Code is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to manage:

- the short, medium and long-term finances of a local authority
- financial resilience to meet foreseen demands on services
- unexpected shocks in their financial circumstances

Each local authority is required to demonstrate that the requirements of the Code are being satisfied. Demonstrating this compliance with the Code is a collective responsibility of elected members, the Chief Finance Officer and their professional colleagues in the leadership team.

The Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, the Code requires that a local authority demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. Good financial management is proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.

Work will be undertaken during 2021/22 to ensure that the Council complies with the CIPFA Financial Management Code. This will take the form of a self-assessment against the key questions included in the Financial Management Code. An action plan will be produced to address any areas requiring further development.

What we did:

It had been intended to undertake work during 2021/22 to self-assess whether the Council was complying with the CIPFA Financial Management Code. An action plan would then be produced to address any areas requiring further development.

Unfortunately, additional workloads due to managing Covid-19 related spending and preparation of grant claims, coupled with key staff vacancies, has meant that sufficient staff resources were not available to undertake this work.

It is therefore proposed to undertake this self-assessment during 2022/23.

Issue:

Integrated Care System Implementation

The Integrated Care White Paper sets out the approach to create Integrated Care System bodies within the NHS at a regional level by April 2022. The aim is to bring about greater integration of Health and Social Care, based upon “place”.

There will be a regional body for Cheshire and Merseyside, below which each of the nine council areas will each have an Integrated Care System Partnership. In Halton, the current roles and funding of Halton CCG will be passed to the regional body, who will decide which roles and funding to devolve to the Halton Integrated Care System Partnership.

Work is underway with Halton CCG colleagues, to put in place the governance arrangements required to manage this new arrangement, along with identifying the services involved and related funding.

What we did:

The Council is part of the Cheshire and Merseyside Health and Care Partnership (C&MHCP), which is working towards formal designation as an Integrated Care System (ICS). An ICS is a partnership that brings together providers and commissioners of NHS services across a geographical area with local authorities and other local partners to collectively plan health and care services to meet the needs of their population.

During 2021/22 the Council worked jointly with NHS colleagues to establish the Cheshire and Merseyside Integrated Care System and at the local level to establish the One Halton Place Based Partnership, prior to the abolition of Clinical Commissioning Groups from 1 July 2022. Governance arrangements have been established for the operation and oversight of both the Cheshire & Merseyside and One Halton bodies. The coming year (2022/23), has been established as a transitional year, during which the detailed arrangements will be developed for the operation of the new organisational structures. The One Halton Place Based Partnership Board has been meeting monthly to oversee the development of the partnership arrangements. A number of sub-groups have also been established to take aspects of the work forward. These include the Finance and Performance Sub-Group which is developing a methodology to provide place based financial reporting and control.

What are the governance issues for 2022/23?

The Council's governance arrangements are kept under constant review and the following Action Plan sets out key areas of focus for the Council in maintaining and developing its governance arrangements in 2022/23.

Issue	Lead Officer	Timescale
<p><u>Corporate Plan</u></p> <p>The long-term vision for the Council is set out in the Council's Corporate Plan, which defines the Council's priorities and how it hopes to achieve them. The current Corporate Plan has expired and work is underway in developing an updated version of the Corporate Plan during 2022/23.</p> <p>It is anticipated that this process will be completed before year-end.</p>	Chief Executive	31 March 2023

Issue	Lead Officer	Timescale
<p><u>Organisational Structure</u></p> <p>The Council appointed a new Chief Executive who started in his role in April 2022. The role of the Chief Executive, assisted by the senior management team, involves the day to day leadership and management of the Council and responsibility for delivering the priorities set out within the Corporate Plan.</p> <p>Since arriving in April 2022, the Chief Executive has taken the opportunity to reflect on the Council’s senior management structure. This was to ensure that the Council is in the best position to respond to the changing environment in which it operates. That includes ensuring that the Council has senior oversight of its key priorities and that there is strong corporate support to underpin the functions of the organisation.</p> <p>To achieve this, in consultation and with the agreement of the Council’s Leader, the organisation is to move from the existing two directorate model, to a new five directorate structure.</p> <p>The new structure is designed to ensure a clear focus on the delivery of priorities that have and will continue to emerge. It will also enable the Council to build on its successes and take advantage of new opportunities.</p> <p>The five new directorates are:</p> <ul style="list-style-type: none"> • Adults Directorate • Chief Executive’s Directorate • Children’s Directorate • Environment & Regeneration Directorate • Public Health Directorate <p>The new structure will take effect from 1 December 2022.</p>	<p>Chief Executive</p>	<p>1 December 2022</p>

Issue	Lead Officer	Timescale
<p><u>Funding</u></p> <p>The Council continues to face significant financial challenges over the coming years. Demand for Council services, particularly within Social Care, continues to rise; costs are increasing rapidly with pay and price inflation and there are income shortfalls across many service areas. Whilst the impact of the Covid-19 pandemic is much reduced, the Council is bearing ongoing costs for which there is no Government funding, which adds pressure to the Council's budget.</p> <p>The 2021/22 outturn position for the Council was a £1.2m overspend against budget. This position was however much improved from forecasts earlier in the financial year due to the robust monitoring and governance arrangements put in place. A significant outturn overspend is forecast again for 2022/23, primarily due to increased demand and costs of Adults and Children's Social Care. Action is being taken to restrict spending across all Departments to only absolutely essential items as far as possible, in order to minimise the outturn overspend.</p> <p>Looking forward there remains huge uncertainty regarding the Government's plans for the future funding of local government. A number of proposed changes to the funding regime have been deferred, including the Fair Funding Review and the national roll-out of business rates retention. It is still unclear whether or not Government will return to these proposals.</p> <p>This makes financial planning extremely difficult at the current time. The Medium Term Financial Strategy forecasts that the Council may need to identify £25m of budget savings in order to set balanced budgets for the three years commencing 2023/24.</p> <p>To achieve permanent, sustainable, budget reductions of this magnitude will require fundamental changes to how the Council operates and delivers services. Utilising specialist, external support the Council is currently developing a three-year Transformation Programme, in order to bring about such changes via a number of work streams. This work includes supporting</p>	<p>Operational Director - Finance</p>	<p>31 March 2023</p>

Issue	Lead Officer	Timescale
<p>the implementation of the Children’s OFSTED improvement plan and bringing Children in Care costs under greater control.</p> <p>In light of these financial pressures, a key challenge for the Council is to maintain sufficient service capacity and robust governance arrangements in order to continue to deliver its corporate objectives and strategic priorities for 2023/24 and beyond.</p>		

Issue	Lead Officer	Timescale	
<p><u>Children’s Services</u></p> <p>An improvement notice was issued to Halton Borough Council following an OFSTED inspection in October 2021. Two areas were for priority action.</p> <ul style="list-style-type: none"> • The assessment and management of risk to children, including the frequency of visits to children, in line with assessed risk and needs. • Management oversight and supervision to provide effective support and challenge. <p>In response to the inspection the Council has developed a Children and Young People’s Improvement Plan. 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.</p> <p>This Improvement Plan sets out key actions that focus on what the Council needs to do to ensure that its work makes a difference to the children, young people and families that are supported and safeguarded.</p> <p>Progress in implementing the Improvement Plan will be monitored through the Halton Improvement Board. The Board consists of the Council’s key partner agencies and corporate colleagues who have a vital role to help create the environment where good social work can flourish.</p> <p>The responsibility to implement the agreed actions in the Improvement Plan sits with all staff throughout the organisation who have shared accountability for the outcomes achieved for children and families. The accountable lead officers for delivering the plan and driving improvements will, through the Children and Young People Service Improvement Meeting (CYPSIM), ensure tasks are completed, risks assessed and progress reported to the Improvement Board.</p>	Strategic Director – People	Ongoing 2022/23	throughout

Issue	Lead Officer	Timescale
<p><u>Central register of gifts, hospitality and interests for Members</u></p> <p>In the external auditor’s Annual Report 2020/21 it was noted that the transparency of the registers of gifts, hospitality and interests for members could be improved if they were more clearly signposted for the public to view on the Council website.</p> <p>The Council is therefore going to explore publishing the registers of gifts, hospitality and interests online.</p>	<p>Operational Director – Legal & Democratic Services</p>	<p>31 March 2023</p>

Issue	Lead Officer	Timescale
<p><u>CIPFA Financial Management Code</u></p> <p>The CIPFA Financial Management Code (The Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code therefore sets the standards of financial management for local authorities.</p> <p>The Code is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to manage:</p> <ul style="list-style-type: none"> • the short, medium and long-term finances of a local authority • financial resilience to meet foreseen demands on services • unexpected shocks in their financial circumstances <p>Each local authority is required to demonstrate that the requirements of the Code are being satisfied. Demonstrating this compliance with the Code is a collective responsibility of elected members, the Chief Finance Officer and their professional colleagues in the leadership team.</p> <p>The Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, the Code requires that a local authority demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. Good financial management is proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.</p> <p>It is intended that work will be undertaken during 2022/23 to ensure that the Council complies with the CIPFA Financial Management Code. This will take the form of a self-assessment against the key questions included in the Financial Management Code. An action plan will be produced to address any areas requiring further development.</p>	<p>Operational Director - Finance</p>	<p>31 March 2023</p>

Certification

We have been advised on the implications of the review of the effectiveness of the governance framework by the Audit and Governance Board. The review provides good overall assurance that the Council's arrangements continue to be regarded as fit for purpose in accordance with the governance framework.

Specific opportunities to maintain or develop the Council's governance arrangements have been identified through this review. We pledge our commitment to addressing these issues over the coming year and we will monitor their implementation and operation as part of our next annual review.

Signed on behalf of Halton Borough Council:

Stephen Young - Chief Executive

Date -

Mike Wharton - Leader of the Council

Date -