

# Public Document Pack



## Audit and Governance Board

**Wednesday, 4 June 2025 at 6.30 p.m.  
Civic Suite, Town Hall, Runcorn**

S. Young

### 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](mailto:gill.ferguson@halton.gov.uk) for further information.*

*The next meeting of the Board is on Wednesday, 24 September 2025*

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

**Part I**

<b>Item No.</b>	<b>Page No.</b>
<b>1. MINUTES</b>	<b>1 - 4</b>
<b>2. DECLARATION OF INTEREST</b>  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.	
<b>3. CORPORATE RISK REGISTER REVIEW - MAY 2025</b>	<b>5 - 51</b>
<b>4. ANNUAL REPORT ON WAIVERS OF PROCUREMENT STANDING ORDERS</b>	<b>52 - 75</b>
<b>5. INTERNAL AUDIT ANNUAL REPORT AND OPINION – 2024/25</b>	<b>76 - 97</b>
<b>6. EXTERNAL AUDITOR’S ANNUAL REPORT 2023/24 – ACTION PLAN UPDATE</b>	<b>98 - 110</b>
<b>7. EXTERNAL AUDIT PLAN – 2024/25 YEAR-END</b>	<b>111 - 159</b>
<b>8. INFORMING THE EXTERNAL AUDIT RISK ASSESSMENT</b>	<b>160 - 185</b>
<b>9. DRAFT ANNUAL GOVERNANCE STATEMENT 2024/25</b>	<b>186 - 219</b>
<b>10. SCHEDULE 12A OF THE LOCAL GOVERNMENT ACT 1972 AND THE LOCAL GOVERNMENT (ACCESS TO INFORMATION) ACT 1985</b>	

## **PART II**

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

### **11.SIRO REPORT Q1**

**220 - 229**

### **12.INTERNAL AUDIT PROGRESS REPORT**

**230 - 333**

***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, 19 March 2025  
at the The Board Room - Municipal Building, Widnes*

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

Apologies for Absence: None

Absence declared on Council business: None

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

Also in attendance: L. Luddington - Grant Thornton UK LLP

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

*Action*

**AGB26 MINUTES**

The Minutes of the meeting held on 20 November 2024, were taken as read and signed as a correct record.

**AGB27 STANDARDS UPDATE**

The Board considered a report of the Director, Legal and Democratic Services/Monitoring Officer, which provided an update on Standards issues for the Municipal Year 2024/25. The Board had assumed responsibility for the work of the former Standards Committee in 2021 and it was agreed that a report on Standards issues would be brought each year.

A verbal update was given on local matters that had been considered since the last meeting involving Councillors and those involving Parish Councils.

The Board agreed that the report should be forwarded to Council for information, along with the minutes. In addition, a briefing note would be sent to all Councillors providing a Standards update, with a seminar to be arranged later in the year.



RESOLVED: That the report be noted.

AGB28 EXTERNAL AUDIT UPDATE

The Board considered a report from Liz Luddington on behalf of the Council's external auditor, Grant Thornton UK LLP, which provided a progress update regarding preparations for their audit of the Council's 2024/25 year-end accounts, along with an outline of sector-wide developments. The Appendix outlined progress with preparations for the year-end audit, the value for money assessment, and also outlined some sector-wide developments of interest.

On behalf of the Board the Chair thanked Michael Green from Grant Thornton for all his previous audit work in Halton.

AGB29 INTERNAL AUDIT PLAN 2025/26

The Board considered a report of the Head of Audit, Procurement and Operational Finance, which sought approval for the planned programme of internal audit work for 2025/26.

A risk based Audit Plan had been prepared, designed to enable Internal Audit to deliver an overall opinion on the Council's risk management and control and governance arrangements. A copy of the draft Audit Plan for 2025/26 was attached as an appendix to the report. It outlined the role and scope of internal audit, how internal audit was resourced and delivered, reporting arrangements, and the planning methodology.

The Board was advised that the Plan served as a statement of intent but remained flexible to accommodate changes in the organisational risk environment and internal audit resources throughout the year.

Performance against the Audit Plan would be kept under review throughout the year and regular progress reports would be provided to the Board. Internal Audit would liaise as necessary with the Council's External Auditor, Grant Thornton, to minimise duplication and to ensure efficient and effective deployment of the overall audit resource.

Arising from the discussion, the Board requested further information on the Grant Finder app.

RESOLVED: That the Board approves the Annual Internal Audit Plan for 2025/26.

AGB30 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.

AGB31 INTERNAL AUDIT PROGRESS REPORT

The Board received a report from the Head of Audit, Procurement and Operational Finance, updating Members on the internal audit activity since the last progress report to the Board on 20 November 2024. It also highlighted any matters that were relevant to the Board's responsibilities as the Council's Audit Committee.

Members were referred to appendix one, which listed all the planned work for the year and 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. Since the last report 20 audits had been finalised and one follow up audit had been completed.

Appended to the report were the executive summaries of the reports issued numbering 2 to 21, as listed in the report.

The Board discussed the recent audits and agreed that:

- Environment and Urban Renewal Policy and Performance Board be requested to look at the policy regarding the removal of items from graves at the cemeteries, and the responsibility for improvements to the road within Widnes cemetery, which was currently unadopted; and
- their concern regarding the timescales to process applications for Education and Health Care Plans be passed to the relevant department.

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

*Meeting ended at 7.20 p.m.*

<b>REPORT TO:</b>	Audit and Governance Board
<b>DATE:</b>	4 June 2025
<b>REPORTING OFFICER:</b>	Corporate Director – Chief Executive's Delivery Unit
<b>PORTFOLIO:</b>	Corporate Services
<b>SUBJECT:</b>	Corporate Risk Register Review - May 2025
<b>WARD(S)</b>	Borough-wide

### **1.0 PURPOSE OF THE REPORT**

- 1.1 To report on the review of the Corporate Risk Register for the 2025/26 financial year.

### **2.0 RECOMMENDATION: That**

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

### **3.0 SUPPORTING INFORMATION**

- 3.1 The report contains a commentary on the corporate risks for this financial year.
- 3.2 The Council recognises that it has a responsibility to manage both internal and external risks as a key component of good corporate governance.
- 3.3 Risk is defined as being the threat that an event or action will adversely affect an organisation's ability to achieve its objectives and to successfully execute its strategies. Risk Management is defined as the process by which risks are identified, evaluated and controlled.
- 3.4 Together with consultation with internal stakeholders, review and monitoring is central to any reviews and updates of the Corporate Risk Register. This ensures that the council maximises its opportunities whilst minimising and controlling the associated risks in delivering the council's vision and services for Halton.

3.5 The Risk Control Measures have been reviewed and updated in line with current changes within the Authority and as proposed by managers and internal stakeholders.

3.6 The risks have been listed and the scores relate to 'Unmitigated Risk Scores' and then to 'Mitigated Risk Scores'. As a result once the mitigation measures have been implemented, it reduces the scores and highlights the remaining 'Residual Risk Scores'.

#### **4.0 POLICY IMPLICATIONS**

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

4.2 It should be noted that the a new Risk Management Policy is in development, which will be accompanied by a new risk register design. This is being completed over the summer of 2025 and it is anticipated that it will be submitted to the Audit & Governance Board in September 2025 for consideration and approval.

#### **5.0 FINANCIAL IMPLICATIONS**

5.1 Failure to manage risk effectively can lead to unplanned spend manifesting itself in a range of ways, particularly where unforeseen mitigation is required. Robust risk management is inherently linked to the overall management of the Councils finances.

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

6.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**

6.3 **Building a Strong, Sustainable Local Economy**

6.4 **Supporting Children, Young People and Families**

6.5 **Tackling Inequality and Helping Those Who Are Most In Need**

6.6 **Working Towards a Greener Future**

6.7 **Valuing and Appreciating Halton and Our Community**

6.8 **Resilient and Reliable Organisation**

The management of corporate risk sits primarily within the Resilient and Reliable Organisation priority, however has links to the delivery of all corporate priorities above.

**7.0 RISK ANALYSIS**

- 7.1 Failure to review, monitor and act upon the Corporate Risk Register could result in service development opportunities being lost and existing service delivery being compromised.

**8.0 EQUALITY AND DIVERSITY ISSUES**

- 8.1 There is the possibility of the emergence of Equality & Diversity issues across the Council's service portfolio where risks emerge and need to be mitigated. These issues would be addressed on a case by case basis and in accordance with the appropriate Council policy.

**9.0 CLIMATE CHANGE**

- 9.1 There are no climate change implications.

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

- 10.1 None under the meaning of the Act.

# Corporate Risk Register

Lead Officer: **Corporate Director**

Risk Management Coordinator: **Corporate Director**

Initial Register Implementation: **2011**

Register Review Date: **May 2025**

Progress update: **September 2025**

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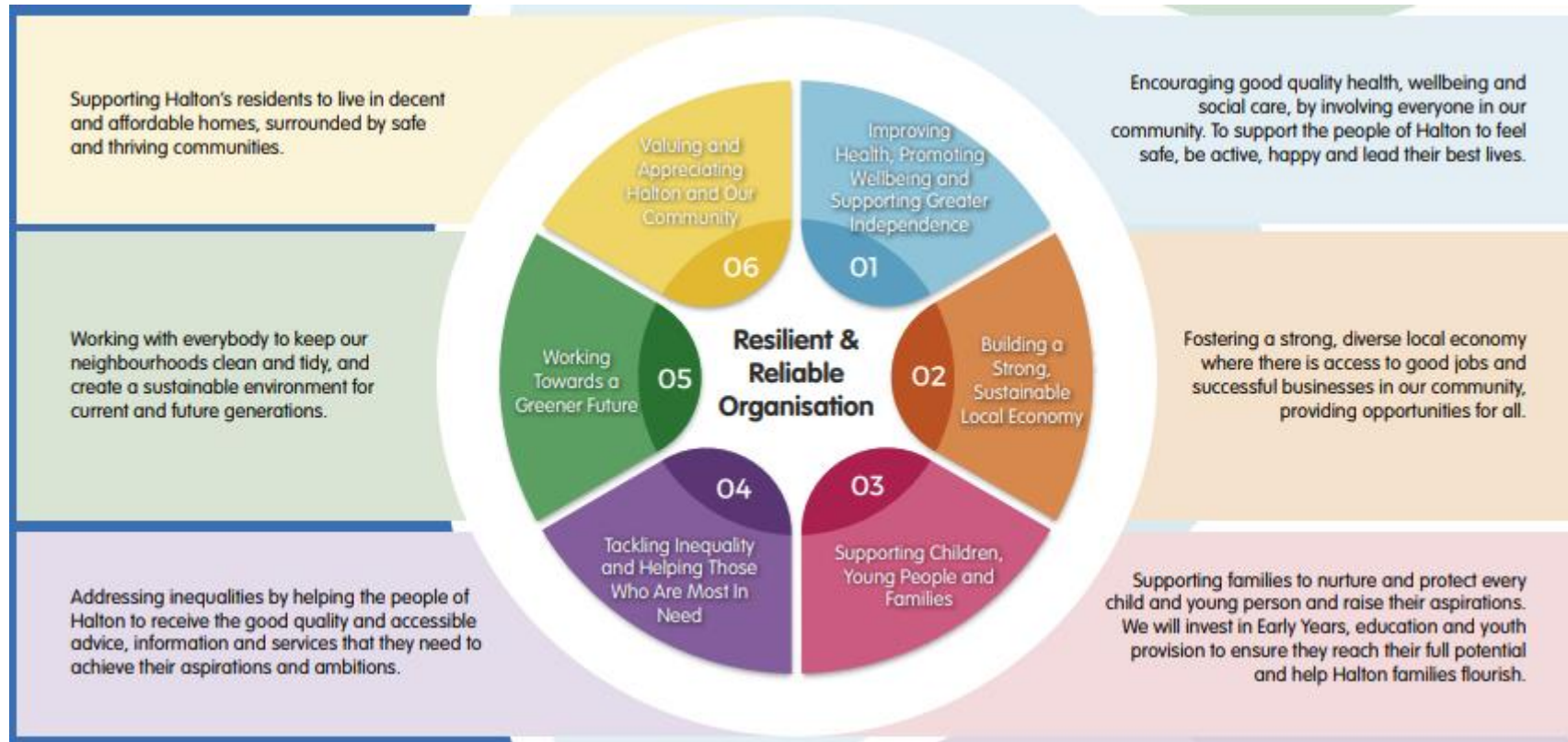


### Halton Borough Council Risk Register Summary

Ref	Risk Name	
1A	Failure to deliver quality services to vulnerable adults could negatively affect their health and wellbeing.	16
2	Failure to support and protect the safeguarding of adults could adversely impact on their health, safety and opportunity to reach their potential.	16
3A	Children's Services – Safeguarding	16
3B	Children's Services - Finance	16
4A	Failure to respond to Public Health Threats	4
4B	Public Health workforce pressures	2
4C	Abolition of Public Health England leading to increased demands on Public Health	1
5	Risk of adverse business Impact as a result of the failure of key business systems brought about by cyber incidents.	20
6	Data Protection: Risk of breach of data caused by mishandling of personal data.	15
7A	Reduced capacity to sustain the delivery of services and respond to emergency situations in line with Council Priorities.	16
7B	Reduced capacity to continue service provision across various services due to recruitment and / or retention difficulties.	16
8A	The Council's funding available from Government grant and/or locally raised business rates/council tax, is not sufficient to meet increasing service demands.	20
8B	Total council spending for the year exceeds available budget provision.	20
8C	Transformation activity fails to deliver sustainable revenue savings.	20
9	A failure to monitor and appropriately manage the risks created by global, national and local events.	12
10	Changes to Government arrangements and other public sector organisations could potentially lead to a deterioration of local services.	15
11	Failure to prevent and detect fraud and/or corruption.	4
12	Failure to maximise and identify funding opportunities in light of government cuts.	12
13	Risk to Electoral Process by criminals / nation-state actors	10
14	Non Compliance with Transport Operator Licence	10

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

## HALTON BOROUGH COUNCIL CORPORATE PRIORITIES: 2024 - 29



The complete Corporate Plan can be accessed at: [corporateplan.pdf \(halton.gov.uk\)](https://www.halton.gov.uk/corporateplan.pdf)

## DELIVERY OF SERVICES TO VULNERABLE ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
1a	<p>Failure to deliver quality services to vulnerable adults could negatively affect their health and wellbeing i.e. increasing complex care needs, ageing population, reduction in available funding, recruitment and provider failure.</p> <p>Care Home Sector financial sustainability due to the impact of NI increases, pay rates and cost of living</p>	5	4	25	01 04 06

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>Effectively allocating and using available finances and resources in the delivery of services.</li> <li>Integration of Health and Social Care with a view to improving the outcomes for people using the services, such as joint commissioning arrangements for services, joint strategies, e.g. Carers Strategy and Autism Strategy, etc.</li> <li>Transformation of provider markets so that responsive and sustainable markets in adult social care can be developed and supported, e.g. Care Home Development project and Transforming Domiciliary Care.</li> <li>Delivery of prevention and early intervention to vulnerable adults through a range of services.</li> </ul>	4	4	16	6 monthly	Executive Director - Adults

<ul style="list-style-type: none"> <li>• Effective use of alternative funding streams and community assets to provide services.</li> <li>• Joint approach with Health to ensure efficient quality assurance across all adult social care services.</li> <li>• Continued focus and support to Care Homes</li> <li>• Support the flu and COVID booster programmes</li> <li>• Ensure any emergency funding is allocated immediately</li> <li>• Continued focus on resilience</li> </ul>					
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## SAFEGUARDING ADULTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
2	Failure to support and protect the safeguarding adults could adversely impact on their health, safety and opportunity to reach their potential	5	5	25	01 02 03 04 06

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

<ul style="list-style-type: none"> <li>Halton's Safeguarding Adults Board meets on a quarterly basis, to ensure effective oversight of safeguarding in the Borough.</li> <li>Safeguarding Adult's Board works with strategic groups within the Borough to ensure accountability and effectiveness of safeguarding.</li> <li>Multiagency audits are completed and reported to the Board to ensure oversight of quality and consistency of practices.</li> <li>Comprehensive performance dashboard for Adults are reviewed at least monthly and compared with regional and national benchmarks.</li> <li>Improving the health and wellbeing of adults through early intervention and prevention services.</li> </ul>	4	4	16	6 monthly	Executive Director - Adults
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<ul style="list-style-type: none"> <li>• Providing efficient safeguards to support vulnerable adults who lack capacity and require the support of the Deprivation of Liberty Safeguards and the Court of Protection.</li> <li>• Support local care home and community providers to drive up the quality of care within their services to ensure positive outcomes for vulnerable adults.</li> <li>• Regular reports to health PPB.</li> <li>• Quarterly assurance meetings with the leader, chief executive and chair of the board.</li> <li>• Continue to monitor concerns in relation to care home outbreaks</li> <li>• Maintain focus on quality</li> <li>• Maintain focus on ensuring visiting is available to all care home residents, including families and other professionals.</li> </ul>					
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## CHILDREN SERVICES

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
3a	Death or serious harm to a child that was or should have been in receipt of services, either from the council (or a partner agency). There is an on-going need to ensure that services to all vulnerable children and young people have a focus on safeguarding and prevention of harm. Failure to support and protect children could adversely impact on their health and safety and compromise their ability to fulfil their potential.	5	5	25	01 02 03 04 06

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

<ul style="list-style-type: none"> <li>Leadership system across children's services and the wider corporate council are connected to the child's voice by the golden thread</li> <li>Children are seen and heard and their assessed needs and voice are used to inform SMART plans for them</li> <li>Management oversight and intervention is strong</li> <li>Quality Assurance processes including audit, supervision and performance data management provide oversight and assurance</li> <li>DfE Improvement Notice Jan 2022: Children's Improvement Board in place</li> </ul>	4	4	16	6 monthly	Executive Director - Childrens
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<ul style="list-style-type: none"> <li>• Halton’s Children’s and Young People Safeguarding Partnership Board fully operational connecting partners across the Borough</li> <li>• Attendance of CYP in education is monitored, supported, challenged and shared with appropriate services to ensure children are seen, supported and safe</li> </ul>					
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Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
3b	<p>Overspend in Children's Services</p> <p>a. Demand at the front door and throughout the 'child's journey' in the child services system has been exacerbated by a risk averse approach which is being challenged to ensure an appropriate intervention at the right (earliest) time</p> <p>Extensive additional resources have been provided to address this inflated demand, but resources are finite and cannot be continued beyond the next year</p> <p>b. The number of children with an Education Health and Care plan is, proportionally, significantly higher than regionally and the needs of this large cohort cannot be met through 'in Borough' placements alone. Transport to 'out of Borough' placements is a consequence and is extremely costly</p>	5	5	25	01 02 03 04 06 Reliable & Resilient Organisation

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
a. Children's social care <ul style="list-style-type: none"> <li>Staffing Establishment 'as is' position</li> <li>Analysis of the demand for HBC children's services</li> </ul>	4	4	16	6 monthly	Executive Director - Childrens

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

Item	Identified risk	Impact <sup>1</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
4a	Failure to respond to emerging public health threats (infectious diseases, environmental hazards, major emergencies) resulting in harm to the Population in Halton	3	3	9	01 02 03 04 05 06

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
Key Public health staff engaged appropriately with wider public health systems for early alerts, advice, mutual support. Halton Health Protection Board established. Work redistributed; Agency staff and cover from other senior staff	2	2	4	Ongoing	Director of Public Health
Contribution to and development of multi agency joint response plans; development of local contingency plans ( heatwave , floods etc) and environmental plans	2	2	4	ongoing	Director of Public Health

Item	Identified risk	Impact <sup>ii</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
4b	Work force pressures in team due to staff not in post /off	3	3	9	01 02 03 04 05 06

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
Posts have been recruited to awaiting start date	1	1	2	4 monthly	Director of Public Health
Public Health Workforce Strategy is in development	1	1	2	Ongoing	Director of Public Health

Item	Identified risk	Impact <sup>iii</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
4c	Abolition of Public Health England and Civil Service reforms may increase demands on Public Health and may negatively impact population health including through commissioned services. Local examples include Bridgewater with Warrington Hospital. Infection and Prevention control, 0-19 children's services, sexual health services.	4	3	12	01 02 03 04 05 06

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
Assurance letters sent to commissioned services	1	1	1	Ongoing	Director of Public Health Director pf Public Health
Regular Public Health input at COMT, HWBB, one Halton and other Health focused forums and meetings	1	1	1	Ongoing	

## CYBER RISK

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

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>The Council adopts a range of activities to manage the risk of loss of services as a result of Cyber threats, which includes risk reduction (mitigation), Risk retention (acceptance), Risk avoidance, Risk transfer</li> <li>A dedicated service within ICT Services that has the responsibility of managing the cyber risk facing the Council</li> <li>Clear reporting lines to senior management allowing the risk to be managed.</li> <li>Numerous Compliance regimes that provide the necessary assurance frameworks to demonstrate how the Council complies with industry standards</li> <li>Ongoing education and awareness programme for key staff</li> <li>Ongoing adoption and implementation of advice and guidance from NCSC</li> <li>Continuous improvement - ongoing upskilling of security and Information Governance teams to expand their capabilities against the prevailing cyber climate through training and certification</li> <li>Migration to office 365 will significantly enhance security posture</li> </ul>	5	4	20	6 monthly	Operational Director – IT and Support Services

## DATA PROTECTION

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

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

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

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
7a	Reduced capacity to sustain the delivery of services and respond to emergency situations in line with Council Priorities. Examples of such situations may include: national power outage, severe weather, pandemic, infectious diseases, impacts upon national communication structure, major transport incidents, chemical emissions from key plants within or outside the Borough.	5	4	20	Reliable & Resilient Organisation

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>Maintaining a supportive working environment through shared service organisational ethos, pride and value across Members, staff, management, Unions and partners. Work on values and branding completed and launched during 2024, becoming embedded through staff briefings, CEX video messaging, use of intranet and other medium.</li> <li>Focusing delivery of performance on the council's corporate vision and key strategic priorities leading to a clearly understood and shared set of priorities</li> <li>Revised priorities and new Corporate Plan launched April 2024. This has established itself in the reporting framework to aid understanding of the suite of priorities.</li> </ul>	4	4	16	6 monthly	All Directors

<ul style="list-style-type: none"> <li>• Emphasis on management and leadership standards with recognition of the challenges faced by the Authority leading to managers who are able to direct, inform, develop and support staff.</li> <li>• Succession planning and talent management framework to be implemented in mid 2025 to ensure key skill sets exist where required.</li> <li>• Maintaining a workforce that are skilled, informed, flexible and competent in order to ensure that they deliver efficient and effective services</li> </ul>					
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Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
7b	Reduced capacity to continue service provision across various services due to recruitment and / or retention difficulties and high sickness absence levels	5	4	20	Reliable & Resilient Organisation

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>• Development of a medium-term strategic approach to resourcing in order to address the issue of an ageing workforce, facilitated through collaborative work on new Employer Value proposition – implemented late 2024.</li> <li>• Valued Framework implemented during 2024.</li> <li>• New employee benefits platform implemented April 2025.</li> <li>• Employee Assistance programme implemented April 2025.</li> </ul>	4	4	16	6 monthly	Corporate Director - CXDU

<ul style="list-style-type: none"> <li>• Development of a short-term strategic approach to resourcing in order to address emerging labour market difficulties, recruitment to hard-to-recruit professional roles, and recruitment to a growing number of vacant posts. Achieved through application of market supplements where absolutely necessary.</li> <li>• Design and implementation of career pathways to attract younger potential employees to the workforce.</li> <li>• Implemented a more robust model for the provision and management of Flexible Workforce through a joint venture arrangement (Connect2Halton).</li> <li>• Development of long term plans to improve management of employee absences. This is sponsored by Transformation programme Board.</li> </ul>					
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## COUNCIL FINANCES

Item	Identified risk	Impact <sup>iv</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
8a	The Council's funding available from Government grant and/or locally raised business rates/council tax, is not sufficient to meet increasing service demands and associated costs, which may lead to an inability to deliver the Council's key service priorities, especially those services essential for the support of the most vulnerable members of the community	5	5	25	Reliable & Resilient Organisation

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>Financial Planning is undertaken to compare available financial resources with spending requirements over the medium term (3 years), resulting in preparation of the Medium-Term Financial Strategy which allows overall budget gaps to be identified at an early stage and appropriate plans put in place to tackle them</li> <li>Proposed developments regarding the future funding of Local Government nationally are monitored, to assess the potential impact for the Council and take account of this within the Medium-Term Financial Strategy.</li> <li>The Government announced a one-year grant settlement for 2025/26, but confirmed that a comprehensive spending review would</li> </ul>	5	4	20	Monthly	Operational Director – Finance

<p>be undertaken in order to establish a multi-year grant settlement from 2026/27 onwards. There will also be a review of the Local Government funding regime, with the aim of targeting funding based upon need.</p> <ul style="list-style-type: none"> <li>• Given the scale of the forecast 2024/25 overspend and the 2025/26 budget gap, in December 2025 the Council approved an application for the Government's Exceptional Financial Support (EFS) arrangement. Provisional EFS approval was received in February 2025.</li> <li>• Following the 2025/26 grant settlement and provisional EFS approval, Council on 5th March 2025 set a balanced revenue budget for 2025/26. The budget assumes full delivery of £6.8m of savings proposals, along with £29.4m of funding from EFS borrowing.</li> <li>• Additional budget provision has been made to address all current overspending areas, except for agency staffing costs over and above budget.</li> <li>• Budget monitoring and progress with the delivery of savings is being reported bi-monthly to Management Team, Executive Board and Policy and Performance Boards.</li> <li>• Effective business planning is undertaken to ensure that appropriate resources are directed towards the Council's key strategic priorities.</li> <li>• Budget setting is aligned to the annual business planning cycle in order to ensure that the value of financial resources is maximised.</li> <li>• A budget risk register is maintained which works in conjunction with the budget setting cycle to ensure that emerging budget risks are identified together with relevant mitigating measures.</li> </ul>					
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Item	Identified risk	Impact <sup>v</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
8b	Total Council spending for the year significantly exceeds available budget provision and thereby requires funding from useable reserves	5	5	25	Reliable & Resilient Organisation

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>Budget monitoring information is provided to budget managers on a monthly basis, with support and advice provided by Finance Officers</li> <li>Spending is monitored closely, and exceptions highlighted in order that corrective action can be taken as soon as possible.</li> <li>Monthly monitoring of key overspending areas is carried out by Management Team.</li> <li>Action is being taken to reduce key high spending areas including; agency staff placements, adults community care (residential, domiciliary and direct payments), children's placements, independent foster care placements, home to school transport, high needs special education.</li> <li>The forecast outturn position is updated on a bi-monthly basis.</li> <li>Where significant overspend positions emerge, action plans are put in place to address the situation, with close monitoring by relevant budget managers and Management Team</li> </ul>	5	4	20	Monthly	Operational Director – Finance

<ul style="list-style-type: none"><li>• Budget monitoring reports for each Department are presented to the relevant Policy and Performance Boards on a bi-monthly basis and the overall council wide position is reported bi-monthly to Executive Board. These reports include forecasts of the likely outturn position.</li><li>• When Council sets the annual budget, a central contingency budget is included to provide for unexpected and excessive costs.</li><li>• The Medium Term Financial Strategy includes provision to replenish reserves during 2026/27, given that useable reserves are now virtually depleted as a result of having to fund overspends in recent years.</li><li>• Provisional approval granted for Exceptional Financial Support will enable the Council to fund overspends in the short-term, while action is taken to bring spending back in line with budget.</li></ul>					
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Item	Identified risk	Impact <sup>vi</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
8c	Delivery of Transformation activity fails to lead to sustainable revenue budget savings.	5	5	25	Reliable & Resilient Organisation

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>Deliver the Council's Transformation Programme 2023-26 to align service provision to resources and provide prioritised resilient services in the community.</li> <li>Corporate adherence to the adopted transformation principles is mandated by the Executive Board and Management Team.</li> <li>Programme monitoring information is presented to Transformation Programme Board on a monthly basis for scrutiny.</li> <li>Re-profiling of the programme is being undertaken on an evidence basis, triangulating cost benchmarking in detail against comparator authorities. This is informing the construction of the programme in its current phase.</li> <li>The forecast savings profile is updated on a monthly basis and reported to Transformation Programme Board.</li> <li>Revised governance procedures in place from autumn 2024, including broadened membership of the Transformation Programme Board, and</li> </ul>	5	4	20	Monthly	Corporate Director – CXDU



the establishment of an Officer Board to assess viability of potential transformation activity.					
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## KEEPING HALTON COMMUNITY SAFE

Item	Identified risk	Impact <sup>vii</sup> (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
9	A failure to monitor and appropriately manage the risks created by global, national and local events, and how these might impact on local community tensions, could potentially lead to a threat to security and have an adverse effect on the stability of Halton's communities.	5	3	15	01 05 06

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

<ul style="list-style-type: none"> <li>The Safer Halton Partnership (SHP) involves joint working, clear communications and information sharing across various partner agencies, including emergency services. The partnership works to ensure that there is community cohesion with safe and secure neighbourhood environments</li> <li>Multi agency Community Safety team that addresses anti-social behaviour and crime thus supporting the SHP agenda</li> <li>The Channel Panel is a multi-agency group which provides support for those who are vulnerable to be drawn into terrorism through a programme of early intervention and diversion</li> </ul>	4	3	12	Quarterly to MT	Operational Director – Community and Greenspace
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<ul style="list-style-type: none"> <li>• Emergency Planning team have developed and tested Multi-Agency Response plans to mitigate a number of risks within the borough</li> <li>• In response to 'Major Accident' cloudburst incidents occurring at Upper Tier COMAH sites; Emergency Planning Team have tested and validated Emergency COMAH Plans for all 9 sites</li> <li>• Emergency Planning Teamwork in partnership with the Cheshire Resilience Forum to provide an integrated approach for facilitating and responding with emergencies across Cheshire</li> <li>• Emergency Planning Teamwork with cross border organisations and responding agencies within the Liverpool City Region regarding cross border risks and resilience planning</li> <li>• Critical Incident Management procedures, including 'lockdown', have been developed, communicated and tested for Council buildings and schools.</li> <li>• Security surveys conducted for main council buildings and schools</li> </ul>					
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## CHANGES TO GOVERNMENT ARRANGEMENTS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
10	Changes to Government arrangements and other public sector organisations could potentially lead to a deterioration of local services	5	5	25	01 02 03 04 05 06 Reliable & Resilient Organisation

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>Ensure that both Members and officers from the Council play an active role in the Combined Authority for the Liverpool City Region to maximise opportunities from the second devolution deal achieved in 2024.</li> <li>Ensure a corporate understanding of any potential changes to local government arrangements in neighbouring localities and any potential impacts on the operation of Halton Borough Council. Escalate any issues to relevant stakeholders in a timely manner.</li> <li>Through 'One Halton' work the Authority is ensuring a smooth interaction between Health and Halton Council colleagues, to ensure that Halton's</li> </ul>	5	3	15	6 monthly	Chief Executive

<p>interests are recognised and looked after in the governance arrangements of the Integrated Care System</p> <ul style="list-style-type: none"> <li>• Ensure a corporate understanding of any potential changes to existing partnership arrangements resulting from the Government decision to disband NHS England and any potential impacts on the operation of Halton Borough Council. Escalate any issues to relevant stakeholders in a timely manner.</li> </ul>					
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## FRAUD

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
11	Large-scale fraud and/or corruption may lead to significant financial loss and reputational damage	4	5	20	Reliable & Resilient Organisation

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<p>The Audit and Governance Board monitors and reviews the adequacy of the Council's anti-fraud and corruption policies and arrangements. These arrangements include:</p> <ul style="list-style-type: none"> <li>• Maintenance of an effective system of internal control</li> <li>• Rigorous pre-employment checks of new employees</li> <li>• Officers' Code of Conduct</li> <li>• Members' Code of Conduct</li> <li>• Gifts and Hospitality Policy</li> <li>• Registration of Interests</li> <li>• Local Code of Corporate Governance</li> <li>• Whistleblowing arrangements</li> <li>• Finance Standing Orders</li> </ul>	2	2	4	6 monthly	Operational Director – Finance

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

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
12	Failure to maximise and identify funding opportunities in light of financial constraints resulting in a potential challenge of the Councils capacity to delivery its priorities	4	4	16	02 04 Reliable & Resilient Organisation

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



<p>identify funding requirements; regularly signposts Council services to specific funding streams</p> <ul style="list-style-type: none"> <li>• Commercially focussed through establishing trading and income generation possibilities in order to protect and effectively use funds, pilot Charging Policy for bid-writing introduced September 2018 and has been made permanent.</li> <li>• Continue to work with colleagues to improve the methods of dissemination and ensure prioritisation of/submission to relevant funding streams</li> </ul>					
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## DISRUPTION TO ELECTORAL PROCESS

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
13	Criminals and nation-state actors may seek to deliberately disrupt or sabotage the electoral process, resulting in a failure to deliver all or part of an election outcome in line with legislation.	5	3	15	Reliable & Resilient Organisation

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
<ul style="list-style-type: none"> <li>Up-to-date cyber security measures in place around Electoral Management Software (links to broader Cyber Security and Data Protection risks and measures in sections 5 and 6 of register).</li> <li>Elections staff briefed on security and personal safety.</li> <li>Physical security measures in place for electoral assets (documentation, ballot boxes, premises).</li> <li>Electoral staff and Returning Officer alert to IT threats, such as phishing.</li> <li>Electoral candidates and agents briefed on security and personal safety.</li> <li>Adherence to Electoral Commission and LGA guidelines.</li> </ul>	5	2	10	6 monthly	Electoral Services Manager /  Chief Executive

### NON-COMPLIANCE WITH TRANSPORT OPERATOR LICENCE

Item	Identified risk	Impact (Severity)	Likelihood (Probability)	Unmitigated Risk Score (I x L)	Corporate Priority Area(s)
14	The Operator Licence is the regulatory requirement to operate heavy goods vehicles and public service vehicles in the UK under The Goods Vehicles (Licencing of Operator's) Act 1995 The legislation is enforced by the Driver & Vehicle Standards Agency and regulated by the Traffic Commissioner's Office. The Council must comply in order to operate its vehicle fleet.	5	3	15	Reliable & Resilient Organisation

Risk control measures	Residual score with measures implemented			Timescale / Review frequency	Lead Officer/s
	Impact (Severity)	Likelihood (Probability)	Mitigated Risk Score (I x L)		
Management controls to include but not limited to:- <ul style="list-style-type: none"> <li>• Be of good repute, of appropriate financial standing &amp; professionally competent.</li> <li>• Vehicle Maintenance and regular planned Safety Inspections</li> <li>• Continuous Driver and Management professional development</li> <li>• Management Enforcement of drivers' hours and records</li> <li>• Ensure roadworthiness of the Council's Fleet</li> <li>• Consider introduction of Testing for substance misuse</li> </ul>	5	2	10	6 monthly	

## Version Control Record

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

6.0		01.04.17	Reviewed and updated.	01.09.17
6.1		10.09.17	Progress Commentary.	
7.0		01.04.18	Reviewed and updated.	01.09.18
7.1		01.09.18	Progress Commentary.	
8.0		01.04.19	Reviewed and updated.	01.09.19
8.1		01.09.19	Progress Commentary.	
9.0		01.05.20	Reviewed and updated.	01.05.20
9.1		01.09.20	Progress Commentary.	
10.0		01.04.21	Reviewed and updated.	01.09.21
10.1		01.09.21	Progress Commentary.	
11.0		01.04.22	Reviewed and updated.	01.09.22
11.1		01.09.22	Progress Commentary.	
12.0		01.04.23	Reviewed and updated in line with Zurich Municipal 1 <sup>st</sup> review. 2 <sup>nd</sup> review will progress on September	01.09.23

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

			Partnerships removed after consultation with DM Community Safety. Keeping Halton's community safe updated with new EPO's on call and rota agreement.	
13.0		01.05.2024	<p>EPO staffing concerns removed from Keeping Halton's Community Safe risk by DM Community Safety.</p> <p>Updates to Health &amp; Wellbeing risks and risk mitigation measures by Dir. Public Health.</p> <p>Updates to Capacity &amp; Resilience risk mitigation measures by CD Chief Executive's Delivery Unit.</p> <p>Updates to Council Finances risk mitigation measures by OD Finance.</p>	01.09.2024

			<p><b>Updates to Council Finances risk mitigation measures by OD Finance.</b></p> <p><b>Addition of Risk to Electoral Process and risk mitigation measures by Chief Executive.</b></p> <p><b>New Corporate Priorities added as illustration on page 4 and cross-referencing to those priorities updated throughout.</b></p>	
<b>14.0</b>		<b>01.05.2025</b>	<p><b>Updates to Capacity &amp; Resilience risk mitigation measures by CD Chief Executive's Delivery Unit.</b></p> <p><b>Updates to Council Finances risk mitigation measures by CD Chief Executive's Delivery Unit.</b></p> <p><b>Updates to Funding &amp; Income Generation risk description.</b></p>	



## Appendix 'A'

### Scoring Mechanism

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

See below.



I M P A C T	HI	5	10	15	20	25
	S	4	8	12	16	20
	M	3	6	9	12	15
	L	2	4	6	8	10
	IM	1	2	3	4	5
		H IMPROB	IMPROB	POSS	PROB	H PROB
LIKELIHOOD						

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

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

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

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

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**REPORT TO:** Audit and Governance Board

**DATE:** 4 June 2025

**REPORTING OFFICER:** Director of Finance

**PORTFOLIO:** Corporate Services

**SUBJECT:** Annual Report on Waivers of Procurement Standing Orders

**WARD(S)** Borough-wide

**1.0 PURPOSE OF THE REPORT**

- 1.1 This report sets out the Council's arrangements for the waiver of Procurement Standing Orders and provides details of all the waivers approved in 2024/25.

**2.0 RECOMMENDATIONS: That:**

- (i) The Board confirms its assurance in the appropriateness of the processes followed for the approval of waivers to Procurement Standing Orders;
- (ii) The waivers of Procurement Standing Orders approved in 2024/25 be noted.

**3.0 SUPPORTING INFORMATION**

- 3.1 The purpose of Procurement Standing Orders is to provide a robust structure within which procurement decisions are made and implemented and to ensure that the Council:
- Undertakes legally compliant procurement
  - Ensues fairness in allocating public contracts
  - Achieves best value from its procurement activity
  - Demonstrates high standards of integrity
  - Safeguards its reputation from any implication of dishonesty or corruption
  - Undertakes procurement activity strategically to help deliver corporate priorities

- 3.2 The Council's procurement arrangements allow, in specific circumstances, for the award of contracts without following all the provisions contained in Procurement Standing Orders. However, it is important to note that a waiver of Procurement Standing Orders cannot override legal obligations. Furthermore, any use of a waiver must remain fully compliant with public procurement law and any other applicable legislation.
- 3.3 There are three procedures for the approval of requests to waive Procurement Standing Orders:
- Emergency Procedures  
In cases of unforeseen emergency requiring urgent action, the Chief Executive may waive Procurement Standing Orders as needed. All such instances must be reported in writing to the next available Executive Board meeting.
  - Non-Emergency Procedures (exceeding £100k)  
Approval to waive any of the provisions of Procurement Standing Orders must be obtained from the Executive Board.
  - Non-Emergency Procedures (up to £100k)  
Approval to waive any of the provisions of Procurement Standing Orders must be obtained from the Head of Procurement.
- 3.4 Inappropriate use of waivers can undermine confidence that the Council is achieving best value in procurement. However, when used appropriately, waivers can offer several advantages. These include:
- **Speed and efficiency:** Waivers allow for quicker procurement when there is urgency (e.g. emergency works or tight funding deadlines), avoiding a lengthier tender process.
  - **Continuity of service:** Allows for continuity where a change in supplier would cause disruption or inefficiency, e.g. ongoing projects or services where a provider already has critical knowledge.
  - **Specialist expertise:** Waivers may be appropriate where only one supplier has the specialist skills or intellectual property necessary to deliver a requirement.
  - **Cost-effectiveness:** In some cases, direct awards under a waiver can represent better value for money, especially if pricing is competitive and if switching suppliers would be disruptive or incur additional costs.
  - **Compliance with grant conditions:** Where external funding has short timescales or named delivery partners, waivers can enable compliance with those conditions without breaching procurement law.

- **Capacity:** Using a waiver to directly award lower value contracts can support continuity and timely service delivery when internal capacity is limited, by avoiding the delays and resource demands of a full procurement process. This enables service managers and the Council's Procurement Team to prioritise its limited resources on more complex, higher value contracts where greater value can be added.

3.5 Requests for non-emergency waivers must be submitted through the Council's online 'I Want Procurement' portal. The process requires the submission of various details in support of the waiver request. These include:

- Description of the goods, services or works to be procured
- Period covered by the waiver
- Details of the supplier selected and any quotations obtained
- The terms and conditions to be applied, i.e. contract, SLA, purchase order
- A business case to support the waiving of Procurement Standing Orders

3.6 Additionally, the following checks and confirmations are applied in respect of each waiver request:

- Financial Management are contacted to confirm budget availability for the proposed expenditure. The waiver request will not progress without confirmation of budget availability.
- The Insurance Team is consulted regarding any specific insurance requirements relating to the proposed contract award. The waiver request will not progress without confirmation that the supplier meets the Council's requirements in terms of insurance cover.
- The Information Governance Team is consulted regarding any data protection implications. The waiver request will not progress until the Information Governance team provides confirmation that they are satisfied that appropriate arrangements are in place.
- Where appropriate to the procurement, assurance is also sought that the supplier meets the Council's requirements in respect of safeguarding. Again, the waiver request will not progress unless this requirement is satisfied.

3.7 During 2024/25, an additional control was introduced for waiver requests. All requests must now be reviewed by the relevant Executive Director and the Director of Finance before submission. The Executive Director must also confirm both their support for the waiver and that the proposed expenditure is essential. Waiver requests will not proceed without this confirmation.

- 3.8 External audit reviewed the Council's waiver arrangements during 2024 and noted in their 2023/24 Annual Report that the Council "has a robust process in place to agree waivers involving finance and other corporate services".

#### 4.0 **WAIVERS – 2024/25**

- 4.1 A summary of the waivers approved in 2024/25 is provided in the following table:

Type of waiver	No. approved
Emergency	1
Non-emergency – approved by Executive Board	6
Non-emergency – approved by Procurement (up to £100k)	81
<b>Total</b>	<b>88</b>

- 4.2 Further details regarding each waiver approved and the supporting business case can be found appended to this report.
- 4.3 The total potential value of waivers approved in 2024/25 was approximately £5.9 million, some of which relate to contracts spanning multiple financial years. This represents a small proportion of the Council's overall spend on goods, works, and services in 2024/25, which exceeded £189 million.
- 4.4 As would be expected, most waivers approved in 2024/25 related to lower value contracts (up to £100k). Notably, 19 non-emergency waivers were for amounts under £25,000 and therefore did not strictly require a waiver of Procurement Standing Orders, as separate provisions apply to procurements under this threshold.
- 4.5 While the reasons for seeking waivers vary, several common themes are evident:
- IT related expenditure - where purchases can only be made from a particular supplier, e.g. licences, support, maintenance, upgrades etc.
  - Agency placements – where the Council's existing agency arrangements cannot provide the staff required
  - Consultancy work – awarded to suppliers with specialist or prior knowledge of the Council's requirements
  - Continuity of provider – continuation with existing providers due to satisfactory performance and value
  - Extension – short-term contract extensions to enable continuity of provision whilst future service needs are reviewed.

- 4.6 While there may be a perception that waivers of Procurement Standing Orders result from poor planning or time constraints, the analysis in the appendices to this report clearly demonstrates that this is not the case. In the vast majority of instances, waivers are underpinned by robust and well-evidenced business cases. The Council's procurement processes are designed to support early engagement, enabling service managers to make informed decisions about the most appropriate procurement route.

5.0 **POLICY IMPLICATIONS**

- 5.1 There are no direct policy implications arising from this report. Procurement Standing Orders include appropriate provisions to waive procurement rules in specific circumstances, ensuring flexibility and responsiveness where standard procedures may not be practical or in the Council's best interests. The waiver approval process is designed to maintain compliance with all relevant procurement legislation and uphold good governance.

6.0 **FINANCIAL IMPLICATIONS**

- 6.1 There are no financial implications arising directly from the contents of this report. Ensuring that contracts are procured effectively is however key for delivering best value.

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

7.1 **Improving Health, Promoting Wellbeing and Supporting Greater Independence**

Procurement Standing Orders provide a framework to help the Council achieve best value in its procurement activities and ensure compliance with relevant legislation. Robust procurement practices, including the use of waivers in appropriate circumstances, therefore support the delivery of all the Council's priorities.

7.2 **Building a Strong, Sustainable Local Economy**

See 7.1

7.3 **Supporting Children, Young People and Families**

See 7.1

7.4 **Tackling Inequality and Helping Those Who Are Most In Need**

See 7.1

7.5 **Working Towards a Greener Future**

See 7.1

7.6 **Valuing and Appreciating Halton and Our Community**

See 7.1

8.0 **RISK ANALYSIS**

- 8.1 Waivers of Procurement Standing Orders, when used appropriately, can help the Council manage risk by providing the flexibility to respond quickly and effectively to unforeseen circumstances, urgent requirements, or situations where traditional procurement processes may not be suitable. However, it is important to manage waivers of procurement rules robustly to ensure transparency, accountability, and value for money when spending public money.

9.0 **EQUALITY AND DIVERSITY ISSUES**

- 9.1 None directly arising from this report. However, any issues are considered at the time a waiver request is submitted.

10.0 **CLIMATE CHANGE IMPLICATIONS**

- 10.1 None directly arising from this report. However, any issues are considered at the time a waiver request is submitted.

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

None



## Waivers granted under Emergency Procedures

Directorate	Goods, services, works	Value	Period covered	Justification
Children's Services	Appointment of the Transformation Programme Lead for the Family Hub	£200,000	1 June 2023 to 31 March 2025	This appointment was required to fulfil a newly created role that could not be delivered through the existing staffing structure. The cost of the role was fully covered by Department for Education funding and was included in the approved Family Hub delivery plan.

## Waivers granted by Executive Board

Directorate	Goods, services, works	Value	Period covered	Supplier	Justification
Children's Services	Mentoring and Emotional Health and Wellbeing Support for Care leavers	£80,000 per year	Three year contract to 31 March 2028	Pure Insight	Direct award made following consultation with the DfE and feedback about Pure Insight from Warrington Council.
Adult Social Care	Support at Home service in Halton	£86,671 per year	Three year contract to 31 March 2028	British Red Cross	<p>The service is a key contributor to the local authority's duty under the Care Act 2014 to prevent and delay the need for greater intervention and services. A direct award allows for continuity of provision.</p> <p>The British Red Cross also have a long-standing relationship with the Council, offering added value in relation to their association with the national British Red Cross branding and campaigns.</p>
Adult Social Care	Dementia Advisor Service	£77,173	One year contract to 31 March 2026	Alzheimer's Society	The service forms part of the Adult Social Care offer of provision and meets statutory requirements in relation to the Care Act 2014. It also impacts on the Council's duty to offer information and advice and also supports carers. The waiver allows for continuity of service.
Children's Services	Services for Missing from Home and Care for young people across Cheshire for Halton, Cheshire West & Chester and Warrington	£351,599	One year contract to 30 June 2025	We Are With You	Extension of existing contract to ensure continuity of provision pending the introduction of a different approach for the tender evaluation process. The extension was supported by all four local authorities.

## Waivers granted by Executive Board

Directorate	Goods, services, works	Value	Period covered	Supplier	Justification
Children's Services	Services for Missing from Home and Care for young people across Cheshire for Halton, Cheshire West & Chester and Warrington	£355,899	One year contract to 30 June 2026	We Are With You	Further extension of existing contract to ensure continuity of provision pending the introduction of a different approach for the tender evaluation process. The extension was supported by all four local authorities.
Adult Social Care	Domiciliary Care Service	£498,628	1 April 2025 to 27 April 2025	Premier Care	Extension of existing contract required due to delays in the tendering process due to a potential challenge from a bidder.  The new contract became operational on 28 April 2025.

## Waivers granted under Non-Emergency Procedures (Up to £100k)

**ADULT SOCIAL CARE**

Goods, services, works	Value	Period covered	Supplier	Justification
Emergency care package	£91,778	18 February 2025 to 14 April 2025	Fidelis Healthcare	Urgent replacement of a care provider to deliver a complex package of care. Providers on existing frameworks were unable to meet the client's needs.
Emergency care package	£87,578	18 February 2025 to 2 April 2025	Fidelis Healthcare	Urgent replacement of a care provider to deliver a complex package of care. Providers on existing frameworks were unable to meet the client's needs.
Development and delivery of a 1-5 year Adult Social Care place based Workforce strategy for Halton	£72,000	3 February 2025 to 31 July 2025	Skills For Health	The Council does not have in-house specialists in the field of workforce planning. Skills for Health submitted a comprehensive proposal detailing the scope of work to be delivered, at a cost considered proportionate to the services required. A comparative quotation was also obtained, which was higher in cost.
Ongoing procurement of digital alarm units to support the Telehealthcare Team in the switch from analogue to digital	£60,000	One year contract to 19 April 2025	Careium UK Ltd.	Sole supplier of required digital alarm units
Ongoing supply and maintenance of equipment used by the Care Home Division	£60,000	One year contract to 30 June 2025	Newlyn Healthcare Ltd.	The existing supplier had consistently delivered a prompt, reliable, and high-quality service for the supply and maintenance of beds and equipment in the Council's care homes. Extending the contract ensured continuity of service, avoided disruption to vulnerable service users, and helped maintains standards of care.
Consultancy to advise on future proofing residential nursing care services within the borough (funded from the Pooled Budget)	£59,910	One year contract to 31 August 2025	This is Capacity CIC	The supplier was selected based on their previous involvement in care home development projects, which provided valuable continuity and familiarity with the Council's requirements.
Nurse call system for Oakmeadow	£36,000	One off procurement	Legrand Care	System urgently required to future proof service delivery at Oakmeadow.

## Waivers granted under Non-Emergency Procedures (Up to £100k)

Goods, services, works	Value	Period covered	Supplier	Justification
Eclipse Person Matching (EPM - a module that works alongside the Eclipse Case Management solution for Adults and has the facility to design externally hosted web-forms)	£34,500	One off procurement	OLM Systems Ltd.	EPM is an additional module that works with the Eclipse Case Management solution. It can only be purchased from the system provider.
Transport for a client with severe learning disabilities who cannot be supported by the Council's existing transport contracts	£27,550	One year contract to 31 August 2025	Apec Group	Existing contracted transport providers are unable to meet the specific requirements of the client
Weekend working from Eclipse system provider to facilitate system implementation in Adult Social Care	£22,000	One off procurement	OLM Systems Ltd.	One-off purchase for weekend working for the supplier to support with the implementation of Eclipse for Adults. Can only be purchased from the system provider.  NB – waiver not strictly necessary as expenditure is less than £25k.

## Waivers granted under Non-Emergency Procedures (Up to £100k)

## CHIEF EXECUTIVE'S DIRECTORATE

Goods, services, works	Value	Period covered	Supplier	Justification
Occupational Health Service	£90,000	One year to 31 March 2025	Mersey Care NHS Foundation	Existing supplier - new agreement for continuation of current service pending options appraisal
Consultancy review of Day Service and Supported Living provision for services for Adults with Learning Disabilities, as part of the Transformation of Adult Services programme	£68,400	One off procurement	Institute of Public Care	One-off award to the Institute of Public Care connected to the Transformation of Adult Services programme.
Agency appointments - Childcare Locums x 2	£61,134	Three months to 30 September 2024	Oyster Partnership Ltd.	Oyster Partnership was the only provider at the time able to source the required Locums. Extension of existing waiver
Subscription renewal for Palo Alto Firewalls	£32,268	One year contract to January 2026	Desk Top Publishing Micro Systems Ltd. t/a DTP Group	This is an essential subscription renewal required to maintain the functionality of the Council's Palo Alto network equipment. The renewal is with the original supplier, who was procured via an approved framework.
Agency appointment - Childcare Locum	£27,898	Three months to 31 December 2024	Oyster Partnership Ltd.	Oyster Partnership was the only provider at the time that was able to source the required Locum. Further extension of existing waiver
Renewal of Ivanti Neurons Cloud Licensing - Ivanti Neurons is a cloud technology platform providing a foundational set of platform services that improve visibility, security and scale across IT and security operations	£27,000 per year	Three-year contract to March 2028	Phoenix Software Ltd.	Renewal of licensing for product previously sourced via a framework agreement
Placement of advertising across multiple media titles	£25,000	One year contract to 31 March 2025	People Scout Ltd.	The award was made to a previously contracted supplier, offering the same or better rates than going direct to individual publications. Using a single supplier also improves efficiency and provides added value through their market insight and advice on the most effective publication choices.

## Waivers granted under Non-Emergency Procedures (Up to £100k)

Goods, services, works	Value	Period covered	Supplier	Justification
Digital targeted advert optimisation across a variety of platforms including Google and Facebook. Linked to recruitment in Children's Services.	£20,000	One year contract to September 2025	Newsquest Media Group	<p>The supplier provides social media, i.e. ensuring that as many relevant members of our target audience groups see the Council's adverts - in this case recruitment adverts.</p> <p>As a national media company, the supplier brings an extensive knowledge of algorithms and the tools to build an effected targeted campaign.</p> <p>NB – waiver not strictly necessary as expenditure is less than £25k.</p>
Kemp Load Balancers to connect the Council's on-premises Data Centre to Microsoft 365	£11,000 per year	Three year contract to July 2027	Phoenix Software Ltd.	The supplier is the Council's Microsoft partner and provider.
SchoolComms Messaging subscription for schools	£6,654	One year subscription to 31 March 2025	ParentPay Ltd.	<p>One-off award to the Institute of Public Care connected to the Transformation of Adult Services programme.</p> <p>NB – waiver not strictly necessary as expenditure is less than £25k.</p>

## Waivers granted under Non-Emergency Procedures (Up to £100k)

## CHILDREN'S SERVICES

Goods, services, works	Value	Period covered	Supplier	Justification
Consultancy services to deliver Halton Project Phase 2 in partnership with Sci-Tech Daresbury - Project involves the delivery of coding clubs and engagement activities to primary and secondary schools	£100,000	One year to 31 December 2025	Gina Czarnecki	The individual currently delivering the first phase of the project has played a key role in designing and implementing the programme to date. Her in-depth knowledge and involvement place her in a unique position to deliver the second phase efficiently and effectively.
Saturday Play Clubs for Disabled Children	£93,500	One year contract to 31 March 2026	Halton Play Council Ltd.	A soft market test issued in September 2024 to identify other providers of weekend play clubs for disabled children was not successful.  Continuing the play offer with the current provider for one year therefore maintains a service that is valued by parents and carers, that is enjoyed by children that attend and supports the development of play and independence skills.
Training to contribute to the Practice Model for Children's social care	£81,420	Six month contract to 1 October 2025	Alasdair Cant & Associates Ltd.	Appointment of a training facilitator who has delivered the same package of training to other local authorities who have successfully embedded the learning into their practice model.
Annual membership of NCER CiC, including access to Nexus data systems and access for schools purchasing data support SLA	£80,000	One year contract to 31 March 2026	NCER CIC	Award to sole supplier providing national, regional, and local authority level educational performance tracking and analysis. The cost of the subscription is recharged to schools through an SLA.
Statutory Independent Advocacy and Visitor Service	£70,000	One year contract to 31 March 2026	National Youth Advocacy Service	The provider has consistently met performance targets and delivered a high-quality service over the past five years. The waiver also allows time to review and explore alternative options from April 2026.



## Waivers granted under Non-Emergency Procedures (Up to £100k)

Goods, services, works	Value	Period covered	Supplier	Justification
Short Breaks Friendship Groups for children aged 12 to 18	£49,500	One year contract to 31 March 2026	Vibe UK	<p>The planned autumn 2024 procurement was postponed due to budget authorisation delays and ongoing discussions about establishing a 0–25 Disabled Children's Service in 2025, following development needs identified in the 2024 Children's Services inspection.</p> <p>Maintaining the Friendship Group service for one year provides continuity of service, enabling disabled children and young people with a short breaks plan with the opportunity to participate in interesting and safe activities. It also provides a break from caring for their parents preventing possible escalation to higher cost services.</p>
Secondment of a member of staff from Mersey Care NHS Foundation into the Family Hub Workforce for 12 months to provide psychology support	£43,352	One year contract to 31 March 2025	Mersey Care NHS Foundation	Due to the DFE funding timescales, it was not possible to seek quotations. Furthermore, the Council is already contracted with Mersey Care NHS Foundation for a number of health related activities and they use the same standard operating procedures.
Service Delivery Manager for Dads and Non-Birthing Parents (0.5FTE)	£40,000	One year contract to 3 June 2025	The National Childbirth Trust	<p>The provider has been working closely with Halton Family Hubs to support parents' emotional health and wellbeing and as a result of the increased focus in supporting fathers.</p> <p>The provider is already commissioned by the ICB and this is an extension of their current contract with them.</p>
Speech and Language Provider	£35,000	1 December 2024 to 18 July 2025	CommuniKate	Additional resource urgently required around completion of Education, Health and Care Plans in order to meet statutory requirements. The contract provides an agreed price schedule depending on interventions agreed.
Speech and Language Provider	£35,000	1 December 2024 to 18 July 2025	Pinch of Salt	As above

## Waivers granted under Non-Emergency Procedures (Up to £100k)

Goods, services, works	Value	Period covered	Supplier	Justification
Speech and Language Provider	£35,000	1 December 2024 to 18 July 2025	Lifelong Language	As above
Speech and Language Provider	£35,000	1 December 2024 to 18 July 2025	Talking Toolbox	As above
Speech and Language Provider	£35,000	1 December 2024 to 18 July 2025	SpeechWise	As above
Support to assist families to recruit a personal assistant (PA) for children assessed as requiring PA support	£32,500	One year contract to 31 March 2026	Positive Future Consultancy	When the PA Recruitment service was first tendered for in 2022, there was only one provider that tendered to deliver the service.  Charges have not been increased, and the provider has developed a strong working relationship with both the Direct Payments Team and Short Breaks Team.
Halton Family Hubs appointment of a Peer Support Coordinator for one year to be based within Warrington and Halton Hospital	£29,938	One year contract to 31 December 2025	Warrington and Halton NHS Trust	The Infant Feeding Service has a similar agreement in place with Whiston Hospital. To ensure parity across the area for Halton Families, the Council has entered into an agreement with Warrington and Halton Hospital using the Family Hub funding to test the effectiveness for 12 months.  The service is to be provided by Warrington and Halton NHS Trust.
Development of a SEND Local Offer portal to integrate into the Family Hub Digital Solution	£18,000 per year	Three year contract to 30 September 2027	Beebot AI Ltd.	The supplier already provides the Council's family hub digital solution. Based on its success, it was agreed at Management Team that the supplier be engaged to provide the SEND local offer portal too.
AI App for care leavers	£18,000 per year	Two year contract to 8 January 2027	Beebot AI Ltd.	The provider has previously completed a very successful similar piece of work with the Council's Family Hubs and was considered best placed to develop an App for care leavers.

## Waivers granted under Non-Emergency Procedures (Up to £100k)

Goods, services, works	Value	Period covered	Supplier	Justification
Additional module for Synergy system to capture activity around a change in legislation to manage two year old funding applications for nursery settings	£16,110	One off procurement	Access UK Ltd.	Can only be purchased from system provider NB – waiver not strictly necessary as expenditure is less than £25k.
Procurement of safety equipment to prevent accidents within the home, e.g. fire guards, safety gates etc.	£16,000 per year	Five year contract to 31 March 2030	KidRapt Ltd.	The supplier's long-standing relationship with the Council has enabled the provision of equipment at discounted rates. Additionally, using a single supplier offers better value overall, with reduced delivery costs on bulk purchases.

## Waivers granted under Non-Emergency Procedures (Up to £100k)

## ENVIRONMENT AND REGENERATION

Goods, services, works	Value	Period covered	Supplier	Justification
Supply & installation of an indoor play structure	£99,999	One off procurement	Play Revolution Ltd.	Liaison with other local authorities, including St Helens and Wirral, confirmed that the selected provider offers best value and reliable long-term aftercare.
Repair and upgrading of Halton Lea public lift	£96,055	One off procurement	Concept Elevators	A waiver was obtained due to the urgent nature of the situation, as the lift was out of service. To ensure value for money, five quotes were obtained as part of the procurement process.
Agency engineer - Structures	£95,000	One year to 31 March 2026	Waterman Aspen Ltd.	Connect2Halton was unable to fulfil request for a structures engineer
Architecture Design services for RIBA Stages 2 - 7 for the redevelopment of Elite House into an Enterprise Facility	£91,500	Two year contract to 31 October 2026	Atelier 2 Architecture Ltd.	Appointing a designer already familiar with the operator's requirements will streamline communication and minimise the risk of delays or misunderstandings. Also, as the project is funded by the Town Deal, timely delivery by 2026 is essential.
Migration and implementation of multiple service areas (Waste, Grounds, Street Cleansing and Cemeteries) into existing Alloy database	£90,000	One year contract to April 2025	Causeway Technologies Ltd.	Specialist IT work that can only be undertaken by the system provider
Agency surveyor - Valuations	£75,545	Nine months to 31 March 2025	Vivid	An agency appointment was necessary due to difficulties recruiting permanent staff to vacant posts. The appointment was made following a competitive exercise which confirmed that the supplier offered a competitive rate.
Agency surveyor - Estate management	£70,300	Nine months to 31 March 2025	Park Avenue	An agency appointment was necessary due to difficulties recruiting permanent staff to vacant posts. The appointment was made following a competitive exercise which confirmed that the supplier offered a competitive rate.

## Waivers granted under Non-Emergency Procedures (Up to £100k)

Goods, services, works	Value	Period covered	Supplier	Justification
Skip hire at various locations including Picow Farm Road Depot and Cemeteries	£60,000	4 October 2024 to 30 June 2025	GSH Waste Recycling Ltd.	Expansion of the current skip provision to additional teams within Environment Services
Additional licences and storage for the Alloy asset management system used by Environment Services	£55,650	One off procurement	Causeway Technologies Ltd.	IT licences and system storage that can only be purchased from the system provider
Agency surveyor - Estate management and property advice	£54,000	Six months to 31 March 2025	Vivid	An agency appointment was necessary due to difficulties recruiting permanent staff to vacant posts. The appointment was made following a competitive exercise which confirmed the supplier offered a competitive rate.
Agency surveyor - Estate management and property advice	£51,000	Six months to 30 September 2025	Vivid	Extension of existing agency appointment
Transport for a pupil with complex SEND to travel from Widnes to a school in Southport	£47,120	Eleven months to 31 July 2025	Halton Community Transport	The service was originally tendered but no quotes were received. The selected supplier was therefore approached as they already provide other transport services for the Council under the Passenger Transport Dynamic Purchasing System.
Mayrise Licence and Software	£45,000 per year	Two years to 21 May 2026	Causeway Technologies Ltd.	Legacy System which requires ongoing annual support and maintenance. Can only be purchased from the system provider.
Extension of agency support for delivery of UK SPF projects with funding finishing in March 2025	£45,000	Three months to 31 March 2025	Vivid	Extension of existing agency appointment. Required due to delays in resolving the current UKSPF project issues and the resignation of the officer managing the business related UKSPF.
Supply of 150 galvanised steel litter bins	£45,000	One off procurement	Wybone Ltd.	This contractor has supplied litter bins to the Council for several years, ensuring consistency in design and quality across the borough. Their products are reliable, and Council staff are trained in their installation, supporting efficient fitting and maintenance. 2020 price levels have also been maintained.

## Waivers granted under Non-Emergency Procedures (Up to £100k)

Goods, services, works	Value	Period covered	Supplier	Justification
CDM - Principal Designer Services under the Construction Design & Management Regulations 2015	£37,500 per year	Two years to 31 December 2026	Keelagher Okey Klein Associates Ltd.	Direct award made to the Council's current provider, previously engaged through the NHS framework. The provider has agreed to maintain their existing rates and the framework terms and conditions despite no longer being listed on the framework.
Town Centre Business Support Consultancy	£37,000	One off procurement	Mark Butchard Business Solutions Ltd.	Direct award made to a reputable supplier known to the Council due to urgency.
Support to allow delivery of UKSPF projects to be completed by March 2025	£35,000	Six months to 28 February 2025	Vivid	An agency appointment was necessary due to difficulties recruiting permanent staff to vacant posts.
Mayrise - Highways management software	£30,000	One year to 31 May 2025	Causeway Technologies Ltd.	Annual licensing costs to allow continued use of the Causeway Technologies Ltd. Mayrise software used by the highways department. Can only be purchased from the system provider.
Delivering cycling proficiency to all year 5&6 pupils plus level 1 and 'Learn to Ride' for years 3+	£29,400 per year	Three years to 31 March 2028	The Cycle Partnership	Contract awarded to the existing supplier, who has built strong working relationships with local schools over a six-year period. The cost is a fixed standard charge set by the supplier and is fully grant funded by the Department for Transport, making this a practical and cost-neutral solution.
Delivery of destination marketing communications campaign for Halton - social media, website work, design of promotional materials	£24,500	One off procurement	Vivid	An agency appointment was necessary due to the specialist nature of the work.  NB – waiver not strictly necessary as expenditure is less than £25k.
Swimming equipment and supplies for resale and the Active Halton Swim Lesson programme	£24,000	One off procurement	Mares SpA	Sole supplier of the swimming caps required by the service.  NB – waiver not strictly necessary as expenditure is less than £25k.

## Waivers granted under Non-Emergency Procedures (Up to £100k)

Goods, services, works	Value	Period covered	Supplier	Justification
Targeted social media campaigns to promote the support available from the Business Investment & Growth Team and support in recruiting a business support professional to develop a series of online business masterclasses.	£24,000	One off procurement	Vivid	An agency appointment was necessary due to the specialist nature of the work.  NB – waiver not strictly necessary as expenditure is less than £25k.
Widnes Town Centre Regeneration - Public Consultation	£20,000	One off procurement	Placed	The supplier was already undertaking a similar exercise in Runcorn Old Town and Liverpool City Region, and know the borough well.  The price quoted is similar to the previous work that was accepted for the Runcorn Old Town project.  NB – waiver not strictly necessary as expenditure is less than £25k.
Supply and delivery of pantomime set, portal systems, cloths & furniture for The Brindley's Annual Pantomime Season	£20,000	1 April 2025 to 31 March 2026	New Pantomime Productions Limited	Direct award made due to the bespoke design created specifically for this year's seasonal pantomime at The Brindley.  NB – waiver not strictly necessary as expenditure is less than £25k.
National Highways and Transportation (NHT) Public Satisfaction Survey	£20,000 per year	Two years to 31 March 2026	Measure2 Improve (Building Software Ltd.)	Participation in the National Highways and Transportation (NHT) Survey in 2024 and 2025. No choice over supplier as the process is managed by a private organisation on behalf of local highway authorities in the UK
Traffic Management Software	£20,000 per year	Three years to 31 January 2028	Causeway Technologies Ltd. Technologies Ltd	Licences for legacy transport management system that can only be purchased from the system provider.

## Waivers granted under Non-Emergency Procedures (Up to £100k)

Goods, services, works	Value	Period covered	Supplier	Justification
Provision of a parking and active travel and movement study to inform the wider Widnes Town Centre Redevelopment Framework	£19,250	One off procurement	WSP UK Ltd.	The provider has previously delivered similar projects in Halton and brings valuable local knowledge. There are also time constraints linked to external funding applications, and the results from the study will support the timely submission of bids. The provider confirmed that they have the capacity to complete the work within the required timeframe.  NB – waiver not strictly necessary as expenditure is less than £25k.
To provide servicing / repairs for all exercise equipment at the new Halton Leisure Centre	£16,000 per year	Five year contract from January 2025	Technogym Ltd.	Servicing and repairs to be carried out by the same supplier that originally provided the equipment, in line with the manufacturer's recommendation.
Purchase of 50 x Microsoft Office licences for the public PCs in Halton Library service - one purchase will provide 5 years of licence cover	£15,447	One off procurement covering a five-year period to January 2030	Phoenix Software Ltd.	Purchased from the Council's contracted Microsoft partner, which supplies licensing at a discounted rate  NB – waiver not strictly required due to expenditure being less than £25k
Supply of outdoor marquee to be used at various events around the borough	£13,000	One off procurement	Gala Tent Ltd.	Specialist market but three quotes were obtained and the contract was awarded to supplier with the lowest price.  NB – waiver not strictly required due to expenditure being less than £25k
Provision of un-metered electricity supply administration between HBC and electricity supplier	£12,000	One-off procurement	Power Data Associates	The supplier is the market leader in this provision and provide this service for a relatively small fee.  NB – waiver not strictly required due to expenditure being less than £25k
Development of an App to promote and provide easy access to the Council's leisure facilities	£11,000 per year	Three year contract to February 2028	Innovatise Ltd. T/A Innovative GMBL	The service provider has a history of working with the Council and has consistently delivered good performance and value for money.



## Waivers granted under Non-Emergency Procedures (Up to £100k)

Goods, services, works	Value	Period covered	Supplier	Justification
Agency appointment - Specialist input to promote the Reconnecting Runcorn programme	£10,000	One off procurement	Vivid	<p>The Council was unable to appoint a permanent staff member to this role. Given the Government's requirement to actively promote the funding and associated projects, an agency appointment was necessary to ensure timely delivery of these obligations.</p> <p>NB – waiver not strictly required due to expenditure being less than £25k</p>
Supply of Christmas lights for Widnes and Runcorn town centres	£8,565	One off procurement	Festive Lighting	<p>Festive Lighting was originally appointed following a competitive procurement process, during which they submitted a significantly lower bid than their competitors. They have since offered a discounted rate for an additional year, which continues to represent good value for money, supporting the justification for a direct contract award.</p> <p>NB – waiver not strictly required due to expenditure being less than £25k</p>
Monthly gully and interceptor cleaning at Lower House Lane	£7,200 per year	Four years to 4 December 2028	A & D Drainage Services Ltd.	Continuation of service with existing supplier who has performed satisfactorily at an acceptable cost. Previous attempts to tender the service have not been successful.
Keylines – Subscription for software licences	£3,280	One year to 28 February 2026	Transoft Solutions	<p>Additional licences for professional software for design works that can only be purchased from the system provider.</p> <p>NB – waiver not strictly required due to expenditure being less than £25k</p>

## Waivers granted under Non-Emergency Procedures (Up to £100k)

## PUBLIC HEALTH

Goods, services, works	Value	Period covered	Supplier	Justification
Pharmacy Contract 2024/25	£90,000	One year to 31 March 2025	Various	Local pharmacies are the only organisations that can provide these services for Public Health
NHS Health Check medical supplies	£45,000 per year	Two years to 31 March 2026	BHR Pharmaceuticals Ltd.	The supplier offers consumable and non-consumable products at prices lower than those available through the NHS supply chain. In addition, the supplier provides added value through an ongoing staff training package and maintenance and repair service for devices currently in use by the Council.
Think Well Spend Well – Provision of support those suffering from, or at risk of, poor mental health to maximise and better manage their household income	£18,000	One year to 31 March 2025	Halton Citizens Advice Bureau	Continuation of service with local provider. The service is monitored on a regular basis to ensure service delivery provides value for money.  NB – waiver not strictly required due to expenditure being less than £25k
Non-Clinical Cancer Services – Provision of a tailored advice, information, and emotional support service to individuals living with and beyond cancer, as well as their carers and families. This includes counselling, a telephone listening service, and signposting or referrals to relevant local agencies such as welfare and benefits support.	£13,000	One year to 31 March 2025	Halton Cancer Support Group	Continuation of service with local provider. The service is monitored on a regular basis to ensure service delivery provides value for money.  NB – waiver not strictly required due to expenditure being less than £25k
Provision of an Integrated Monitoring System incorporating Enhanced Monitoring of Drug Related Deaths within Halton	£9,240	One year to 31 March 2025	Liverpool John Moores University	Specialist service – continuation with existing service provider  NB – waiver not strictly required due to expenditure being less than £25k

<b>REPORT TO:</b>	Audit and Governance Board
<b>DATE:</b>	4 June 2025
<b>REPORTING OFFICER:</b>	Head of Audit and Operational Finance
<b>PORTFOLIO:</b>	Corporate Services
<b>SUBJECT:</b>	Internal Audit Annual Report and Opinion – 2024/25
<b>WARD(S):</b>	Borough-wide

#### 1.0 PURPOSE OF REPORT

- 1.1 The purpose of this report is to inform members of Internal Audit activity during 2024/25 and to provide the Head of Internal Audit's annual opinion on the Council's risk management, control and governance processes.

#### 2.0 RECOMMENDATION:

**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.**

#### 3.0 EXECUTIVE SUMMARY

- 3.1 Internal Audit is an independent assurance function that provides an objective assessment of the adequacy and effectiveness of the Council's risk management, control, and governance arrangements.
- 3.2 In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit is required to produce an annual report that includes an overall opinion to support the Council's Annual Governance Statement.
- 3.3 The Internal Audit Annual Report (provided as a separate document) summarises the audit work completed during the 2024/25 financial year. It also presents the overall assurance opinion on the Council's risk management, control, and governance processes and outlines how Internal Audit complied with the PSIAS throughout the year.

#### 4.0 POLICY IMPLICATIONS

- 4.1 There are no direct policy implications arising from this report. Under Regulation 6 of the Accounts & Audit Regulations 2015, the Council 'must undertake an adequate and effective internal audit of its accounting records and of its system of internal control in accordance with the proper practices in relation to internal control'. This responsibility is delegated to the Director of Finance.
- 4.2 The Head of Internal Audit's opinion on the Council's risk management, control and governance arrangements is one of the key sources of assurance that supports the Council's Annual Governance Statement.

**5.0 FINANCIAL IMPLICATIONS**

5.1 The internal audit work carried out during the year provides assurance that the Council's main financial systems are operating effectively.

5.2 There are however no direct financial implications arising from this report.

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

**6.1 Improving Health, Promoting Wellbeing and Supporting Greater Independence**

Internal audit supports the delivery of 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 also helps to identify improvements, strengthen internal controls, and promote good governance.

**6.2 Building a Strong, Sustainable Local Economy Employment**

See 6.1

**6.3 Supporting Children, Young People and Families**

See 6.1

**6.4 Tackling Inequality and Helping Those Who Are Most In Need**

See 6.1

**6.5 Working Towards a Greener Future**

See 6.1

**6.6 Valuing and Appreciating Halton and Our Community**

See 6.1

**7.0 RISK ANALYSIS**

Internal Audit adopts a risk based approach to its work and provides assurance over the Council's key business risks. In the course of its work, internal audit raises issues which have risk implications for the Council. The regular internal audit progress reports to the Audit and Governance Board summarise these issues and provides details of the actions agreed with management to mitigate any risks identified.

There are however no direct risk implications arising from this report.

**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

# Internal Audit Annual Report 2024/25

Audit and Governance Board

4 June 2025

## Section One – Executive Summary

### Head of Internal Audit Opinion

The overall opinion on risk management, control and governance is shown below. When considering the opinion, it should be noted that:

- Assurance can never be absolute. Internal Audit's work cannot be designed to identify or address all weaknesses that might exist.
- Responsibility for maintaining adequate and appropriate systems of governance, risk management and internal control resides with the Council's management.

#### Opinion

The Head of Internal Audit is satisfied that sufficient internal audit work has been undertaken to provide an informed conclusion on the adequacy and effectiveness of the Council's governance, risk management, and internal control environment.

In the opinion of the Head of Internal Audit, the internal audit work completed during the year provides reasonable assurance that the Council maintains a mostly adequate and effective system of governance, risk management, and internal control.

The basis for the overall opinion is as follows:

- The results of internal audit work completed provide assurance that key controls across the Council are generally operating effectively. Importantly, no significant weaknesses were identified in any of the Council's main financial systems. A strong culture of constructive engagement between internal audit and management was evident throughout the year. Management responded positively to audit findings, with clear and timely actions agreed to address identified issues, demonstrating the Council's ongoing commitment to continuous improvement and maintaining robust internal controls.
- The results of the follow-up audits completed during the year provide positive assurance that management takes internal audit recommendations seriously and acts promptly to implement agreed actions. This demonstrates a proactive approach to addressing identified issues and a clear commitment to strengthening the Council's control environment.
- The Council's governance arrangements are well established and considered to be generally sound, providing a clear framework for decision-making and accountability. The Audit and Governance Board has played an active role in strengthening these arrangements by reviewing and proposing a revision to its own terms of reference. In doing so, the Board sought to align its role more closely with CIPFA's recommended model for Audit Committees, ensuring its remit reflects current best practice.
- Risk management has been identified by the Council as a key area for development, and significant progress has been made over the year in strengthening its approach. In response to external audit recommendations, a new Risk Management Policy has been drafted in collaboration with the Council's insurers, which will provide a more robust and proactive framework once implemented.

## Section One – Executive Summary

### Other issues to be considered

Whilst the internal audit work completed during the year has not identified any issues that would lead to a qualified opinion, it needs to be recognised that the Council continues to operate within a highly challenging financial environment, which places increasing pressure on its ability to maintain robust internal controls and deliver services effectively. Specifically, it needs to be noted that:

- The Council's Medium Term Financial Strategy forecasts significant budget gaps over the next four financial years totalling £69.2m. As a result, the Council has sought Exceptional Financial Support (EFS) to fund a revenue budget overspend in 2024/25, to protect reserves, and enable the setting of a balanced budget for 2025/26. It is intended that EFS borrowing will provide the Council with the necessary time to continue to fundamentally transform its service delivery models, and to bring spending back in line with available budget funding.
- The external auditors' Annual Audit Report for the year ending 31 March 2024 included two statutory recommendations relating to the Council's financial sustainability. Additional key recommendations were made regarding the management of the forecast Dedicated Schools Grant deficit, strengthening risk management, and updating business continuity and disaster recovery arrangements. Updates on the governance-related actions are included in the Council's 2024/25 Annual Governance Statement.
- In 2024/25, the Council commissioned a Corporate Peer Challenge which provided valuable insight and highlighted key opportunities for improvement in areas such as financial sustainability, transformation, risk management, and performance management. In June 2025, a follow-up review will be conducted to assess progress made. Senior leadership will engage with peers to share details of achievements, reflect on early outcomes and lessons learned, and receive constructive feedback on the implementation of the Council's Action Plan.
- Following a full Ofsted inspection in May 2024, the Council's Children's Services were judged to be 'Inadequate', prompting the Secretary of State to issue a Statutory Direction and appoint a Children's Commissioner to support urgent improvement. In their report published in December 2024, the Commissioner recognised the Council's early but promising progress, highlighting clear evidence of the capacity and commitment to deliver sustainable, long-term change. To support this journey, 24 recommendations were made, with implementation being overseen by the independently chaired Children's Ofsted Improvement Board.



## Section Two – Background

### 2.1 Introduction

In accordance with the Public Sector Internal Audit Standards (PSIAS), the Head of Internal Audit is required to provide an annual opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment. This is achieved through delivering a risk-based plan of work (the Internal Audit Plan), which has been agreed with management and approved by the Audit and Governance Board.

The standards require that the annual report provides:

- An opinion on the overall adequacy and effectiveness of the organisation's governance, risk management and internal control environment
- Details of any qualifications to that opinion, together with the reasons for the qualification
- A summary of the audit work from which the opinion is derived
- Details of any issues that the Head of Internal Audit considers particularly relevant to the preparation of the Annual Governance Statement
- A comparison of the work actually undertaken with the work that was planned and summarise the performance of the internal audit function against its performance measures and criteria
- A commentary on compliance with these standards and communicates the results of the internal audit quality assurance programme

### 2.2 Purpose of report

The purpose of this report is to satisfy the requirements of the PSIAS. It sets out how the Council's internal audit function has operated in accordance with the standards during the year. It also provides an annual internal audit opinion that can be used by the Council to inform its governance statement.

## Section Three – Internal Audit work completed

### 3.1 Coverage and output

Internal audit delivered 1,175 days of audit work during 2024/25 against the Audit Plan which budgeted for 1,160 days. The planned number of audit days delivered for the year was therefore exceeded.

Some slippage occurred in completing planned audit work, mainly due to additional time being required for grant certification work, and certain audits taking longer to complete than anticipated. Consequently, six planned audits were deferred to 2025/26, with the agreement of the Audit and Governance Board at its meeting on 19 March 2025.

Appendix 1 lists all audit reports issued during 2024/25, along with their assurance opinions and the dates they were presented to the Board. A total of 57 audit reports were issued, with a further six audits (Cyber Security, Lower Value Procurement, Appointeeships and Deputyships, Vehicle Maintenance, Runcorn Town Investment Plan, and Gypsy and Traveller Sites) still in progress at year-end. The scope and breadth of work undertaken are considered sufficient to support the annual audit opinion.

A significant number of grant certifications and verification audits were delivered during the year. While these audits primarily provide assurance to external funders, such as Government Departments and the Liverpool City Region Combined Authority, they also help secure funding for the Council and provide wider assurance by confirming the effectiveness of the Council's financial management, procurement, and governance arrangements.

Comparative, high-level information on audit coverage and outcomes over the past four financial years is provided in the table below. It highlights the number of audits reported to the Board during 2024/25 and provides a breakdown of the assurance opinions issued.

Financial Year	No. of Audit Days	Substantial Assurance Reports	Adequate Assurance Reports	Limited Assurance Reports	Total Reports issued
2024/25	1,175	46	6	5	57
2023/24	1,235	57	2	1	60
2022/23	812	41	3	1	45
2021/22	1,063	53	8	2	63
2020/21	890	42	6	0	48

## Section Three – Internal Audit work completed

### 3.2 Follow-up audit assignments

Management's responsiveness to addressing risks and issues identified by Internal Audit is a critical component of the Council's governance, risk management, and internal control framework. The timely and effective implementation of agreed actions demonstrates a strong commitment to maintaining robust control systems.

During the year, three follow-up audits were completed and these are also listed in Appendix 1. These involved further audit work to assess progress made in implementing previously agreed actions. Each follow-up resulted in a revised assurance opinion, reflecting improvements in risk management, control, and governance since the original audit.

### 3.3 Issues relevant to the Annual Governance Statement

Where issues have been identified through internal audit work, management has responded positively. There are therefore no outstanding issues from the internal audit work completed in the year that have implications for the Annual Governance Statement.

## Section Four – Compliance with Professional Standards

### 4.1 Introduction

The objectives of the PSIAS are to:

- Define the nature of internal auditing within the UK public sector
- Set basic principles for carrying out internal audit in the UK public sector
- Establish a framework for providing internal audit services, which add value to the organisation, leading to improved organisational processes and operations, and
- Establish the basis for the evaluation of internal audit performance and to drive improvement planning

Conformance with the core principles within PSIAS helps to provide assurance over the way in which the Council's internal audit function is delivered. In turn, this provides assurance over the quality of work completed in support of the overall annual opinion.

Internal audit services are required to undergo an external assessment against the Public Sector Internal Audit Standards at least once every five years. The Council's most recent external assessment was completed towards the end of the 2023/24 financial year and confirmed that the Council's internal audit arrangements conform to the standards. The outcome of the assessment was reported to the Audit and Governance Board at its meeting on 25 September 2024.

### 4.2 Purpose, Authority, and Responsibility of Internal Audit (PSIAS standard 1000)

The purpose, authority and responsibility of the Council's internal audit activity is formally defined in an internal audit charter, which forms part of the Council's Constitution. The charter sets out Internal Audit's position within the Council, including the nature of the reporting relationship with the Board. It also provides authority to access records, personnel, and physical properties relevant to the performance of audit engagements and defines the scope of internal audit activities.

The internal audit charter is subject to annual review as part of the Constitution review. No changes were made to the charter during 2024/25.

### 4.3 Limitations placed on the independence of internal audit (PSIAS standard 1100)

During 2024/25, no issues have arisen that affected the independence of the Internal Audit service, and there were no inappropriate limitations on the scope or resources of audit work.

As previously reported to the Board, the Head of Internal Audit also holds managerial responsibility for other finance functions. However, robust arrangements are in place to safeguard the independence of Internal Audit. These arrangements, which have been endorsed by the Board, have operated effectively throughout the year.

## Section Four – Compliance with Professional Standards

### 4.4 Proficiency and Due Professional Care (PSIAS standard 1200)

All audit engagements carried out during the year were completed with appropriate proficiency and due professional care. Work was allocated to auditors on the basis of the knowledge, skills and competencies needed to perform individual specific assignments. Appropriate support was provided to auditors to enable them to carry out their work effectively.

### 4.5 Quality Assurance and Improvement Programme (PSIAS standard 1300)

The development and maintenance of a Quality Assurance and Improvement Programme (QAIP) is a requirement within PSIAS.

The purpose of the QAIP is to ensure that the Internal Audit service operates in accordance with PSIAS and the Local Government Application Note (LGAN) and maintains consistently high standards.

Key elements of the quality assurance arrangements in operation during 2024/25 are described below:

- The Internal Audit team is made up of appropriately trained and qualified staff with significant local government experience. The majority of the team are members of professional institutes, and all members of the team are required to comply with ethical rules, technical standards, and professional practice laid down by those bodies.
- Internal audit work is based upon a detailed risk-based audit plan, which is agreed in consultation with management and is approved by the Audit and Governance Board.
- Internal Audit employs an audit methodology that is in accordance with professional standards.
- Terms of reference are developed with key stakeholders for each audit assignment, which set out the agreed coverage.
- Weekly team meetings take place to discuss progress and issues relating to the completion of audit engagements.
- Robust management review is undertaken of all audit files and reports prior to issue.
- There is a system of regular reporting of progress against the Audit Plan to the Audit and Governance Board.
- All Internal Audit staff complete annual declarations confirming their compliance with the Code of Ethics.
- There is a commitment to the continuing professional development of all Internal Audit staff through a range of learning and development opportunities. These include professional training, on the job training, e-learning, webinars, and attendance at relevant training events and workshops.
- Structured support, mentoring, and supervision continue to be provided to less experienced team members, significantly aiding their development. This approach also helps ensure that work is carried out in line with professional standards.

## Section Four – Compliance with Professional Standards

Internal Audit invites feedback on the quality of service provided by issuing a questionnaire at the end of each audit. This is an important process in terms of identifying how the audit was received by the service area. It is also a valuable means of identifying aspects of the audit process that can be improved.

A sample of comments received in response to the questionnaires issued during 2024/25 is included below:

Very happy with how the audit was undertaken and the outcomes. The auditor provided regular updates throughout the process which enabled strong communication and consultation to investigate/resolve any queries as and when they were identified. The report includes recommendations which will add value to our service. An excellent audit!

I was very happy with the audit and methodology behind it. I very much see the process as a useful mechanism/review from a fresh perspective, that can help refocus targets and assign priorities helping the service improve further.

The auditor was very professional and knowledgeable and challenged us sensitively.

As a first time headteacher, and my first audit, I was obviously anxious but the auditor was brilliant at putting us all at ease.

The Audit team consulted with me in explaining the reasons for the recommendation within the report.

Complex area to audit so took longer than expected. Good discussion on the proposed recommendations and findings prior to sign off. Kept informed of progress throughout.

## Section Four – Compliance with Professional Standards

Key actions for 2025/26 to further develop the team's quality assurance arrangements are as follows:

- Complete the update of the Internal Audit Manual - the purpose of the manual is to provide audit staff with a source of reference for general audit procedures and methodology.
- Undertake a self-assessment against the Global Internal Audit Standards (GIAS) and the CIPFA UK Application Note, which replaced the UK Public Sector Internal Audit Standards from 1 April 2025. These Standards guide the professional practice of internal audit and provide a framework for assessing and enhancing audit quality. Auditors in the UK public sector are required to comply with the GIAS, as interpreted and supplemented by the CIPFA UK Application Note.
- Hold a team development session for the Internal Audit team to strengthen collaboration, reflect on recent work, and confirm priorities for the year. The session will also reaffirm the team's purpose and expected performance standards, support development, encourage innovation, and provide a space to share ideas informally.

### 4.6 Managing the Internal Audit Activity (PSIAS standard 2000)

In 2024/25 Internal Audit worked to an annual risk-based audit plan that was developed following consultation with senior management and the Audit and Governance Board. The plan took account of the Council's strategies, key business objectives, associated risks, and risk management processes. The 2024/25 Audit Plan was formally approved by the Audit and Governance Board in March 2024.

Regular reports are presented to senior management and the Audit and Governance Board on Internal Audit team's purpose, authority, responsibility, and performance relative to its plan and on its conformance with the Code of Ethics and the Standards. The progress reports presented to the Board throughout 2024/25 highlighted any significant risk and control issues, fraud risks, governance issues, and other matters that require the attention of senior management and/or the Board.

### 4.7 Nature of Work (PSIAS standard 2100)

Internal Audit adopts a systematic, disciplined, and risk-based approach that supports the continuous improvement of the Council's governance, risk management, and control processes. This is achieved through the identification of issues and performance improvement opportunities during audit assignments, active participation in internal working groups, and the ongoing provision of advice.

### 4.8 Engagement Planning (PSIAS standard 2200)

For each engagement (excluding grant claim audits), the Internal Audit team prepares a terms of reference in consultation with management from the area to be audited. This document outlines the objectives, scope, timing, and resource requirements of the audit. All assignments take account of with the Council's strategies, objectives, and risk management framework, and consider relevant value for money factors and fraud risks.

## Section Four – Compliance with Professional Standards

### 4.9 Performing the Engagement (PSIAS standard 2300)

Robust planning, monitoring and review arrangements operated throughout 2024/25 to ensure that an appropriate level of work is undertaken in each engagement in order to achieve the engagement's objectives. Procedures include management sign off for each terms of reference, daily updates on progress with assignments, detailed file review, and management review of draft and final audit reports.

All audit working papers are stored in an audit management database, which provides full evidence of management review. Working papers are completed in sufficient detail to substantiate any issues that are highlighted in audit reports.




### 4.10 Communicating Results (PSIAS standard 2400)

Results of all audit engagements are communicated as appropriate. The Council's Chief Executive, Director of Finance, and Portfolio Holder for Corporate Services receive full copies of all audit reports. The relevant Executive Director, Director, Head of Service, and other managers, as appropriate, also receive full copies of reports.

The Audit and Governance Board receives summary copies of each report completed in the regular progress reports to the Board. Significant issues identified through audit work are also highlighted to the Board.

In each audit report, an overall assurance level is provided on the area audited. This is based on the information obtained in the course of the audit and represents an assessment of the effectiveness of the governance, risk management and internal control processes in the area audited.

The range of assurance levels in internal audit reports is set out in the following table:

 <b>Limited</b>	Significant gaps, weaknesses or non-compliance were identified. Improvement is required to the system of governance, risk management and control to effectively manage risks to the achievement of objectives in the area audited.
 <b>Adequate</b>	There is a generally sound system of governance, risk management and control in place. Some issues, non-compliance or scope for improvement were identified which may put at risk the achievement of objectives in the area audited.
 <b>Substantial</b>	A sound system of governance, risk management and control exists, with internal controls operating effectively and being consistently applied to support the achievement of objectives in the area audited.

An overall annual internal audit opinion is also delivered. This is informed by the work completed by Internal Audit during the year and is used by the Council to inform its Annual Governance Statement. The annual internal audit opinion provides a conclusion on the overall



## Section Four – Compliance with Professional Standards

adequacy and effectiveness of the organisation's framework of governance, risk management and internal control processes and forms part of this annual report.

























### 4.11 Monitoring Progress (PSIAS standard 2500)

Internal Audit has established a follow-up process to monitor and ensure that management actions have been implemented effectively or that senior management has accepted the risk of not taking action. A full follow up audit is completed for all audits that do not receive a 'substantial assurance' opinion. The results of the 'follow-up' audits are reported to the Audit and Governance Board through the regular system of progress reporting.

### 4.12 Communicating the Acceptance of Risks (PSIAS standard 2600)

In the event that management accepts a level of risk that Internal Audit considers may be unacceptable to the Council, the issue would be raised appropriately with senior management and brought to the attention of the Audit and Governance Board if the matter is not resolved satisfactorily. However, no such issues arose in the course of 2024/25.

## Appendix 1: Progress against 2024/25 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
<b>Completion of prior year work</b>			
Social supermarkets		Reported to A&G Board – 26 June 2024	
Cemeteries & Crematoria		Reported to A&G Board – 26 June 2024	
Supporting Families Grant Claim (March 2024)		Reported to A&G Board – 26 June 2024	
Microsoft 365 deployment - Project management arrangements		Reported to A&G Board – 25 September 2024	
Domiciliary Care		Reported to A&G Board – 25 September 2024	
Children's Services Commissioning		Reported to A&G Board – 25 September 2024	
<b>Grant claims</b>			
Household Support Fund - 2023/24 Q4		Reported to A&G Board – 26 June 2024	
UK Shared Prosperity Fund - 2022/23 Q4		Reported to A&G Board – 26 June 2024	
CRSTS - Local Cycling and Walking Infrastructure Plan - 2023/24 Q4		Reported to A&G Board – 26 June 2024	
CRSTS - City Region Sustainable Travel Settlement - 2023/24 Q4		Reported to A&G Board – 26 June 2024	
Ways to Work - 2023/24 Q4		Reported to A&G Board – 26 June 2024	
Kingsway Quarter Development - 2023/24 Q4		Reported to A&G Board – 26 June 2024	



















## Appendix 1: Progress against 2024/25 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
Place Based Business Support Grant - UKSPF 2023/24 Q4	✓	Reported to A&G Board – 26 June 2024	●
Runcorn Waterfront Development - 2023/24 Q4	✓	Reported to A&G Board – 26 June 2024	●
Key Route Network Levelling Up - 2023/24	✓	Reported to A&G Board – 26 June 2024	●
Kingsway Quarter Development - 2024/25 Q1	✓	Reported to A&G Board – 25 September 2024	●
CRSTS - City Region Sustainable Travel Settlement - 2024/25 Q1	✓	Reported to A&G Board – 25 September 2024	●
Ways to Work - 2024/25 Q1	✓	Reported to A&G Board – 25 September 2024	●
Household Support Fund - 2024/25 Q1	✓	Reported to A&G Board – 25 September 2024	●
UK Shared Prosperity Fund– 2024/25 Q1	✓	Reported to A&G Board – 25 September 2024	●
Place Based Business Support - 2024/25 Q1	✓	Reported to A&G Board – 25 September 2024	●
Disabled Facilities Grant - 2023/24	✓	Reported to A&G Board – 20 November 2024	●
Local Authority Bus Subsidy (Revenue) Grant 2023/24	✓	Reported to A&G Board – 20 November 2024	●
Local Transport Capital Block Funding (Pothole Action Fund) 2023/24	✓	Reported to A&G Board – 20 November 2024	●
Supporting Families - September 2024 claim	✓	Reported to A&G Board – 20 November 2024	●
Kingsway Quarter Development - 2024/25 Q2	✓	Reported to A&G Board – 20 November 2024	●



















## Appendix 1: Progress against 2024/25 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
Runcorn Station Quarter - 2024/25 Q2	✓	Reported to A&G Board – 20 November 2024	●
City Region Sustainable Transport Settlement - 2024/25 Q2	✓	Reported to A&G Board – 20 November 2024	●
Household Support Fund - 2024/25 Q2	✓	Reported to A&G Board – 20 November 2024	●
Ways to Work - 2024/25 Q2	✓	Reported to A&G Board – 20 November 2024	●
East Runcorn Connectivity - 2024/25 Q2	✓	Reported to A&G Board – 19 March 2025	●
UK Shared Prosperity Fund - 2024/25 Q2	✓	Reported to A&G Board – 19 March 2025	●
Place Based Business Support Grant - 2024/25 Q2	✓	Reported to A&G Board – 19 March 2025	●
Runcorn Station Quarter (Phase 2) - 2024/25 Q3	✓	Reported to A&G Board – 19 March 2025	●
CRSTS - City Region Sustainable Travel Settlement - 2024/25 Q3	✓	Reported to A&G Board – 19 March 2025	●
East Runcorn Connectivity Grant Claim - 2024/25 Q3	✓	Reported to A&G Board – 19 March 2025	●
Place Based Business Support Grant Claim - 2024/25 Q3	✓	Reported to A&G Board – 19 March 2025	●
Household Support Fund Round 6 - 2024/25 Q3	✓	Reported to A&G Board – 19 March 2025	●
UK Shared Prosperity Fund - 2024/25 Q3	✓	Reported to A&G Board – 19 March 2025	●
Supporting Families – January 2025	✓	Reported to A&G Board – 19 March 2025	●


















## Appendix 1: Progress against 2024/25 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
Supporting Families - February 2025		Reported to A&G Board – 19 March 2025	
Ways to Work - 2024/25 Q3		Reported to A&G Board – 19 March 2025	
<b>Chief Executive's Directorate</b>			
Accounting Journals		Reported to A&G Board – 25 September 2024	
Payments to Voluntary Organisations		Reported to A&G Board – 20 November 2024	
Accounts Payable		Reported to A&G Board – 20 November 2024	
Concessionary Travel Consortium		Reported to A&G Board – 20 November 2024	
IT Cyber Security		In progress at year end	TBC
Lower Value Procurement		In progress at year-end	TBC
Appointeeships and Deputyships		In progress at year-end	TBC
Accounts Receivable		Withdrawn due to ongoing work by the Transformation programme in this area	N/A
Payroll		Moved to 2025/26 Audit Plan	N/A
<b>Environment &amp; Regeneration Directorate</b>			
Vehicle Maintenance		In progress at year-end	TBC








## Appendix 1: Progress against 2024/25 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
Runcorn Town Investment Plan		In progress at year-end	N/A
Brindley Extension contract		Moved to 2025/26 Audit Plan	N/A
Highways Inspection and Maintenance		Withdrawn due to the Council's insurers undertaking a Highways risk management review	N/A
<b>Adults Directorate</b>			
Adult Social Care - Top up fees		Reported to A&G Board – 19 March 2025	
Travellers' sites		In progress at year-end	TBC
Adult Social Care - Debt Recovery		Moved to 2025/26 Audit Plan	N/A
Lifeline (assessment and charging)		Moved to 2025/26 Audit Plan	N/A
<b>Children's Directorate</b>			
Murdishaw West Community Primary School		Reported to A&G Board – 25 September 2024	
Astmoor Primary School and Nursery		Reported to A&G Board – 20 November 2024	
Fairfield Primary School		Reported to A&G Board – 20 November 2024	
Farnworth C of E Primary School		Reported to A&G Board – 19 March 2025	
Moore Primary School		Reported to A&G Board – 19 March 2025	

## Appendix 1: Progress against 2024/25 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
Runcorn All Saints CE Primary School		Reported to A&G Board – 19 March 2025	
Weston Primary School		Reported to A&G Board – 19 March 2025	
Education, Health and Care Plans		Reported to A&G Board – 19 March 2025	
Foster Care / SGOs		Reported to A&G Board – 19 March 2025	
Hale CE Primary School		Moved to 2025/26 Audit Plan	N/A
Children in Care Placements		Moved to 2025/26 Audit Plan	N/A
<b>Public Health Directorate</b>			
Public Health Grant		Reported to A&G Board – 19 March 2025	
<b>Corporate Support</b>			
Annual Governance Statement (2023/24)		Reported to A&G Board – 20 November 2024	N/A
General advice		Ongoing activity throughout the year	N/A
Reporting to the Audit and Governance Board		Ongoing activity throughout the year	N/A
Council Constitution		Ongoing activity throughout the year	N/A
Corporate complaints		Ongoing activity throughout the year	N/A

## Appendix 1: Progress against 2024/25 Internal Audit Plan

Audit	Status	Supporting Commentary	Assurance Rating
<b>Follow up work</b>			
Positive Behaviour Support Service		Reported to A&G Board – 20 November 2024	
Electrical Vehicle Charging Points		Reported to A&G Board – 20 November 2024	
Cemeteries and Crematoria		Reported to A&G Board – 19 March 2025	
<b>External work</b>			
Manchester Port Health Authority		Completed and reported to MPHA in May 2024	N/A



**REPORT TO:** Audit and Governance Board

**DATE:** 4 June 2025

**REPORTING OFFICER:** Director of Finance

**PORTFOLIO:** Corporate Services

**SUBJECT:** External Auditor's Annual Report 2023/24 – Action Plan Update

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

- 1.1 To consider a progress update regarding the actions being taken to address the recommendations arising from the External Auditor's 2023/24 Annual Report (AAR).

### **2.0 RECOMMENDED: That the progress update regarding the 2023/24 AAR Action Plan as presented in the Appendix, be noted.**

### **3.0 SUPPORTING INFORMATION**

- 3.1 The Council's External Auditor, Grant Thornton UK LLP, is required to consider annually 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 the Council's overall arrangements, as well as providing 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 2023/24 was presented to the Audit and Governance Board on 25 November 2024. The report included a number of key recommendations and improvement recommendations. It also included two statutory recommendations, which given their importance were required to be approved by Council on 05 December 2024. In addition, the External Auditor highlighted a number of recommendations made for the previous year which were still being addressed.

- 3.4 An Action Plan was prepared to manage the work being undertaken in response to the External Auditor's recommendations. Good progress has been made with addressing all of the recommendations and the Appendix presents details of progress in relation to the Action Plan.

#### **4.0 POLICY IMPLICATIONS**

- 4.1 None.

#### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The AAR 2023/24 provided 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 identified a number of significant weaknesses regarding the arrangements the Council has in place to secure financial sustainability, governance, and improving economy, efficiency and effectiveness. A number of recommendations were made, for which the Action Plan is being used to manage their implementation.

#### **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, were detailed in the AAR 2023/24.

**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.

## 2023/24 ANNUAL AUDITOR'S REPORT – PROGRESS UPDATE MARCH 2025

SR - Statutory Recommendations

KR – Key Recommendations

IR – Improvement Recommendations

PYR – Previous Year Recommendations

FINANCIAL SUSTAINABILITY	
SR1	<p><b>The Council should improve its short and medium-term financial planning by;</b></p> <ul style="list-style-type: none"> <li>• Ensuring that financial plans appropriately account for significant cost pressures, including developing comprehensive plans to address continued overspending on agency staff</li> <li>• Implementing a more robust budget-setting approach, including public budget engagement</li> <li>• Ensuring that risks to financial resilience are appropriately highlighted in financial plans, including the S25 report</li> <li>• Ensuring that financial plans are sufficient to bridge all forecast budget gaps and replenish reserves</li> <li>• Ensuring that financial plans are linked to the Council's corporate priorities as set out in its new Corporate Plan</li> </ul>
	Management Response: Agreed
	Responsible: Director of Finance
	<b>Progress as at March 2025:</b>
	<p>The Medium Term Financial Strategy (MTFS) 2025-2029 and the Budget Report 2025/26 have been further developed to highlight risks regarding financial resilience and they reflect all significant forecast cost pressures that we are aware of.</p> <p>The MTFS has been extended to cover four years from 2025/26, to reflect the Council's challenging financial circumstances and financial risks. It outlines the particular pressure of agency staff costs and the work being undertaken corporately and across service directorates to address these pressures. Similar details and significant additional financial provision have been included within the Strategy for the key demand-led services experiencing significant financial pressures including; children's residential placements, independent fostering, home to school transport, adults community care, direct payments and in-house care homes.</p> <p>The MTFS report now includes details of the scenario planning for demand-led spending areas which is undertaken when preparing and maintaining the Strategy, and also includes sums to replenish reserves.</p> <p>The approach to budget setting has been re-focused to make it more robust. Immediate budget savings proposals were sought by Management Team for 2025/26, for consideration by the Budget Working Group, Executive Board and Political Groups, whilst longer-term proposals are being identified and developed via the re-shaped and re-prioritised Transformation Programme.</p> <p>Extensive work has been undertaken in terms of benchmarking Halton's Services against nearest neighbour comparators, as a basis for the re-shaping of the Transformation Programme. This will provide the evidence base to focus work upon those areas</p>

## 2023/24 ANNUAL AUDITOR'S REPORT – PROGRESS UPDATE MARCH 2025

	<p>where opportunities exist to develop significant budget savings proposals, by exploring with comparator councils how similar services are being delivered at lower cost. Consideration will also be given to how public engagement in the budget setting process might be accommodated by reference to the approach being taken by other councils.</p> <p>The opportunity was taken within the MTFS 2025-29 to highlight financial resilience issues, including the forecast DSG deficit and the impact if the statutory over-ride were removed. The Section 25 report within the 2025/26 Budget Report was also enhanced to highlight current and future financial risks. The MTFS highlighted the significant scale of funding gaps over the four-year period, compared to the level of budget savings proposals identified and available useable reserves. As a result, the MTFS recommended that the Council apply for the Government's Exceptional Financial Support arrangement, for which an application was submitted in December 2024 and provisional approval was received from Government in February 2025, enabling the Council to set a balanced budget for 2025/26.</p> <p>When considering budget savings proposals, Members considered the Council's priorities and particularly the impact upon social care services and thereby vulnerable residents. Further work is required to consider how the budget setting process can be linked to the delivery of the Council's priorities as set out within the new Corporate Plan.</p>
SR2	<p><b>The Council should develop and Implement the Transformation Programme at scale and pace to address the significant structural budget deficit. This should include;</b></p> <ul style="list-style-type: none"> <li>• <b>Ensuring it has effective overview and control of its transformation programme which is sufficiently focused on budget savings</b></li> <li>• <b>Ensuring there is sufficient capacity and skills in the organisation to effectively deliver the required savings, including change management and PMO</b></li> <li>• <b>Ensuring the reprioritisation of the programme includes a review of both discretionary spending and the levels at which statutory services are provided and is informed by appropriate stakeholder consultation</b></li> <li>• <b>Improving programme management to include officer as well as member assurance boards</b></li> <li>• <b>Developing robust and transparent monitoring arrangements for benefits realisation and tracking savings as a whole programme</b></li> <li>• <b>Ensuring the programme has a risk and issues log that the PMO updates and uses regularly</b></li> </ul>
	Management Response: Agreed
	Responsible: Corporate Director, Chief Executive's Delivery Unit

## 2023/24 ANNUAL AUDITOR'S REPORT – PROGRESS UPDATE MARCH 2025

	<b>Progress as at March 2025:</b>
	<p>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.</p> <p>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.</p> <p>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.</p> <p>Benefit tracking continues to be developed as part of the governance reporting regime for the Programme.</p> <p>Significant work is in progress on the development of a new risk management approach for the Council (refer KR2). An adapted version of this, specific to the Programme, will be finalised in Q1 of 2025/26 to deliver a robust approach to risk management and issue reporting within the Programme governance arrangements</p>
<b>KR1</b>	<b>The Council should put sufficient plans in place to address its escalating forecast DSG deficit, while delivering the necessary improvements to its SEND services. The Council's plans should ensure it has appropriate contingency in place if the Government's statutory override is not extended in March 2026.</b>
	Management Response: Agreed
	Responsible: Director of Finance
	<b>Progress as at March 2025:</b>
	The MTFS 2025-2029 included details of the forecast DSG deficits and the issues surrounding the statutory over-ride. This was also highlighted in the Section 25 Statement within the 2025/26 Budget Report.

## 2023/24 ANNUAL AUDITOR'S REPORT – PROGRESS UPDATE MARCH 2025

	If the statutory override is not extended, this would have a significant impact for the Council and require additional capitalisation under the Exceptional Financial Support arrangement. However, the Government are fully aware of the difficulties this would cause for many councils and have indicated that clarification regarding the position going forward will be provided as part of the 2025 Spending Review and the Government's commitment to significant funding reform from 2026/27 onwards.
<b>PYR4</b>	<b>The Council should develop a Workforce Strategy that is fully costed to reflect future skills requirements</b>
	Management Response: Agreed
	Responsible: Corporate Director, Chief Executive's Delivery Unit
	<b>Progress as at March 2025:</b>
	<p>This continues to be work in progress. The "Employer of Choice" projects within the Transformation programme have concluded and returned to the operational HR service. The Council has implemented revised recruitment procedures and market engagement strategies, along with an new EVP. A focused project is in train to continue to reduce agency worker load across the organisation. The scope of a Managing Attendance project has been considered by Transformation Programme Board and is moving towards implementation. A new Employee Performance Framework is being implemented through the Organisational Development function, and large scale engagement with managers on succession planning is commencing. This will consolidate a view of future skills requirements, however it must be noted that the Council continues to be challenged by the dynamics of the employment market generally. Representations around the wider Local Government T&amp;C model continue to be fed through to the LGA via the Regional Employers Organisation, and Liverpool City Region partners.</p> <p>A full staff survey is to be undertaken in May / June 2025.</p>
<b>PYR5</b>	<b>The Council needs to enhance the measures it has in place to control capital spending and improve capital monitoring information to elected members</b>
	Management Response: Agreed
	Responsible: Director of Finance
	<b>Progress as at March 2025:</b>
	An increased focus has been given to reporting capital spending on a regular basis to capital project managers. Additional details have been included within bi-monthly budget monitoring reports to Executive Board and Policy and Performance Boards, regarding the reasons for significant variances against capital programme allocations.

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<b>PYR6</b>	<b>The Council needs to ensure elected members are trained in treasury management, especially those on the Audit and Governance Board and those responsible for finance</b>
	Management Response: Agreed
	Responsible: Director of Finance
	<b>Progress as at March 2025:</b>
	A treasury management training session was provided for all Members on 26 <sup>th</sup> February 2025, presented by the Council's advisers Link Group (now MUFG). The session provided a comprehensive introduction to treasury management. It has been agreed with Members for Link to provide similar training on an annual basis, which will also enable the sessions to focus upon current topical issues at that time.
	<b>GOVERNANCE</b>
<b>KR2</b>	<b>The Council needs to significantly improve its risk strategy, improve the Corporate Risk Register, and ensure officers and members are reviewing strategic and directorate risks at least quarterly and ensuring risk is adequately considered in financial reporting.</b>
	Management Response: Agreed
	Responsible: Corporate Director, Chief Executive's Delivery Unit
	<b>Progress as at March 2025:</b>
	The Council is in the process of completely overhauling its approach to risk management. A new policy has been drafted in conjunction with subject matter experts at Zurich Municipal (the Council's Insurers). The new approach has been constructed around advice from the Council's external auditors following agreement of this recommendation in 2024.
	Once the policy has been agreed, a new risk register and monitoring regime will be implemented. This will be supported by training for officers and Members.
<b>KR3</b>	<b>The Council needs to urgently update its arrangements for business continuity and disaster recovery planning</b>
	Management Response: Agreed
	Responsible: Corporate Director, Chief Executive's Delivery Unit and Director of ICT & Customer Services



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	<b>Progress as at March 2025:</b>
	The Council has revised the format of Business Continuity plans to bring them in line with emerging threats in the current operating environment. These incorporate disaster recovery factors, particularly around IT security, and a training exercise based upon this has taken place.
<b>IR1</b>	<b>The Council needs to enhance its internal audit arrangements by:</b> <ul style="list-style-type: none"> <li>• Putting in place an audit manual which is a core part of the Council's control process</li> <li>• Making specific linkages between the audit plan and the Council's significant risks and strategic objectives</li> <li>• Retaining planning records to demonstrate these linkages</li> <li>• Adapting the Code of Ethics and Declarations of Interest statement to include a conflict of interest management strategy and manager sign-off.</li> </ul>
	Management Response: Agreed
	Responsible: Head of Audit, Procurement & Operational Finance
	<b>Progress as at March 2025:</b>
	The recommendations made have been addressed as follows: <ul style="list-style-type: none"> <li>• The Internal Audit team's audit manual is currently in the process of being updated.</li> <li>• Explicit linkages to the Council's significant risks were included in the 2025/26 Internal Audit Plan, which was approved by the Audit and Governance Board at its March 2025 meeting.</li> <li>• Planning records have been maintained in support of how the audit plan has been developed. The process involved consultation with Executive Directors and other senior managers to identify priority areas for internal audit coverage.</li> <li>• The Code of Ethics and Declarations of Interest Statement has been amended to include a conflict of interest management strategy and manager sign-off.</li> </ul>
<b>IR2</b>	<b>The Council needs to update its Whistleblowing Policy and ensure it is subject to annual reviews. It also needs to ensure it is understood and that officers follow the correct processes.</b>
	Management Response: Agreed
	Responsible: Head of Audit, Procurement & Operational Finance
	<b>Progress as at March 2025:</b>
	The Council's whistleblowing arrangements are reviewed annually as part of the overall review of the Constitution, and several changes were made to the Whistleblowing Policy during the 2024 review.

## 2023/24 ANNUAL AUDITOR'S REPORT – PROGRESS UPDATE MARCH 2025

	<p>The policy is published on both the Council's website and intranet, ensuring it is easily accessible. Contact details are also provided for individuals wishing to make disclosures or seek guidance on the policy's operation.</p> <p>Additionally, the Council's whistleblowing arrangements are incorporated into the mandatory e-learning fraud awareness training for all staff to further raise awareness of the correct processes.</p>
<b>IR3</b>	<p><b>The Council needs to review its overview and scrutiny arrangements to provide a greater focus on earlier engagement of scrutiny to enhance decision-making and ensure scrutiny receive reports for consideration to provide an opportunity for challenge.</b></p>
	Management Response: Agreed
	Responsible: Director of Legal and Democratic Services
	<b>Progress as at March 2025:</b>
	<p>The Council's scrutiny processes are being reviewed via the Members' Scrutiny Chairs Group, to develop and enhance the Council's scrutiny arrangements. Council will be asked at its May 2025 annual meeting to approve amended Policy and Performance Board titles and terms of reference which will reflect the new priorities in the Corporate Plan. Work will also be carried out with external advisors to further enhance scrutiny.</p>
<b>IR4</b>	<p><b>The Council should enhance the effectiveness of its Audit and Governance Board by:</b></p> <ul style="list-style-type: none"> <li>• <b>Appointing independent Members to provide expertise in areas like transformation</b></li> <li>• <b>Reviewing its terms of reference to align with the Cipfa 2022 Code of Practice on Audit and Governance Boards</b></li> <li>• <b>Ensuring procurement waivers are reported on an annual basis</b></li> <li>• <b>Formalising reporting on standards investigations</b></li> </ul>
	Management Response: Agreed
	Responsible: Director of Finance
	<b>Progress as at March 2025:</b>
	<p>At their meeting on 20<sup>th</sup> November 2024, the Audit and Governance Board reviewed the Board's Terms of Reference and agreed revisions in order to align them with the Cipfa 2022 Code of Practice. This included changes to the composition of the Board, with a reduction in the number of Members to 8 in total including an appropriately qualified independent member. These changes are recommended for approval by Council on 16<sup>th</sup> May 2025 as part of the annual review of the Constitution, after which arrangements will be made to appoint an independent member.</p>

## 2023/24 ANNUAL AUDITOR'S REPORT – PROGRESS UPDATE MARCH 2025

	<p>Procurement waivers exceeding £100,000 are approved by Executive Board. Waivers of less than £100,000 are approved by the Head of Audit, Procurement and Operational Finance, who will bring a report to Audit and Governance Board following each year-end summarising those waivers approved during the previous financial year.</p> <p>The Audit and Governance Board currently receive an update on Standards matters at each of their meetings, which includes details of any investigations undertaken.</p>
<b>IR5</b>	<b>The Council needs to improve its arrangements for Member and officer declarations of interest, by updating Member and officer declarations annually at the start of each year</b>
	Management Response: Agreed
	Responsible: Director of Legal and Democratic Services
	<b>Progress as at March 2025:</b>
	The Council recognises the importance of having an up to date declaration of interests and is taking steps to ensure its arrangements are robust. Legislation requires that Members register their interests upon election and then notify any subsequent changes within 28 days of them taking place. We will in future request Members to update their registrations of interest at the start of each municipal year in May.
<b>PYR8</b>	<b>The Council may want to introduce scenario planning including best, worst and expected positions in its MTFS reporting to the Executive Board</b>
	Management Response: Agreed
	Responsible: Director of Finance
	<b>Progress as at March 2025:</b>
	Scenario planning of key demand-led services and cost drivers is already undertaken as part of preparing the MTFS and then maintaining it on a rolling basis throughout the year. However, for the 2025-2029 MTFS report to Executive Board, details were included of the scenario planning undertaken for demand-led spending areas, in order to support the assumptions provided within the Strategy and to assist Members in understanding the scale and sensitivity of the financial forecasts provided.

## 2023/24 ANNUAL AUDITOR'S REPORT – PROGRESS UPDATE MARCH 2025

<b>PYR9</b>	<b>The Council should undertake a self-assessment against the Cipfa Financial Management Code and use that to develop an improvement plan.</b>
	Management Response: Agreed
	Responsible: Director of Finance
	<b>Progress as at March 2025:</b>
	Work is underway to make an assessment of the Council's financial arrangements compared with the Cipfa Financial Management Code. This will be completed by mid-Summer in order to establish an action plan and adopt any changes required for the second half of the financial year and the budget setting process.
	<b>Improving Economy, Efficiency and Effectiveness</b>
<b>KR4</b>	<b>The Council needs to improve its performance management arrangements by;</b> <ul style="list-style-type: none"> <li>• Establishing a golden thread for the Council, by improving the performance management framework at corporate and service levels linking outcomes to expected annual measures to track success and reporting these to the public.</li> <li>• Agreeing performance outcomes that can be measured at least annually as part of the new performance management framework</li> <li>• Improving performance reporting to include benchmarking with nearest neighbours' data where possible</li> <li>• Integrating performance, risk and finance reporting to drive improvement and sharing these reports quarterly with Executive Board</li> <li>• Ensuring consistency across directorates regarding the reporting of corporate performance data to enable outcomes to be tracked</li> </ul>
	Management Response: Agreed
	Responsible: Corporate Director, Chief Executive's Delivery Unit
	<b>Progress as at March 2025:</b>
	This continues to be work in progress. A core set of Key Performance Indicators were incorporated into the quarterly performance reporting regime. As the revised Risk Management approach is approved and implemented (refer KR2), the Performance Management Framework will be augmented to include relational KPIs with agreed review intervals linked to the management of corporate risk and aligned to corporate priorities.

## 2023/24 ANNUAL AUDITOR'S REPORT – PROGRESS UPDATE MARCH 2025

	A corporate data project is to deliver a unified platform in Q1 of 2025/26. Once in place, pertinent performance data will be sourced from around the Council and can be held then streamed to relevant stakeholders for review and scrutiny through tailored dashboards. This will include officers, Members, residents and other interested parties.
<b>KR5</b>	<b>The Council needs to significantly improve its services for children and young people by putting in place arrangements to improve its SEND services working with health partners and by putting in place, and delivering, an improvement plan to address the wider children's services inspection finding.</b>
	Management Response: Agreed
	Responsible: Executive Director, Children's
	<b>Progress as at March 2025:</b>
	<p>Following the Ofsted Inspection and inadequate rating, an Improvement Plan was developed as a matter of urgency and approved by Council along with £4.2m of additional resources to fund implementation of Ofsted's recommendations. The independently chaired Children's Improvement Board meet monthly and undertake robust monitoring of all aspects of the Improvement Plan to ensure its effective implementation.</p> <p>The Council is also implementing changes to the delivery of SEND via a Delivery Plan agreed with the DfE, for which the Council was awarded £1m of additional funding as part of the Delivering Best Value in SEND programme.</p>
<b>IR6</b>	<b>The Council needs to improve its contract management arrangements by putting in place formal contract management review processes and ensuring performance and financial management are included in contract review meetings and are formally documented</b>
	Management Response: Agreed
	Responsible: Director of Finance
	<b>Progress as at March 2025:</b>
	The Transformation Delivery Unit are currently reviewing councilwide contract management arrangements, with a view to making recommendations to the Transformation Board to put in place more formal contract management review processes and documentation.

**REPORT TO:** Audit & Governance Board

**DATE:** 4 June 2025

**REPORTING OFFICER:** Director of Finance

**PORTFOLIO:** Corporate Services

**SUBJECT:** External Audit Plan – 2024/25 Year-End

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

- 1.1 To consider the External Audit Plan relating to the 2024/25 year-end, which will be presented by the Council's external auditor, Grant Thornton UK LLP.

### **2.0 RECOMMENDATION: That the contents of the External Audit Plan for 2024/25 year-end, be noted.**

### **3.0 SUPPORTING INFORMATION**

- 3.1 The External Audit Plan for 2024/25 year-end is attached to this report and will be presented at the Board by Grant Thornton UK LLP.

### **4.0 POLICY IMPLICATIONS**

- 4.1 None.

### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 The report contains details of the external audit fees for 2024/25.

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

8.0 **EQUALITY AND DIVERSITY ISSUES**

8.1 None.

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.

# The Audit Plan for Halton Borough Council

Year ending 31 March 2025

MAY 2025





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# **01 Key developments impacting our audit approach**

# Local Government Reorganisation

## External factors

### English Devolution White Paper

On 16 December 2024 , the Secretary of State for Housing, Communities and Local Government, Angela Rayner, Presented to Parliament the English Devolution White Paper.

The White Paper sets out the direction of travel for the devolution of power across England. Devolution is seen by the government as being fundamental in achieving the change the public expect and deserve. The government’s aim is for devolution to promote growth, a joined-up delivery of public services, and politics being done with communities, not to them. England is one of the most centralised countries in the developed world. The goal is universal coverage of strategic authorities in England.

Strategic authorities will be a combination of pre-existing Combined Authorities and Mayoral Strategic Authorities (MSAs). They will be funded through an integrated settlement which can be used by the Authority across housing, regeneration, local growth, local transport, retrofit, skills and employment support. This removes the complexity of numerous grants, conditions and reporting requirements, simplifying it into a single mutually agreed outcomes framework monitored over a supply review period. In combination with this Mayors will be given more control over the devolution of transport, skills & employment support, housing and planning, environment and climate change, supporting business and research, reforming and joining up public services.

The government plans to facilitate a programme of local government reorganisation for 2-tier areas across England. It will also facilitate the reorganisation of unitary councils where there is evidence of failure, or where their size and/or boundaries are a hinderance to local decision making. This will be done in a phased approach and for most will mean creating councils serving a population of 500 000 or more. Along with devolution government wants to reset its relationship with local government, end micro-management and enable local governments through multi-year settlements.

The next steps are:

- A widening and deepening of devolution, expanding on the 2 new Mayors and 6 non-mayoral devolutions already noted in the white paper, with a priority programme for those with plans ready for action;
- An invitation from all remaining 2-tier areas and unitary councils where appropriate, to submit proposals for local reorganisation;
- And re-committing to the English Devolution Bill by putting the devolution framework into statute and moving to a systematic approach that ensures local leaders have the powers they need.

# Local Audit Reform

## External factors

### Proposals for an overhaul of the local audit system

On 18 December 2024, the Minister of State for Local Government and English Devolution, Jim McMahon OBE, wrote to local authority leaders and local audit firms to announce the launch of a strategy to overhaul the local audit system in England. The proposals were also laid in Parliament via a Written Ministerial Statement.

The government’s strategy paper sets out its intention to streamline and simplify the local audit system, bringing as many audit functions as possible into one place and also offering insights drawn from audits. A new Local Audit Office will be established, with responsibilities for:

- Coordinating the system – including leading the local audit system and championing auditors’ statutory reporting powers;
- Contract management, procurement, commissioning and appointment of auditors to all eligible bodies;
- Setting the Code of Audit Practice;
- Oversight of the quality regulatory framework (inspection, enforcement and supervision) and professional bodies;
- Reporting, insights and guidance including the collation of reports made by auditors, national insights of local audit issues and guidance on the eligibility of auditors.

The Minister also advised that, building on the recommendations of Redmond, Kingman and others, the government will ensure the core underpinnings of the local audit system are fit for purpose. The strategy therefore includes a range of other measures, including:

- setting out the vision and key principles for the local audit system;
- committing to a review of the purpose and users of local accounts and audit and ensuring local accounts are fit for purpose, proportionate and relevant to account users;
- enhancing capacity and capability in the sector;
- strengthening relationships at all levels between local bodies and auditors to aid early warning system; and
- increased focus on the support auditors and local bodies need to rebuild assurance following the clearing of the local audit backlog.

### Our Response

Grant Thornton welcomes the proposals, which we believe are much needed, and are essential to restore trust and credibility to the sector. For our part, we are proud to have signed 83% of our 2022/23 local government audit opinions without having to apply the local authority backstop. This compares with an average of less than 30% sign off for other firms in the market. We will be keen to work with the MHCLG, with existing sector leaders and with the Local Audit Office as it is established to support a smooth transition to the new arrangements.

# Key developments impacting our audit approach

## National Position

Local governments face many challenges, the pandemic along with the cost of living crisis has left local governments with economic, social, and health challenges to address:

**Staffing:** A key challenge facing councils in maintaining service sustainability is the growing difficulties in relation to workforce recruitment and retention. Councils struggle to attract and retain qualified staff, especially younger talent. Many councils have outdated recruitment processes and are heavily reliant on agency staff.

**Climate change:** As the impacts of climate change become increasingly evident, local government plays a pivotal role in mitigating and adapting to these changes. The UK’s targets for achieving net zero carbon emissions and local authority pledges must align into cohesive policies with common goals. This includes ongoing local economy investment in renewable energy, promoting sustainable transportation and implementing measures to enhance resilience against extreme weather events.

**Housing crisis:** The shortage of affordable housing continues to be an issue. There aren't enough social rented homes to meet demand and it’s difficult to find land for new housing developments. New requirements around net zero and other environmental considerations make it more complex to get planning permission. Local authorities therefore face the challenge of providing adequate housing while balancing environmental sustainability and statutory planning requirements.

**Funding :** Local governments face many challenges in securing funding, including declining grant income, slow tax revenue growth, and rising demand for services. These challenges can make it difficult for local government to balance their budgets, assess their revenue base, enforce taxes, and prevent tax evasion. Social care costs, maintaining aging infrastructure, SEND and homelessness are driving up council spending and cuts to discretionary services impact local communities. Strained budgets are making it challenging to fund essential services, infrastructure projects and the ongoing stream of section 114 notices will not come as a surprise this year.

**Digital Transformation :** The fast pace of technological advancement poses both opportunities and challenges for local government. The adoption of digital tools and platforms is crucial for improving service delivery, enhancing communication and streamlining administrative processes. However, many communities still lack access or ability to navigate essential technology which creates a digital divide. Local government needs to ensure inclusivity in its digital strategies, addressing disparities and ensuring all residents can benefit from the opportunities technology offers.

**Cybersecurity:** Local government needs to protect against malware and ransomware attacks. They also need to navigate central government policy shifts and constraints. With increased reliance on digital platforms, they become more vulnerable to cyber threats. Safeguarding sensitive data and ensuring the integrity of critical systems are paramount and local authorities must invest in robust cybersecurity measures, employee training and contingency plans to protect themselves.

**Local Government National Context – 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 authority audits. These Regulations requires audited financial statements to be published 27 February 2026 for year ended 31 March 2025. 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.

## Our Response

Building and maintaining public trust is arguably the cornerstone of effective governance. Local government must prioritise transparency, open communication and meaningful public engagement to foster positivity within communities.

Despite councils’ best efforts, financial pressures are affecting the scale, range and quality of council services provided to local residents. The clearest evidence of this is that councils’ service spending is increasingly focused on adult and children’s social care, SEND and homelessness. Ultimately spending is increasingly concentrated on fewer people, so councils are less able to support local and national agendas on key issues such as housing, economic growth, and climate change

Sound strategic financial management, collaboration with other levels of government and exploring alternative funding sources are vital for local authorities to overcome financial constraints and deliver quality services.

Our value for money audit work continues to identify significant weaknesses in all criteria of the Code of Audit Practice. This shows that local authorities are facing increasing pressure to provide services while managing change and reducing costs. We understand that the environment in which our audited bodies operate is dynamic and challenging and this understanding allows us to have insightful conversations and adapt our approach to delivering our audit work accordingly.

We know the difficulties and challenges faced within our Local Authority bodies and know there is a focus on improving quality and reducing costs. We will work with you as you strive to deliver these aims.

# Key developments impacting our audit approach

## Local Context

- Council spending as at 31st March 2024 was £5.6m over budget (£5.2m over budget 2022/23) and continues to have a significant detrimental impact on the Council’s finances and reserves. Overspend positions impacted most departments, with the largest budget pressure continuing to impact Children’s Directorate, where net spend for the year was £10m over the approved budget.
- The most recent financial report to Executive Board in March 2025 reported that at January 2025 the Council was £15.49m over budget and forecast to be £18.9m over budget at year end if no further corrective actions are taken.
- The annual pay award, continued inflationary pressures, increasing service demands and use of agency staff, continue to have a significant detrimental impact on the Council’s financial position. These factors and the continued annual financial overspends mean it remains imperative that the Council progress the Transformation Programme to achieve the required changes in service delivery and savings. To date the Transformation programme has not delivered required savings. We note in the January 2025 report to Executive Board that as at November 2024 budget savings of some £0.129m had been identified against planned savings of £4m by 31 March 2025.
- The use and cost of agency staff continues to be one of the main contributing factors to the overspend position for the year. This is mostly evident within the Children & Families Department and the Council’s in-house Care Homes. Initiatives and support from the Transformation Programme are ongoing to reduce reliance upon agency staff.
- Given these financial challenges the Council requested Exceptional Financial Support from the Ministry for Housing, Communities and Local Government (MHCLG) and has received confirmation that Government are “minded” to approve a capitalisation direction of £20.8m for 2024/25 and £32m in 2025/26.

## Our Response

- We have identified financial sustainability as a significant weakness as part of our Value for Money risk assessment and set out our planned response on page 31.
- Exceptional Financial Support and the appropriateness of the capitalisation of expenditure has been identified as an “other risk” as part of our planning risk assessment with further details set out at Page 18.

## New accounting standards and reporting developments

- Local authorities will need to implement IFRS 16 Leases from 1 April 2024. The main difference from IAS 17 will be that leases previously assessed as operating leases by lessees will need to be accounted for on balance sheet as a liability and associated right of use asset.
- Implementation of IFRS 16 identified as an “Other audit risk” and we will undertake a detailed review of the authority's implementation of IFRS 16. Further detail set out at page 19



# Key developments impacting our audit approach (continued)

## Our commitments

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- As a firm, we are absolutely committed to audit quality and financial reporting in local government. Our proposed work and fee, as set out further in this Audit Plan has been agreed with the Director of Finance.
  - To ensure close work with audited bodies and an efficient audit process, our preference as a firm is to undertake our audit following a hybrid approach of remote working and on-site visits when appropriate.
  - We plan to meet with the Chief Executive, and with the Director of Finance regularly as part of our commitment to keep you fully informed on the progress of the audit.
  - At an appropriate point within the audit, we plan to meet informally with the Chair of your Audit and Governance Board, to brief them on the status and progress of the audit work to date and to discuss the main issues relating to our annual planning enquiries that we also shared and discussed with management.
  - Our Value for Money work will continue to consider the arrangements in place for you to secure economy, efficiency and effectiveness in the use of your resources.
  - We will continue to provide you and your Audit and Governance Board with sector updates providing our insight on issues from a range of sources via our Audit and Governance Board updates.
  - We hold annual financial reporting workshops for our audited bodies to access the latest technical guidance and interpretation, discuss issues with our experts and create networking links with other clients to support consistent and accurate financial reporting across the sector.
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# IFRS 16 Leases



## Summary

IFRS 16 Leases is now mandatory for all Local Government (LG) 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.

## 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 all leases to be accounted for 'on balance sheet' by the lessee (subject to the exemptions below), a major change from the requirements of IAS 17 in respect of operating leases.

There are however the following exceptions:

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

Lessor accounting is substantially unchanged leading to asymmetry of approach for some leases (operating). However, if an LG body is an intermediary lessor, there is a change in that the judgement, as to whether the lease out is an operating or finance lease, is made with reference to the right of use asset rather than the underlying asset. The principles of IFRS 16 will also apply to the accounting for PFI assets and liabilities.

## Systems and processes

We believe that most LG Bodies will need to reflect the effect of IFRS 16 changes in the following areas:

- accounting policies and disclosures
- application of judgment and estimation
- related internal controls that will require updating, if not overhauling, to reflect changes in accounting policies and processes
- systems to capture the process and maintain new lease data and for ongoing maintenance
- accounting for what were operating leases
- identification of peppercorn rentals and recognising these as leases under IFRS 16 as appropriate

## Planning enquiries

As part of our planning risk assessment procedures we have shared key questions with Management. We have met with Management to discuss these and will then meet with those charged with Governance to discuss and confirm our understanding.



# 02 Introduction and Headlines

# Introduction and headlines



## Purpose

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

## Respective responsibilities

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

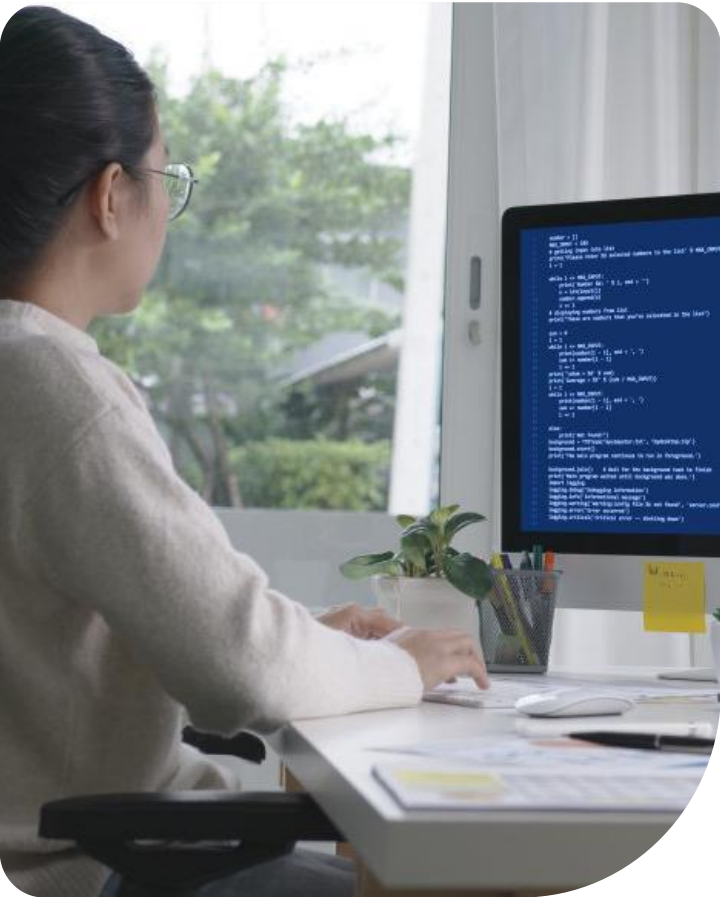
## Scope of our Audit

The scope of our audit is set in accordance with the Code and International Standards on Auditing (ISAs) (UK). We are responsible for forming and expressing an opinion on the Council's financial statements that have been prepared by management with the oversight of those charged with governance (the Audit and Governance Board); and we consider whether there are sufficient arrangements in place at the Council for securing economy, efficiency and effectiveness in your use of resources. Value for money relates to ensuring that arrangements are in place to use resources efficiently in order to maximise the outcomes that can be achieved as defined by the Code of Audit Practice.

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

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

# Introduction and headlines (continued)



## Significant risks

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

- Management override of control
- Valuation of property plant and equipment
- Valuation of pension fund net liability

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

## Materiality

We have determined planning materiality to be £7.834m (PY £8.653m) for the Council, which equates to 1.5% of your prior year gross operating costs for the year. We are obliged to report uncorrected omissions or misstatements other than those which are ‘clearly trivial’ to those charged with governance. Clearly trivial has been set at £0.391m (PY £0.432m).

We have identified the following disclosure with a lower level of materiality given heightened public interest:

- Senior officer remuneration £38k (PY £38k). This is based upon 2% of total senior officer remuneration.

## Value for Money arrangements

Our 2023/24 Auditor’s Annual Report identified seven significant weaknesses resulting in two statutory recommendations, five key recommendations and six improvement recommendations.

Our 2024/25 risk assessment regarding your arrangements to secure value for money has identified risks of significant weakness across the three key areas of:

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

We will follow up progress against recommendations made in 2023/24 and ensure that our work assesses the current arrangements in place. See page 31 for further detail of our VFM risk assessment

## Audit logistics

Our interim visit took place in March and April and our final visit will take place from June – September 2025. Our key deliverables are this Audit Plan, our Audit Findings Report, our Auditor’s Report and Auditor’s Annual Report.

Our proposed fee for the audit is £338,579 (PY: £329,402) for the Council, subject to the Council delivering a good set of financial statements and working papers and no significant new financial reporting matters arising that require additional time and/or specialist input.


We have complied with the Financial Reporting Council’s Ethical Standard (revised 2024) and we as a firm, and each covered person, confirm that we are independent and are able to express an objective opinion on the financial statements

# 03 Identified risks

# Significant risks identified


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

Significant risk	Risk relates to	Audit team’s assessment	Planned audit procedures
Management override of controls	Under ISA (UK) 240 there is a non-rebuttable presumed risk that the risk of management override of controls is present in all entities.	We have therefore identified management override of controls, in particular journals, management estimates and transactions outside the course of business as a significant risk of material misstatement.	We will: <ul style="list-style-type: none"><li>• review accounting estimates, judgements and decisions made by management;</li><li>• review unusual significant transactions;</li><li>• make enquiries of finance staff regarding their knowledge of potential instances of management override of controls;</li><li>• evaluate the design effectiveness of management controls over journals;</li><li>• analyse the journals listing and determine the criteria for selecting high risk unusual journals and those falling into certain criteria determined by the audit team; and</li><li>• test a sample of journals recorded during the year and after the draft accounts stage for appropriateness and corroboration.</li></ul>



“In determining significant risks, the auditor may first identify those assessed risks of material misstatement that have been assessed higher on the spectrum of inherent risk to form the basis for considering which risks may be close to the upper end. Being close to the upper end of the spectrum of inherent risk will differ from entity to entity and will not necessarily be the same for an entity period on period. It may depend on the nature and circumstances of the entity for which the risk is being assessed. The determination of which of the assessed risks of material misstatement are close to the upper end of the spectrum of inherent risk, and are therefore significant risks, is a matter of professional judgment, unless the risk is of a type specified to be treated as a significant risk in accordance with the requirements of another ISA (UK).” (ISA (UK) 315).

In making the review of unusual significant transactions “the auditor shall treat identified significant related party transactions outside the entity’s normal course of business as giving rise to significant risks.” (ISA (UK) 550).



Management should expect engagement teams to challenge them in areas that are complex, significant or highly judgmental which may be the case for accounting estimates, going concern, related parties and similar areas. Management should also expect to provide engagement teams with sufficient evidence to support their judgments and the approach they have adopted for key accounting policies referenced to accounting standards or changes thereto.

Where estimates are used in the preparation of the financial statements management should expect teams to challenge management’s assumptions and request evidence to support those assumptions.

# Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
The revenue cycle includes fraudulent transactions	Under ISA (UK) 240 there is a rebuttable presumed risk that revenue may be misstated due to the improper recognition of revenue	<p>We have completed a risk assessment of all revenue streams for the Council. We have 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:</p> <ul style="list-style-type: none"><li>• there is little incentive to manipulate revenue recognition;</li><li>• opportunities to manipulate revenue recognition are very limited; and</li><li>• the culture and ethical frameworks of local authorities, including Halton Borough Council, means that all forms of fraud are seen as unacceptable.</li></ul>	<p>Where the risk has been rebutted we do not consider this to be a significant risk for the Council however standard audit procedures will be carried out. We will keep this rebuttal under review throughout the audit to ensure this judgement remains appropriate.</p> <p>We will:</p> <ul style="list-style-type: none"><li>– evaluate the Council's accounting policy for recognition of income for appropriateness and compliance with the Code;</li><li>– update our understanding of the system for accounting for the income and evaluate the design of associated processes and controls;</li><li>– agree on a sample basis relevant income and year end receivable/income accruals to invoices and cash payment or other supporting evidence; and</li><li>– we will carry out 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.</li></ul> <p>We will keep this rebuttal under review throughout the audit to ensure our judgment remains appropriate.</p>



# Significant risks identified (continued)

Significant risk	Risk relates to	Audit team's assessment	Planned audit procedures
The expenditure cycle includes fraudulent transactions	Practice Note 10 (PN10) states that as most public bodies are net spending bodies, then the risk of material misstatements due to fraud related to expenditure may be greater than the risk of material misstatements due to fraud related to revenue recognition. As a result under PN10, there is a requirement to consider the risk that expenditure may be misstated due to the improper recognition of expenditure.	<p>We have identified and completed a risk assessment of all revenue expenditure streams for the Council. We have 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.</p> <p>This is due to</p> <ul style="list-style-type: none"><li>• the low fraud risk in the nature of the underlying nature of the transaction</li><li>• there being little incentive to manipulate expenditure for a Council where services are provided to the public through taxpayers funds;</li><li>• the culture and ethical frameworks of local authorities, including Halton Borough Council, means that all forms of fraud are seen as unacceptable.</li></ul> <p>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.</p> <p>We have also considered the risk of fraudulent expenditure recognition in relation to capital expenditure and concluded that it is not a significant risk. We plan to test 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 18.</p>	<p>Despite expenditure recognition not being a significant risk, we will still undertake the following procedures to ensure expenditure included within the financial statements is materially correct. We will keep this consideration under review throughout the audit to ensure this judgement remains appropriate.</p> <p>We will:</p> <ul style="list-style-type: none"><li>• evaluate the Council's accounting policy for recognition of expenditure for appropriateness and compliance with the Code;</li><li>• update our understanding of the system for accounting for the expenditure and evaluate the design of associated processes and controls;</li><li>• agree on a sample basis relevant expenditure and year end payables and accruals to invoices or other supporting evidence; and</li><li>• complete substantive testing of expenditure streams in 2024/25 including sample test of material transactions.</li></ul>

# Significant risks identified (continued)

Significant risk	Audit team's assessment	Planned audit procedures
Valuation of land and buildings	<p>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 (£213.1 million of land and buildings at 31 March 2024) and the sensitivity of this estimate to changes in key assumptions.</p> <p>Additionally for land &amp; 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.</p> <p>We therefore identified the valuation of land &amp; buildings as a significant risk for the Council.</p>	<p>For assurance over the balance sheet valuation of land &amp; buildings (including valuations undertaken by both the internal and external valuation experts), we will:</p> <ul style="list-style-type: none"><li>• evaluate management's processes and assumptions for the calculation of the valuation estimate, the instructions issued to valuation experts and the scope of their work;</li><li>• evaluate the competence, capabilities and objectivity of the valuation expert;</li><li>• write out to the valuation expert and discuss with the valuer the basis on which the valuation was carried out;</li><li>• challenge the information and assumptions used by the valuer to assess completeness and consistency with our understanding;</li><li>• evaluate the valuer's report to identify assets that have large and unusual changes and/or approaches to the valuation – these assets will be substantively tested to ensure the valuations are reasonable;</li><li>• test 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;</li><li>• evaluate 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;</li><li>• for assets not formally revalued or revalued on a desktop/indexation basis only, evaluate the judgements made by management or others in determination of the value of these assets; and</li><li>• agree the basis of revaluations relating to Assets Held For Sale.</li></ul>
Valuation of the pension fund net liability	<p>The Council's pension fund net liability, as reflected in its balance sheet as the net defined benefit liability, represents a significant estimate in the financial statements.</p> <p>The pension fund net liability is considered a significant estimate due to the size of the numbers involved (£574 million funded liabilities and £711 million of assets as at March 2024) and the sensitivity of the estimate to changes in key assumptions.</p> <p>We therefore identified valuation of the Council's pension fund net liability as a significant risk of material misstatement.</p>	<p>We will:</p> <ul style="list-style-type: none"><li>• update 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;</li><li>• evaluate the instructions issued by management to their management expert (an actuary - Hymans) for this estimate and the scope of the actuary's work;</li><li>• assess the competence, capabilities and objectivity of the actuary who carried out the Council's pension fund valuation;</li><li>• assess the accuracy and completeness of the information provided by the Council to the actuary to estimate the liability;</li><li>• test the consistency of the pension fund asset and liability and disclosures in the notes to the core financial statements with the actuarial report from the actuary;</li><li>• undertake procedures to confirm the reasonableness of the actuarial assumptions made by reviewing the report of the consulting actuary (as auditor's expert) and performing any additional procedures suggested within the report, including confirmation of the scope of the actuary's work and whether the application of IFRIC 14 has been considered; and</li><li>• obtain 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</li></ul>



# Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
Exceptional Financial Support/Revenue Expenditure Funded from Capital Under Statute (REFCUS)	<p>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, 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.</p> <p>However, 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. We understand that if the DPM decides to grant directions, she is minded to attach the following conditions:</p> <ul style="list-style-type: none"><li>• The Council may only capitalise expenditure when it is incurred;</li><li>• Where expenditure is capitalised, the authority shall charge annual Minimum Revenue Provision (MRP) using the asset life method with a proxy ‘asset life’ of no more than 20 years.</li></ul> <p>The approval of any capitalisation directions will also be 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.</p> <p>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.</p> <p>We have therefore identified:</p> <ul style="list-style-type: none"><li>• compliance with the requirements imposed by MHCLG should they grant a capitalisation direction; and</li><li>• accuracy and occurrence of capital expenditure as an other risk for the audit.</li></ul>	<p>We will:</p> <ul style="list-style-type: none"><li>• evaluate the Council’s accounting policy for capitalisation of expenditure for appropriateness and compliance with the Code;</li><li>• continue 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;</li><li>• review further communications from MCLHG to confirm what conditions have been attached to the Exceptional Funding;</li><li>• test a sample of capitalised expenditure to invoices or other supporting evidence to ensure it has been properly incurred including REFCUS; and</li><li>• review the MRP policy and MRP charge 2024/25.</li></ul>



“The auditor determines whether there are any risks of material misstatement at the assertion level for which it is not possible to obtain sufficient appropriate audit evidence through substantive procedures alone. The auditor is required, in accordance with ISA (UK) 330 (Revised July 2017), to design and perform tests of controls that address such risks of material misstatement when substantive procedures alone do not provide sufficient appropriate audit evidence at the assertion level. As a result, when such controls exist that address these risks, they are required to be identified and evaluated.” (ISA (UK) 315)

# Other risks identified

Other risks are, in the auditor’s judgement, those where the likelihood of material misstatement cannot be reduced to remote, without the need for gaining an understanding of the associated control environment, along with the performance of an appropriate level of substantive work. The risk of misstatement for another risk is lower than that for a significant risk, and they are not considered to be areas that are highly judgemental, or unusual in relation to the day-to-day activities of the business.

Risk	Description	Planned audit procedures
Implementation of IFRS 16.	<p>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.</p> <p>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.</p> <p>Key judgements include</p> <ul style="list-style-type: none"><li>• 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 authority’s threshold for capitalising owned assets;</li><li>• 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</li><li>• the valuation of the right of use asset after recognition. An expert valuer may be required to support management in this.</li></ul> <p>We have therefore identified completeness of the identification of relevant leases and valuation as a risk.</p>	<p>In response to this risk, we will:</p> <ul style="list-style-type: none"><li>• review the processes and controls put in place by management to ensure that the implementation of IFRS 16 complete, accurate and not materially misstated. We will also evaluate the design of the associated controls;</li><li>• review the proposed accounting policy and agree disclosures presented in the financial statements to underlying accounting records and calculations; and</li><li>• review management’s lease accounting calculations and assess the accuracy and appropriateness of the inputs and assumptions used including lease term, discount rate and annual rentals</li></ul>

# Other matters

## Other work

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

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

## Other material balances and transactions

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

# 04 Our approach to materiality

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

Matter	Description	Planned audit procedures
01	<b>Determination</b> We have determined planning materiality (financial statement materiality for the planning stage of the audit) based on professional judgement in the context of our knowledge of the Council including consideration of factors such as stakeholder expectations, industry developments, financial stability and reporting requirements for the financial statements	<ul style="list-style-type: none"><li>We determine planning materiality in order to:<ul style="list-style-type: none"><li>establish what level of misstatement could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements</li><li>assist in establishing the scope of our audit engagement and audit tests</li><li>determine sample sizes and</li><li>assist in evaluating the effect of known and likely misstatements in the financial statements</li></ul></li></ul>
02	<b>Other factors</b> An item does not necessarily have to be large to be considered to have a material effect on the financial statements	<ul style="list-style-type: none"><li>An item may be considered to be material by nature when it relates to:<ul style="list-style-type: none"><li>instances where greater precision is required</li></ul></li></ul>
03	<b>Reassessment of materiality</b> Our assessment of materiality is kept under review throughout the audit process	<ul style="list-style-type: none"><li>We reconsider planning materiality if, during the course of our audit engagement, we become aware of facts and circumstances that would have caused us to make a different determination of planning materiality</li></ul>
04	<b>Matters we will report to the Audit Committee</b> Whilst our audit procedures are designed to identify misstatements which are material to our opinion on the financial statements as a whole, we nevertheless report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work. Under ISA 260 (UK) 'Communication with those charged with governance', we are obliged to report uncorrected omissions or misstatements other than those which are 'clearly trivial' to those charged with governance. ISA 260 (UK) defines 'clearly trivial' as matters that are clearly inconsequential, whether taken individually or in aggregate and whether judged by any quantitative or qualitative criteria.	<ul style="list-style-type: none"><li>We report to the Audit Committee any unadjusted misstatements of lesser amounts to the extent that these are identified by our audit work.</li><li>In the context of the Council, we propose that an individual difference could normally be considered to be clearly trivial if it is less than £0.391m (PY £0.432m).</li><li>If management have corrected material misstatements identified during the course of the audit, we will consider whether those corrections should be communicated to the Audit Committee to assist it in fulfilling its governance responsibilities.</li></ul>

Misstatements, including omissions, are considered to be material if they, individually or in the aggregate, could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements; Judgments about materiality are made in light of surrounding circumstances, and are affected by the size or nature of a misstatement, or a combination of both; and Judgments about matters that are material to users of the financial statements are based on a consideration of the common financial information needs of users as a group. The possible effect of misstatements on specific individual users, whose needs may vary widely, is not considered. (ISA (UK) 320)

# Our approach to materiality

The concept of materiality is fundamental to the preparation of the financial statements and the audit process and applies not only to the monetary misstatements but also to disclosure requirements and adherence to acceptable accounting practice and applicable law.

	Amount (£)	Qualitative factors considered
Materiality for the Council’s financial statements	7,834,000	Financial performance of the Council with a focus on performance on total expenditure. We have calculated materiality based on 1.5% of the total expenditure set out in the 2023/24 audited financial statements.
Performance Materiality (PM)	5,875,000	We base our assessment on a number of factors that include 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
Trivial Matters	391,000	The amount below which findings would be clearly inconsequential both individually or in aggregate to any reader of the financial statements. Set at 5% of overall materiality.
Materiality for specific transactions, balances or disclosures	38,000	Materiality is reduced for remuneration disclosures due to the sensitive nature and public interest. Based on 2% of total Senior Officer expenditure in the 2023/24 audited financial statements. Any related party adjustments are considered on a case-by-case basis as to whether it is material to either party





# **05 Progress against prior year audit recommendations**

# 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 our 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 will follow up on the implementation of our recommendations as part of our 2024/25 audit and provide an update in our Audit Findings Report.

Assessment	Issue and risk previously communicated	Update on actions taken to address the issue(s)
To be confirmed	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.  <b>UPDATE</b> – Management acknowledged that further training was required and that reconciliations would be performed monthly. During our 24/25 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.
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.  <b>UPDATE</b> - Management agreed to build this process into the annual closedown procedures and we will assess implementation as part of our final accounts audit.
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  <b>UPDATE</b> - 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.
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.  <b>UPDATE</b> – 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 24/25 audit.
In progress	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.  <b>UPDATE</b> – Management agreed to implement action as part of annual closedown procedures and we will assess as part of our final accounts audit
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.  <b>UPDATE</b> – 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



# 06 IT audit strategy

# IT audit strategy

In accordance with ISA (UK) 315, we are required to obtain an understanding of the IT environment related to all key business processes, identify all risks from the use of IT related to those business process controls judged relevant to our audit and assess the relevant IT general controls (ITGCs) in place to mitigate them. Our audit will include completing an assessment of the design and implementation of ITGCs related to security management; technology acquisition, development and maintenance; and technology infrastructure.

The following IT applications are in scope for IT controls assessment based on the planned financial statement audit approach, we will perform the indicated level of assessment:

IT application	Audit area	Planned level IT audit assessment
Agresso/Unit 4 ERP	Financial reporting	Assessment of design and implementation of relevant IT general controls operated by the Council. To review IT general controls related to security management, development and maintenance and technology infrastructure

# 07 Value for Money Arrangements

# Value for Money Arrangements

## Approach to Value for Money work for the period ended 31 March 2025

The National Audit Office issued its latest Value for Money guidance to auditors in November 2024. The Code expects auditors to consider whether a body has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources. Auditors are expected to report any significant weaknesses in the body's arrangements, should they come to their attention. In undertaking their work, auditors are expected to have regard to three specified reporting criteria. These are as set out below:



### 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.



### 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.



# Risks of significant VFM weaknesses



As part of our initial planning work, we considered whether there were any risks of significant weakness in the body’s arrangements for securing economy, efficiency and effectiveness in its use of resources that we needed to perform further procedures on. The risks we have identified are detailed on the table overleaf along with the further procedures we will perform. We will continue to review the body’s arrangements and report any further risks of significant weaknesses we identify to those charged with governance. We may need to make recommendations following the completion of our work. The potential different types of recommendations we could make are set out in the second table below.

### Potential types of recommendations

A range of different recommendations could be made following the completion of work on risks of significant weakness, as follows:



#### Statutory recommendation

Recommendations to the body under Section 24 (Schedule 7) of the Local Audit and Accountability Act 2014. A recommendation under schedule 7 requires the body to discuss and respond publicly to the report.



#### Key recommendation

The Code of Audit Practice requires that where auditors identify significant weaknesses in arrangements to secure value for money they should make recommendations setting out the actions that should be taken by the body. We have defined these recommendations as ‘key recommendations’.



#### Improvement recommendation

These recommendations, if implemented should improve the arrangements in place at the body, but are not made as a result of identifying significant weaknesses in the body’s arrangements.

# Risks of significant weakness in VFM arrangements (continued)

## Initial Risk assessment of the Council’s VFM arrangements

The Code of Audit Practice 2024 (the Code) sets out that the auditor's work is likely to fall into three broad areas: planning; additional risk-based procedures and evaluation; and reporting. We undertake initial planning work to inform this Audit Plan and the assumptions used to derive our fee. Consideration of prior year significant weaknesses and known areas of risk is a key part of the risk assessment for 2024/25. We will continue to evaluate risks of significant weakness and if further risks are identified , we will report these to those charged with governance. We set out our reported assessment below:

Criteria	2023/24 Auditor judgement on arrangements	2024/25 risk assessment	2024/25 risk-based procedures	
Financial sustainability	Red	Three significant weaknesses reported resulting in two statutory recommendations and one key recommendation in relation to short and medium-term financial planning, the Councils transformation programme and the Dedicated Schools (DSG) deficit.	Risk of significant weakness in arrangements for 2024/25 based on prior year findings.	Given the risk of significant weakness identified, we will undertake additional risk-based procedures.  We will undertake additional risk-based work to assess the robustness of arrangements to secure financial sustainability with regard to developing the 2025/26 budget and medium-term financial plan, the development of transformation and savings plans, and mitigating the DSG deficit. We will also follow up the progress made addressing the recommendations we raised in 2023/24.
Governance	Red	Two significant weaknesses identified resulting in two key recommendations in relation to risk management and business continuity and disaster recovery. We also reported five improvement recommendations relating to internal audit, whistleblowing, scrutiny, the Audit & Governance Board and declarations of interest.	Risk of significant weakness in arrangements for 2024/25 based on prior year findings.	Given the risk of significant weakness identified, we will undertake additional risk-based procedures.  We will undertake additional risk-based work to assess the progress that the Council has made in addressing the key recommendations we raised in 2023/24 to ensure that governance arrangements are strengthened in relation to risk management and business continuity. We will also follow up the progress made addressing the recommendations we raised in 2023/24.
Improving economy, efficiency and effectiveness	Red	Two significant weaknesses reported and two key improvement recommendations raised in relation to performance management and children’s services. We reported one improvement recommendation relating to contract management.	Risk of significant weakness in arrangements for 2024/25 based on prior year findings.	Given the risk of significant weakness identified, we will undertake additional risk-based procedures.  We will undertake additional risk-based work to assess the progress that the Council has made in addressing the key recommendations we raised in 2023/24, to ensure that performance management arrangements are strengthened, and driving through improvements in children's social care. We will also follow up the progress made addressing the recommendations we raised in 2023/24.

We will continue our review of your arrangements until we sign the opinion on your financial statements before we issue our auditor's annual report. Should any further risks of significant weakness be identified, we will report this to those charged with governance as soon as practically possible. We report our value for money work in our Auditor's Annual Report. Any significant weaknesses identified once we have completed our work will be reflected in your Auditor's Report and included within our audit opinion.

- G

No significant weaknesses in arrangements identified or improvement recommendation made.
- A

No significant weaknesses in arrangements identified, but improvement recommendations made.
- R

Significant weaknesses in arrangements identified and key recommendations made.

# 8 Logistics

# Logistics

## The audit timeline - 2025

Key  
Dates

Audit  
phases:

March – April 2025 –  
Planning/Interim

April 2025 –  
Communicate draft  
Audit Plan

30 June 2025 -  
Deadline for  
publication of  
unaudited Financial  
Statements

July – September  
2025 – Fieldwork  
Onsite and Remote

September 2025  
– Audit Findings  
and Reporting

Sign off:  
Before 31 12 2025

Key elements

- Planning undertaken including meetings with management
- Audit scoping and risk assessment to be completed
- Completion of system walkthroughs and document relevant controls
- Review of key judgements and estimates
- Commence VFM inquiries
- Agree timetable and deliverables with management and Audit & Governance Board
- Issue the Audit Plan to management and Audit & Governance Board

June 2025 – Audit  
Plan presented at to  
Audit & Governance  
Board

Key elements

- Audit teams onsite and remote working to perform fieldwork and detailed testing
- Weekly update meetings with management to help ensure progress and identify issues as they arise

Key elements

- Audit Findings shared and agreed with management
- Draft Audit Findings issued to management
- Audit Findings Report Findings issued to Audit Committee
- Audit Findings presentation to Audit Committee
- Auditor’s Annual Report
- Finalise and sign financial statements and audit report



# Our team and communications

## Grant Thornton core team

**Liz Luddington**  
Engagement Lead/  
Key Audit Partner

- Key contact for senior management and Audit & Governance Board
- Overall quality assurance supported by EQCR Partner

Pool of specialists and other technical specialists (e.g. IT audit)

**Matt Derrick – Audit Manager**  
**Chris Whittingham – Support Audit Manager**

- Audit planning
- Resource management
- Performance management reporting

**Jason Granger**  
VFM Audit Manager

- Value for Money Planning
- Main contact for review of VFM arrangements
- Preparation of the VFM commentary in the Auditor’s Annual Report

**Hanna Peurala**  
Audit In-charge

- On-site audit team management
- Day-to-day point of contact
- Audit fieldwork

	Service delivery	Audit reporting	Audit progress	Technical support
Formal communications	<ul style="list-style-type: none"><li>• Annual client service review</li></ul>	<ul style="list-style-type: none"><li>• The Audit Plan</li><li>• Audit Progress and Sector Update Reports</li><li>• The Audit Findings</li><li>• Auditor’s Annual Report</li></ul>	<ul style="list-style-type: none"><li>• Audit planning meetings</li><li>• Audit clearance meetings</li><li>• Communication of issues log</li></ul>	<ul style="list-style-type: none"><li>• Technical updates</li></ul>
Informal communications	<ul style="list-style-type: none"><li>• Open channel for discussion</li></ul>		<ul style="list-style-type: none"><li>• Communication of audit issues as they arise</li></ul>	<ul style="list-style-type: none"><li>• Notification of up-coming issues</li></ul>

As part of our overall service delivery we may utilise colleagues who are based overseas, primarily in India and the Philippines. Those colleagues work on a fully integrated basis with our team members based in the UK and receive the same training and professional development programmes as our UK based team. They work as part of the engagement team, reporting directly to the Audit Senior and Manager and will interact with you in the same way as our UK based team albeit on a remote basis. Our overseas team members use a remote working platform which is based in the UK. The remote working platform (or Virtual Desktop Interface) does not allow the user to move files from the remote platform to their local desktop meaning all audit related data is retained within the UK.

# 9 Fees and related matters

# Our fee estimate

Our estimate of the audit fees is set out in the table across, along with the fees billed in the prior year

### Relevant professional standards

In preparing our fee estimate, we have had regard to all relevant professional standards, including paragraphs 4.1 and 4.2 of the FRC’s [Ethical Standard \(revised 2024\)](#) which stipulate that the Engagement Lead (Key Audit Partner) must set a fee sufficient to enable the resourcing of the audit with partners and staff with appropriate time and skill to deliver an audit to the required professional and Ethical standards.

### PSAA

Local Government Audit fees are set by PSAA as part of their national procurement exercise. In 2023 PSAA awarded a contract of audit for Halton Borough Council to begin with effect from 2023/24. The scale fee set out in the PSAA contract for the 2024/25 audit is £338,579.

This contract sets out four contractual stage payments for this fee, with payment based on delivery of specified audit milestones:

- Production of the final auditor’s annual report for the previous Audit Year (exception for new clients in 2023/24 only)
- Production of the draft audit planning report to Audited Body
- 50% of planned hours of an audit have been completed
- 75% of planned hours of an audit have been completed

Any variation to the scale fee will be determined by PSAA in accordance with their procedures as set out here [Fee Variations Overview – PSAA](#)

### Updated Auditing Standards

The FRC has issued updated Auditing Standards in respect of Quality Management (ISQM 1 and ISQM 2). It has also issued an updated Standard on quality management for an audit of financial statements (ISA 220). We confirm we will comply with these standards.

	Audit Fee for 2023/24	Proposed fee for 2024/25
	(£)	(£)
Halton Borough Council Audit	329,402	338,579
IFRS 16	N/a	TBC
Total (Exc. VAT)	329,402	338,579

### Our fee estimate:

We have set out below our specific assumptions made in arriving at our estimated audit fees, we have assumed that the Council will:

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

### Previous year

In 2023/24 the scale fee set by PSAA was £307,352. The actual fee charged for the audit, was £329,402

# 10 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 and managers). In this context, we confirm that there are no matters that we are required to report. We confirm that we have implemented policies and procedures to meet the requirement of the Financial Reporting Council's Ethical Standard

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

Matter	Conclusions
Relationships with Grant Thornton	We are not aware of any relationships between Grant Thornton and the Council/Group 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 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/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/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/Group’s board, 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 at planning 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 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. Furthermore, 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.

Following this consideration we can confirm that we are independent at planning 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 table below sets out the non-audit services agreed from the beginning of the financial year to date of issue of the Audit Plan (\* - exact fee to be finalised once inflationary uplift is confirmed. We will set out final fee in our Audit Findings Report) 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 ethical threats from these fees that we set out below.

## Assurance Service Fees

Service	Fees £	Threats Identified	Safeguards applied
Housing Benefits Subsidy Certification	28,860 *	Self-Interest (because this is a recurring fee) self review and Management	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 £27,487 *) 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. For the self-review threat safeguards include the fact that we do not prepare any of the work reviewed and any changes would be agreed with the local authority prior to submission, and we would have no subsequent involvement in any decisions made about changes once our report has been issued. In respect of the management threat the scope of our work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. We believe these factors all mitigate the perceived threats to an acceptable level.
Teachers’ Pension Agency Certification	12,500	Self-Interest (because this is a recurring fee), self review and Management.	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. For the self-review threat safeguards include the fact that we do not prepare any of the work reviewed and any changes would be agreed with the local authority prior to submission, and we would have no subsequent involvement in any decisions made about changes once our report has been issued. In respect of the management threat the scope of our work does not include making decisions on behalf of management or recommending or suggesting a particular course of action for management to follow. We believe these factors all mitigate the perceived threats to an acceptable level.
CFO Insights – Other service	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	56,360 *		

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

# **11 Communication of audit matters with those charged with governance**

# 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 and Key Audit Matters	●	
Planned use of internal audit	●	
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 Council'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		●
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		●

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 Plan, outlines our audit strategy and plan to deliver the audit, while the Audit Findings will be issued prior to approval of the financial statements and will present key issues, findings and other matters arising from the audit, together with an explanation as to how these have been resolved.

We will communicate any adverse or unexpected findings affecting the audit on a timely basis, either informally or via an audit progress memorandum.

**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.



# **12 Delivering audit quality**

# Delivering audit quality

## Our quality strategy

We deliver the highest standards of audit quality by focusing our investment on:

### Creating the right environment

Our audit practice is built around the markets it faces. Your audit team are focused on the Public Sector audit market and work with clients like you day in, day out. Their specialism brings experience, efficiency and quality.

### Building our talent, technology and infrastructure

We've invested in digital tools and methodologies that bring insight and efficiency and invested in senior talent that works directly with clients to deploy bespoke digital audit solutions.

### Working with premium clients

We work with great public sector clients that, like you, value audit, value the challenge a robust audit provides, and demonstrate the strongest levels of corporate governance. We're aligned with our clients on what right looks like.

Our objective is to be the best audit firm in the UK for the quality of our work and our client service, because we believe the two are intrinsically linked.

## How our strategy differentiates our service

Our investment in a specialist team, and leading tools and methodologies to deliver their work, has set us apart from our competitors in the quality of what we do.

The FRC highlighted the following as areas of particularly good practice in its recent inspections of our work:

- use of specialists, including at planning phases, to enhance our fraud risk assessment
- effective deployment of data analytical tools, particularly in the audit of journals

## The right people at the right time

We are clear that a focus on quality, effectiveness and efficiency is the foundation of great client service. By doing the right audit work, at the right time, with the right people, we maximise the value of your time and ours, while maintaining our second-to-none quality record.

Bringing you the right people means that we bring our specialists to the table early, resolving the key judgements before they impact the timeline of your financial reporting. The audit partner always retains the final call on the critical decisions; we use our experts when forming our opinions, but we don't hide behind them.

## Digital differentiation

We're a digital-first audit practice, and our investment in data analytics solutions has given our clients better assurance by focusing our work on transactions that carry the most risk. With digital specialists working directly with your teams, we make the most of the data that powers your business when forming our audit strategy.

## Oversight and control

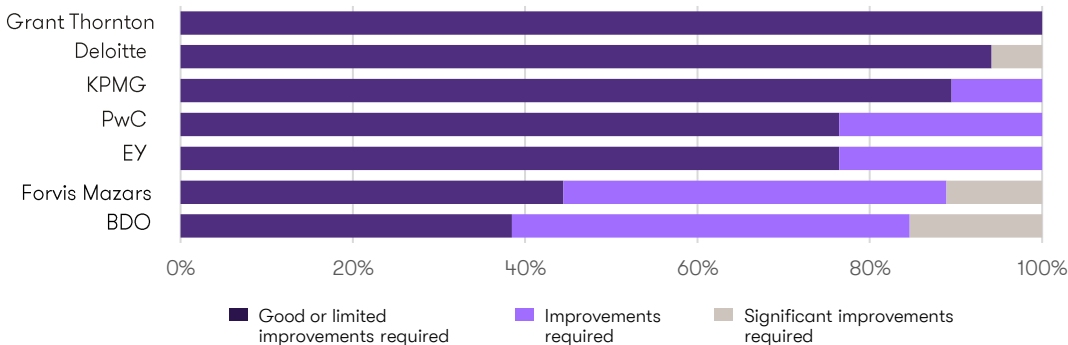
Wherever your audit work is happening, we make sure that its quality meets your exacting requirements, and we emphasise communication to identify and resolve potential challenges early, wherever and however they arise. By getting matters on the table before they become "issues", we give our clients the time and space to deal with them effectively.

Quality underpins everything at Grant Thornton, as our FRC inspection results in the chart below attest to. We're growing our practice sustainably, and that means focusing where we know we can excel without compromising our strong track record or our ability to deliver great audits. It's why we will only commit to auditing clients where we're certain we have the time and resource, but, most importantly, capabilities and specialist expertise to deliver. You're in safe hands with the team; they bring the right blend of experience, energy and enthusiasm to work with you and are fully supported by myself and the rest of our firm.

Wendy Russell  
Partner, UK Head of Audit



FRC's Audit Quality Inspection and Supervision Inspection  
(% of files awarded in each grading, in the most recent report for each firm) – NOTE that these results relate to Commercial audit reviews.



# 13 Appendices

# IFRS reporters New or revised accounting standards that are in effect

## First time adoption of IFRS 16

Lease liability in a sale and leaseback

- IFRS 16 was implemented by LG bodies from 1 April 2024, with early adoption possible from 1 April 2022. The standard sets out the principles for the recognition, measurement, presentation and disclosure of leases and replaces IAS17. 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.
- This year will be the first year IFRS 16 is adopted fully within Local Government.

## IAS 1 amendments

Non-current liabilities with covenants

- These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

## Amendment to IAS 7 and IFRS 7

Supplier finance arrangements

- These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on an entity's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

# IFRS reporters Future financial reporting changes

## IFRS reporters future financial reporting changes

These changes will apply to local government once adopted by the Code of practice on local authority accounting (the Code).

## Amendments to IAS 21 – Lack of exchangeability

IAS 21 has been amended by the IASB to specify how an entity should assess whether a currency is exchangeable and how it should determine a spot exchange rate when exchangeability is lacking. The amendments are expected to be adopted by the Code from **1 April 2025**.

## Amendments to IFRS 9 and IFRS 7 – Classification and measurement of financial instruments

These amendments clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, adds guidance on the SPPI criteria, and includes updated disclosures for certain instruments. The amendments are expected to be adopted by the Code **in future years**.

## IFRS 19 Subsidiaries without Public Accountability: Disclosures

IFRS 19 provides reduced disclosure requirements for eligible subsidiaries. A subsidiary is eligible if it does not have public accountability and has an ultimate or intermediate parent that produces consolidated financial statements available for public use that comply with IFRS Accounting Standards. IFRS 19 is a voluntary standard for eligible subsidiaries and is expected to be adopted by the Code **in future years**.

## IFRS 18 Presentation and Disclosure in the Financial Statements

IFRS 18 will replace IAS 1 Presentation of Financial Statements. All entities reporting under IFRS Accounting Standards will be impacted.

The new standard will impact the structure and presentation of the statement of profit or loss as well as introduce specific disclosure requirements. Some of the key changes are:

- Introducing new defined categories for the presentation of income and expenses in the income statement
- Introducing specified totals and subtotals, for example the mandatory inclusion of 'Operating profit or loss' subtotal.
- Disclosure of management defined performance measures
- Enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

IFRS 18 is expected to be adopted by the CIPFA Code **in future years**.



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**REPORT TO:** Audit and Governance Board

**DATE:** 4 June 2025

**REPORTING OFFICER:** Director of Finance

**PORTFOLIO:** Corporate Services

**SUBJECT:** Informing the External Audit Risk Assessment

**WARD(S):** Borough-wide

### **1.0 PURPOSE OF REPORT**

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

### **2.0 RECOMMENDATION: That the response shown in the Appendix be provided to the Council's external auditors.**

### **3.0 SUPPORTING INFORMATION**

- 3.1 International Auditing Standards require the Council's external auditors, Grant Thornton, to seek an understanding of how those charged with governance within the Council (ie. the Audit and Governance Board) gain assurance regarding management processes and arrangements, in the context of the year-end audit of accounts.
- 3.2 The Appendix presents draft responses to a number of questions contained in a letter from Grant Thornton, which it is proposed to provide to assist with the year-end audit of accounts.

### **4.0 POLICY IMPLICATIONS**

- 4.1 None.

### **5.0 FINANCIAL IMPLICATIONS**

- 5.1 None.

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

- 6.1 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 the Council's priorities.

**7.0 RISK ANALYSIS**

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

**8.0 EQUALITY AND DIVERSITY ISSUES**

8.1 None.

**9.0 CLIMATE CHANGE IMPLICATIONS**

9.1 None.

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

10.1 None under the meaning of the Act.



**Audited body: Halton Borough Council**

**Year ended: 31/03/2025**

**Inquiries of management and others**

*ISA 315 (Revised 2019). 14 requires risk assessment procedures to include inquiries of management and other within the entity. The purpose of this is to support an appropriate basis for the identification and assessment of risks, and design of further audit procedures. Inquiries of management and those responsible for financial reporting and of other appropriate individuals within the entity and other employees with different levels of authority may offer the auditor varying perspectives when identifying and assessing risks of material misstatement. [ISA 315 (Revised 2019). 14 A22-A24].*

The purpose of this working paper to support our inquiries and discussions with management and others. This working paper does not supersede the questions in planning inquiries, and is additional to those which need to be asked of management/ TCWG/ internal audit etc.

**Meeting details**

**Date:**

**Time:**

**Teams meeting/ Location:**

**Attendees:**

Agenda	Client responses/meeting notes	Consideration of impact on risk assessment	x-ref to section of LEAP
General inquiries			
1. What do you regard as the key events or issues that will have a significant impact on the financial statements for 2024/25?	1. Council spending continues to exceed the level of resources available to fund services. Key budgetary pressures include: <ul style="list-style-type: none"><li>• Demand Led services including, adults community care, children in care and educational high need assessments.</li><li>• Difficulty in staff recruitment and retainment continues to have an adverse impact which</li></ul>		

	<p>is driving the use of expensive external agency staff.</p> <p>2. During 2024/25 Children Services have been subject to an Ofsted inspection which judged services for children to be graded as inadequate for overall effectiveness. As a result in October 2024, Council Executive Board approved a programme of spending, in region of £13m over a three year period to implement an improvement programme for children services.</p> <p>3. In February 2024, Executive Board agreed the establishment of a Joint Venture (JV) with Commercial Services Group, called Connect to Halton. The aim of the JV being to provide the provision and engagement of agency workers. The Connect to Halton project went live in October 2024.</p> <p>4. During the year the Council applied to Government for Exceptional Financial Support (EFS) to help fund the budget deficit estimated for 2024/25 and 2025/26. In February 2025 MHCLG provisionally approved the following in terms of EFS, firm and final agreement pending a resilience review on the Council's finances and governance.</p> <ul style="list-style-type: none"> <li>• £32.0m (support agreed in-principle 2025-26)</li> <li>• £20.8m (support agreed in-principle 2024-25)</li> </ul>		
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<p>2. Have you considered the appropriateness of the accounting policies adopted by the Council?</p> <p>Have there been any events or transactions that may cause you to change or adopt new accounting policies? If so, what are they?</p>	<p>The Council's accounting policies are still to be finalised. At this point it is considered there have been no events or transactions which have required changes to or the adoption of new accounting policies.</p>		
<p>3. Is there any use of financial instruments, including derivatives? If so, please explain</p>	<p>There is use of financial instruments, but not derivatives. The policy on the use of financial instruments is reported through the Treasury Management Strategy and reviewed through the Treasury Management monitoring process.</p>		
<p>4. Are you aware of any significant transaction outside the normal course of business? If so, what are they?</p>	<p>1. Capitalisation of spend on the Council's Transformation Programme took place during 2024/25. A use of capital receipts strategy was shared with MHCLG in March 2024 for the year 2024/25.</p> <p>2. As per point 1, the Council will be making use of Exceptional Financial Support during 2024/25.</p>		
<p>5. Are you aware of any changes in circumstances that would lead to impairment of non-current assets? If so, what are they?</p>	<p>None in which the Council are aware of.</p>		
<p>6. Are you aware of any guarantee contracts? If so, please provide further details</p>	<p>None in which we are aware of.</p>		
<p>7. Are you aware of the existence of loss contingencies and/or un-asserted claims that may affect the financial statements? If so, please provide further details</p>	<p>None, other than what is included in the Statement of Accounts as a provision or contingent liability.</p>		
<p>8. Other than in house solicitors, can you provide details of those solicitors utilised by the Council during the year. Please indicate where they are working on open litigation or contingencies from prior years?</p>	<p>Brabners – utilised for property advice.</p> <p>DLA Piper/ DWF Law – utilised for regen and development schemes</p>		

	Greenhalgh Kerr – Utilised for recovery of council tax and business rate debts  Weightmans – Utilised for insurance and HR matters		
9. Have any of the Council's service providers reported any items of fraud, non-compliance with laws and regulations or uncorrected misstatements which would affect the financial statements? If so, please provide further details	No		
10. Can you provide details of other advisors consulted during the year and the issue on which they were consulted?	PWC provided advice on VAT and CIS matters.  AON and Gallagher provided advice as the Council's insurance broker.  MUFG (Mitsubishi UFG) provided treasury management advice during the year and provided information on the Financial Instruments note to the Council's financial accounts.  Consultants were in place to support the Council's 3 year transformation programme.		
11. Have you considered and identified assets for which expected credit loss provisions may be required under IFRS 9, such as debtors (including loans) and investments? If so, please provide further details	Credit loss provisions considered on an annual basis for both general and collection fund matters.		
<b>Fraud inquiries</b>			
12. Has Halton Borough Council assessed the risk of material misstatement in the financial statements due to fraud?  How has the process of identifying and responding to the risk of fraud been undertaken and what are the results of this process?  How do the Council's risk management processes link to financial reporting?	The Council assesses the risk of material misstatement in its financial statements due to fraud as minimal. This confidence is based on the following key factors:  • Strong Anti-Fraud Measures: The Council has robust anti-fraud arrangements in place, and internal fraud levels remain consistently low. External fraud tends to be minor and		

	<p>mainly related to Council Tax and Benefits.</p> <ul style="list-style-type: none"> <li>• Qualified and Experienced Staff:</li> </ul> <p>Financial statements are prepared by appropriately qualified and experienced staff. A rigorous quality assurance process ensures accuracy and minimises the risk of material errors.</p> <ul style="list-style-type: none"> <li>• Internal Audit Assurance: Regular reviews of core systems by Internal Audit provide assurance that financial data is reliable, reducing the risk of misstatement.</li> <li>• Effective Fraud Risk Management: <ul style="list-style-type: none"> <li>- Fraud risk is actively considered in the Council's planning processes.</li> <li>- The Audit &amp; Governance Board receives regular updates on corporate risk management and reviews the Corporate Risk Register, which explicitly acknowledges fraud risks and the Council's control measures.</li> </ul> </li> <li>• Established Anti-Fraud Policies: The Council's Anti-Fraud &amp; Corruption Strategy, Fraud Response Plan, and Confidential Reporting Code (Whistleblowing Policy) are integral parts of its Constitution, reinforcing its commitment to fraud prevention.</li> <li>• Fraud Awareness and Investigation:</li> </ul>		
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	<p>- Internal Audit considers fraud risk in every audit assignment and periodically raises fraud awareness among employees and members.</p> <p>- A dedicated Investigations Team, comprising three investigator posts, provides a specialised resource for conducting fraud investigations across the Council.</p> <p>These measures collectively ensure that the Council maintains a strong stance against fraud, safeguarding financial integrity and public trust.</p>		
13. What have you determined to be the classes of accounts, transactions and disclosures most at risk to fraud?	<p>Housing Benefit and Council Tax Reduction Scheme claims are considered to be most susceptible to fraud. This is a national issue and not unique to Halton.</p> <p>Other areas at risk of fraud include:</p> <ul style="list-style-type: none"> <li>• Insurance claims against the Council</li> <li>• Procurement</li> <li>• Supplier invoices, Bank mandate fraud</li> <li>• Council Tax – Single Person Discounts and Council Tax Reduction Scheme</li> <li>• Business Rates</li> <li>• Payroll &amp; Pensions</li> <li>• Recruitment</li> <li>• Electoral fraud</li> <li>• School admission application fraud</li> </ul>		

	<ul style="list-style-type: none"> <li>• Direct Payments / personal budgets</li> <li>• Adult Social Care – Financial Assessments</li> <li>• Grants to individuals or organisations</li> <li>• Development control</li> <li>• Cash handling</li> <li>• Expenses</li> </ul> <p>Blue badges and concessionary travel</p>		
14. Are you aware of any instances of actual, suspected or alleged fraud, errors or other irregularities either within the Council as a whole, or within specific departments since 1 April 2024? If so, please provide details	No. The Council's Investigations Team is constantly investigating low level fraud. However, the Council is unaware of any allegations of fraud, errors or other irregularities that would be considered material in terms of the financial statements.		
4. As a management team, how do you communicate risk issues (including fraud) to those charged with governance?	<p>The Audit &amp; Governance Board receives regular reports on the Council's corporate risk management arrangements and reviews the Corporate Risk Register.</p> <p>The risk of fraud is specifically acknowledged in the Council's Corporate Risk Register, which also details the measures that the Council has in place to deter fraud.</p> <p>The Audit &amp; Governance Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>Risk issues identified through the work of Internal Audit are reported to the</p>		

	<p>Audit &amp; Governance Board through regular progress reports.</p> <p>The Audit &amp; Governance Board also receives an annual report on the Council's anti-fraud and corruption arrangements. Please see the agenda and minutes from the September 2024 meeting of the Board for the latest report.</p> <p>Any emerging significant risk issues would be communicated to elected members as appropriate.</p> <p>There is a section in the Council's standard Board reporting template that requires consideration of the risks associated with any decision.</p>		
<p>5. Have you identified any specific fraud risks? If so, please provide details</p> <p>Do you have any concerns there are areas that are at risk of fraud?</p> <p>Are there particular locations within the Council where fraud is more likely to occur?</p>	<p>Housing Benefit and Council Tax Reduction Scheme claims are considered to be most susceptible to fraud. This is a national issue and not unique to Halton.</p> <p>There are also other areas where local authorities may be at risk of fraud. For Halton these include:</p> <ul style="list-style-type: none"> <li>• Council Tax (Single Person Discounts, Student Exemptions, Non-occupancy)</li> <li>• Business Rates (Reliefs and Exemptions)</li> <li>• Online Banking Transactions</li> <li>• Procurement</li> <li>• Supplier Payment Fraud</li> <li>• Payroll</li> <li>• Grants</li> </ul>		



	<ul style="list-style-type: none"> <li>• Insurance Claims</li> <li>• Travel and Subsistence Claims</li> <li>• Cash Collection and Banking</li> <li>• Schools</li> </ul> <p>Direct Payments / Personal Budgets</p>		
6. What processes do the Council have in place to identify and respond to risks of fraud?	<p>The Council has a well-established risk management process, ensuring that fraud risks are actively considered as part of strategic planning. Key measures include:</p> <ul style="list-style-type: none"> <li>• <b>Regular Risk Monitoring:</b> <ul style="list-style-type: none"> <li>- Management Team frequently reviews and monitors the Corporate Risk Register, ensuring that fraud risks are identified and addressed.</li> <li>- The Audit &amp; Governance Board receives regular reports on corporate risk management and assesses the robustness of risk controls.</li> <li>- Fraud risk is explicitly acknowledged in the Corporate Risk Register, alongside the preventive measures the Council has in place.</li> </ul> </li> <li>• <b>Comprehensive Anti-Fraud Framework:</b> <ul style="list-style-type: none"> <li>- The Council's Anti-Fraud &amp; Corruption Strategy, Fraud Response Plan, and Confidential Reporting</li> </ul> </li> </ul>		

	<p>Code (Whistleblowing Policy) are integral parts of the Council Constitution, reinforcing its commitment to transparency and accountability.</p> <ul style="list-style-type: none"> <li>• <b>Internal Audit and Fraud Awareness:</b> <ul style="list-style-type: none"> <li>- Internal Audit considers fraud risk in all audit assignments and periodically conducts fraud awareness initiatives for employees and members.</li> <li>- A dedicated Investigations Team of three specialist investigators provides a Council-wide resource for tackling fraud.</li> </ul> </li> <li>• <b>Public Engagement in Fraud Prevention:</b> <ul style="list-style-type: none"> <li>- The Council operates a fraud reporting system, enabling members of the public to report concerns about potentially fraudulent activities.</li> </ul> </li> </ul> <p>Other arrangements to identify and respond to the risk of fraud include:</p> <ul style="list-style-type: none"> <li>• Crime insurance policy to indemnify the Council against significant financial loss resulting from fraud</li> <li>• Participation in the National Fraud Initiative</li> </ul>		
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	<ul style="list-style-type: none"> <li>• Collaboration with other local authorities and sharing of best practice in regard to tackling fraud and corruption</li> <li>• Formal arrangements with the DWP to participate in joint criminal fraud investigations relating to the Council Tax Reduction Scheme (CTRS) and social security benefit fraud</li> <li>• Membership of the National Anti-Fraud Network (NAFN), which is the largest shared service in the country and provides data, intelligence and best practice in support of fraud and investigation work</li> </ul> <p>These measures ensure that fraud risk is managed as far as is reasonably practicable.</p>		
<p>7. How do you assess the overall control environment for the Council, including:</p> <ul style="list-style-type: none"> <li>• the existence of internal controls, including segregation of duties; and</li> <li>• the process for reviewing the effectiveness the system of internal control?</li> </ul> <p>If internal controls are not in place or not effective where are the risk areas and what mitigating actions have been taken?</p> <p>What other controls are in place to help prevent, deter or detect fraud?</p> <p>Are there any areas where there is a potential for override of controls or inappropriate influence over the financial reporting process (for example because of undue pressure to achieve financial targets)? If so, please provide details</p>	<p>The Council maintains a strong and well-established control environment, as consistently reflected in the annual opinions of the Head of Internal Audit over an extended period.</p> <p>Key measures ensuring financial integrity and governance include:</p> <ul style="list-style-type: none"> <li>• <b>Comprehensive Internal Audit Oversight:</b> <ul style="list-style-type: none"> <li>- Internal Audit provides continuous monitoring of the Council's control framework, conducting regular reviews of core systems that inform the financial statements.</li> </ul> </li> </ul>		

	<ul style="list-style-type: none"> <li>- Each audit includes an assessment of internal controls and fraud risk, ensuring a proactive approach to fraud risk management.</li> <li>• <b>Action Plans for Continuous Improvement:</b> <ul style="list-style-type: none"> <li>- Any significant internal control weaknesses identified through Internal Audit, External Audit, or other assurance providers are addressed with targeted action plans.</li> <li>- The results of all audit reviews, including follow-up audits, are reported to the Audit &amp; Governance Board, ensuring accountability and transparency.</li> </ul> </li> <li>• <b>Fraud Awareness and Prevention:</b> <ul style="list-style-type: none"> <li>- The Council promotes a strong anti-fraud culture, supported by an e-learning module designed to raise staff awareness of fraud risks.</li> </ul> </li> <li>• <b>High Standards in Financial Reporting:</b> <ul style="list-style-type: none"> <li>- Staff responsible for financial statement preparation are highly qualified and experienced.</li> </ul> </li> </ul>		
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	<ul style="list-style-type: none"> <li>- A rigorous quality assurance process ensures that financial statements remain accurate and free from material error.</li> <li>• <b>Governance Oversight:</b> <ul style="list-style-type: none"> <li>- The Audit &amp; Governance Board reviews and approves the Annual Governance Statement, incorporating assurances from multiple sources to reinforce the Council's internal control framework.</li> </ul> </li> </ul> <p>Appropriate segregation of duty is inbuilt into the Council's finance and banking systems to ensure that the same officer cannot initiate a transaction and authorise it.</p> <p>The Council is not aware of any instances where controls have been overridden or where inappropriate influence has been exerted over the financial reporting process.</p>		
8. Are there any areas where there is potential for misreporting? If so, please provide details	<p>The Council has established robust reporting processes to ensure accuracy, completeness, and transparency in financial reporting. We have no known areas of concern regarding potential misreporting.</p> <p>Key safeguards include:</p> <ul style="list-style-type: none"> <li>• Comprehensive Reconciliation Procedures – The Council has established robust reporting processes to ensure accuracy, completeness, and transparency in financial</li> </ul>		

	<p>reporting. We have no known areas of concern regarding potential misreporting.</p> <ul style="list-style-type: none"> <li>• Rigorous Verification and Review – Figures are subject to thorough verification, checking, and challenge before being reported, further mitigating any risk of misreporting.</li> </ul> <p>These measures reinforce the Council's commitment to accurate and reliable financial reporting.</p>		
<p>9. How does the Council communicate and encourage ethical behaviours and business processes of it's staff and contractors?</p> <p>How do you encourage staff to report their concerns about fraud?</p> <p>What concerns are staff expected to report about fraud? Have any significant issues been reported? If so, please provide details</p>	<p>The Council's Local Code of Corporate Governance, which is an integral part of the Council Constitution, outlines the processes in place to ensure that officers uphold high standards of conduct and effective governance. These arrangements are wide-ranging and communicated to staff through various channels, including induction procedures, the employee code of conduct, Finance and Procurement Standing Orders, registers of interests, staff communications, registers of gifts and hospitality, whistleblowing procedures, HR policies, and fraud awareness training.</p> <p>E-learning has been implemented to enhance employee awareness of the Bribery Act, fraud and corruption, and Information Governance.</p> <p>Staff are encouraged to report any concerns related to potential fraud, corruption, or unethical or unprofessional behaviour. The Council has a whistleblowing policy in place for</p>		

	both staff and contractors to report such concerns. The reporting channels are widely publicised, and all reports received are thoroughly investigated.		
<p>10. From a fraud and corruption perspective, what are considered to be high-risk posts?</p> <p>How are the risks relating to these posts identified, assessed and managed?</p>	<p>Any posts having high value levels of delegation are considered potentially higher risk from a fraud and corruption perspective, as well as those dealing with the procurement of contracts.</p> <p>However, the Council operates a scheme of delegation which ensures that an appropriate structure of financial authorisation is in place to mitigate potential risks. Appropriate segregation of duty is inbuilt into the Council's finance and banking systems to ensure that the same officer cannot initiate a transaction and authorise it.</p> <p>The Council operates robust procurement arrangements, which are overseen by the Procurement Team. This provides assurance that the Council's procurement activity is legally compliant and compliant with the requirements of the Council's own Procurement Standing Orders.</p>		
<p>11. Are you aware of any related party relationships or transactions that could give rise to instances of fraud? If so, please provide details</p> <p>How do you mitigate the risks associated with fraud related to related party relationships and transactions?</p>	<p>A list of related parties will be included within the Council's draft 2024/25 Statement of Accounts. We are not aware that any of these relationships or transactions could give rise to instances of fraud.</p>		
<p>12. What arrangements are in place to report fraud issues and risks to the Audit Committee?</p> <p>How does the Audit Committee exercise oversight over management's processes for identifying and responding to risks of fraud and breaches of internal control?</p>	<p>The Audit &amp; Governance Board receives regular reports on the Council's corporate risk management arrangements and reviews the Corporate Risk Register. The risk of fraud is specifically acknowledged in</p>		

What has been the outcome of these arrangements so far this year?	<p>the Council's Corporate Risk Register, which also details the measures that the Council has in place to deter fraud. The Audit &amp; Governance Board regularly reviews the robustness of the Council's risk management arrangements.</p> <p>Risk issues identified through the work of Internal Audit are reported to the Audit &amp; Governance Board through progress reports to each meeting of the Board</p> <p>The Audit &amp; Governance Board also receives an annual report on the Council's anti-fraud and corruption arrangements. The Board received the 2023/24 report in September 2024. The 2024/25 version will be reported in September 2025.</p> <p>No significant fraud issues / risks were reported to the Audit and Governance Board in 2024/25.</p>		
13. Are you aware of any whistle blowing potential or complaints by potential whistle blowers? If so, what has been your response?	<p>All whistleblowing complaints are logged and investigated by the Audit &amp; Investigations Team. A summary of the complaints received, and outcomes, is reported to the Audit and Governance Board in the annual report on the Council's anti-fraud and corruption arrangements.</p> <p>No whistleblowing complaints have however been received to date during 2024/25.</p>		
14. Have any reports been made under the Bribery Act? If so, please provide details	No		
Laws and regulations			



<p>1. How does management gain assurance that all relevant laws and regulations have been complied with?</p> <p>What arrangements does the Council have in place to prevent and detect non-compliance with laws and regulations?</p> <p>Are you aware of any changes to the Council's regulatory environment that may have a significant impact on the Council's financial statements?</p>	<p>1. Seniors Officers, the Legal Department and Finance Officers are responsible for ensuring compliance with relevant laws and regulations. Internal Audit reviews such arrangements as part of its annual plan of work and report on any non-compliance.</p> <p>2. The Council also operates whistleblowing arrangements which provides various assessments of compliance.</p> <p>3. There have not been any changes to the Council's regulatory environment which would have a significant impact upon the financial statements.</p>		
<p>2. How is the Audit Committee provided with assurance that all relevant laws and regulations have been complied with?</p>	<p>1. The Audit and Governance Board considers the Annual Governance Statement which provides various assessments of compliance.</p> <p>2. Assurances are also provided by the arrangements operated by the Council's statutory Section 151 Officer and Monitoring Officer.</p>		
<p>3. Have there been any instances of non-compliance or suspected non-compliance with laws and regulation since 1 April 2024 with an on-going impact on the 2024/25 financial statements? If so, please provide details</p>	<p>There have been no such instances of non-compliance or suspected non-compliance since 01 April 2024.</p>		
<p>4. Are there any actual or potential litigation or claims that would affect the financial statements? If so, please provide details</p>	<p>Only for those where it is possible the liability is with the Council and there is uncertainty over the amounts. These are covered within the contingent liabilities note.</p>		
<p>5. What arrangements does the Council have in place to identify, evaluate and account for litigation or claims?</p>	<p>Senior Officers, the Legal Department and Finance Officers are requested on an annual basis to consider potential</p>		

	<p>litigation and claims. Regular financial reporting and budget monitoring also helps with the identification process.</p> <p>Assessments are undertaken by the Revenues and Financial Management Division and decisions taken on how to account for claims in line with accounting standards and the CIPFA Code of Practice. A provision is set for all insurance claims, in order to quantify the full potential cost of all outstanding claims. Regular meetings take place with service providers that will highlight these events.</p>		
6. Have there been any reports from other regulatory bodies, such as HM Revenues and Customs, which indicate non-compliance? If so, please provide details	None identified.		
<b>Related parties</b>			
<p>1. Have there been any changes in the related parties including those disclosed the Council's 2024/25 financial statements?</p> <p>If so please summarise:</p> <ul style="list-style-type: none"> <li>the nature of the relationship between these related parties and the Council</li> <li>whether the Council has entered into or plans to enter into any transactions with these related parties</li> <li>the type and purpose of these transactions</li> </ul>	<p>A list of related parties are included within the council's draft 2024/25 Statement of Accounts.</p> <p>In February 2024, Executive Board agreed the establishment of a Joint Venture (JV) with Commercial Services Group, called Connect to Halton. The aim of the JV being to provide the provision and engagement of agency workers. The Connect to Halton project went live in October 2024.</p>		
2. What controls does the Council have in place to identify, account for and disclose related party transactions and relationships?	An exercise is undertaken annually as part of the process in preparing the Statement of Accounts, to identify potential related party transactions and ensure they are properly accounted for.		
3. What controls are in place to authorise and approve significant transactions and arrangements with related parties?	All transactions for related parties are subject to the Council's normal controls over authorisation and		

	approval of transactions in line with Finance Standing Orders.		
4. What controls are in place to authorise and approve significant transactions outside of the normal course of business?	Any transactions outside the normal course of business are subject to the Chief Executive using emergency decision powers which are all required to be reported at a later date to the Council Executive Board.		
<b>Going concern</b>			
What processes and controls does management have in place to identify events and / or conditions which may indicate that the statutory services being provided by the Council will no longer continue?	<p>Council Executive Board have received reports covering the Council's financial position every other month over the past financial year. These reports highlight risk to the Council's financial position and level of reserves the Council holds.</p> <p>Financial Management undertake forecasting of the estimated outturn position during the financial year and a rolling medium term financial forecast is also produced which reviews the Council's financial position over a three year term.</p> <p>Despite the above controls being in place it has been evident over the past year the Council have insufficient financial resources to continue funding day to day spend at the current rate. The Council has been in regular discussions with the Ministry of Housing, Communities and Local Government with regards the financial position and request for 24/25 and 25/26 Exceptional Financial Support has been provisionally agreed to fund ongoing statutory services.</p>		

Are management aware of any factors which may mean for the Council that either statutory services will no longer be provided or that funding for statutory services will be discontinued? If so, what are they?	Despite the Council's financial position, statutory services will continue to be provided.		
With regard to the statutory services currently provided by the Council, does the Council expect to continue to deliver them for the foreseeable future, or will they be delivered by related public authorities if there are any plans for the Council to cease to exist?	There are no plans for the Council to cease to exist therefore statutory services will continue to be provided by the Council.		
Are management satisfied that the financial reporting framework permits the Council to prepare its financial statements on a going concern basis? Are management satisfied that preparing financial statements on a going concern basis will provide a faithful representation of the items in the financial statements?	Management are satisfied on both counts.		
<b>Accounting estimates</b>			
1. What are the classes of transactions, events and conditions, that are significant to the financial statements that give rise to the need for, or changes in, accounting estimate and related disclosures?	Property, Plant and Equipment Pensions Liability Provisions		
2. How does the Council's risk management process identify and address risks relating to accounting estimates?	Consideration is given to such when preparing the financial statements. These will be noted in the 2024/25 Statement of Accounts.		
3. How does management identify the methods, assumptions or source data, and the need for changes in them, in relation to key accounting estimates?	Professional advice is taken with regards these estimates. The Council's internal valuer (via Sandersons Weatherall) provides advice on PPE.  Advice on the value of the pension fund is taken from the scheme actuary.  Advice, economic climate and use of best available data is used with regard to provisions.		
4. How do management review the outcomes of previous accounting estimates?	Comparison of values is undertaken between current and prior year. Where material differences apply guidance is sought on the reasons.		

5. Were any changes made to the estimation processes in 2024/25 and, if so, what was the reason for these?	No changes are proposed.		
6. How does management identify the need for and apply specialised skills or knowledge related to accounting estimates?	Need for specialist skills or knowledge will be considered separately for each class of estimation.		
7. How does the Council determine what control activities are needed for significant accounting estimates, including the controls at any service providers or management experts?	Control activities are set out in engagement contracts with service providers or management experts. Control activities will be determined in line with CIPFA Code of Practice and International Accounting Standards.		
8. How does management monitor the operation of control activities related to accounting estimates, including the key controls at any service providers or management experts?	Ensure these are addressed as part of covering reports in receiving estimates from providers or management experts. Clarification is sought where there are material differences in estimates between years which have not been addressed.		
9. What is the nature and extent of oversight and governance over management's financial reporting process relevant to accounting estimates, including: <ul style="list-style-type: none"> <li>• Management's process for making significant accounting estimates</li> <li>• The methods and models used</li> </ul> The resultant accounting estimates included in the financial statements.	Detailed information on each estimate is included within the Statement of Accounts.		
10. Are management aware of any transactions, events, conditions (or changes in these) that may give rise to recognition or disclosure of significant accounting estimates that require significant judgement (other than those in Appendix A)? If so, what are they?	None		
11. Why are management satisfied that their arrangements for the accounting estimates, as detailed in Appendix A, are reasonable?	Use of service providers or management experts where required.		
12. How is the Audit Committee provided with assurance that the arrangements for accounting estimates are adequate ?	Use of service providers or management experts where required.		



## Appendix A – Accounting Estimates

Possible examples include: land and buildings valuations, council dwelling valuations, investment property valuations, valuation of defined benefit net pension fund liability/asset, fair value estimates, level 2 and 3 investments, PFI liabilities, provisions, accruals, credit loss and impairment allowances, leases.

Estimate	Method / model used to make the estimate	Controls used to identify estimates	Whether management have used an expert	Underlying assumptions: - Assessment of degree of uncertainty - Consideration of alternative estimates	Has there been a change in accounting method in year?
Land and buildings valuation	Management experts engaged to provide information.	Market and economic conditions	Yes	Considered under accounting policies and major source of estimation uncertainty.	No.
Depreciation	Estimated useful lives are applied for each different class of asset.	Depreciation applied to valuation provided by management experts	Yes	Considered under accounting policies and major source of estimation uncertainty.	No.
Assets held for sale	Management experts engaged to provide information.	Market and economic conditions	Yes	Considered under accounting policies and major source of estimation uncertainty.	No.
Valuation of defined benefit net pension fund liabilities	Management experts engaged through Cheshire Pension Service to provide information	Market and economic conditions	Yes	Considered under accounting policies and major source of estimation uncertainty.	No.
Provisions	Historical experience and current available information	Comparison made to previous years	No	To be considered if material	No

Fair value estimates	The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:  a) In the principal market for the asset or liability, or  b) In the absence of a principal market, in the most advantageous market for the asset or liability.	Market and economic conditions	No	To be considered if material	No
Accruals	Latest available information	Comparison made to previous years	No	To be considered if material	No
Credit loss and impairment	Historical experience and current available information	Comparison made to previous years. Market and economic conditions	No	To be considered if material	No
Amounts due under finance leases	Latest available information	Comparison made to previous years	No	To be considered if material	No
PFI Liabilities	Model based on latest available information and information relevant to PFI type schemes	Comparison to previous years	Experts used in previous years in setting up initial models	To be considered if material	No



**REPORT TO:** Audit and Governance Board

**DATE:** 4 June 2025

**REPORTING OFFICER:** Director of Finance

**SUBJECT:** Draft Annual Governance Statement 2024/25

**PORTFOLIO:** Corporate Services

**WARD(S):** Borough-wide

### 1.0 PURPOSE OF REPORT

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

The format of the statement follows the 2016 best practice guidance issued jointly by CIPFA and the Society of Local Authority Chief Executives (SOLACE).

### 2.0 RECOMMENDATIONS:

**The Board is asked to consider and approve the 2024/25 Annual Governance Statement, subject to any changes or additions considered necessary.**

### 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 within UK local authorities. The Council's 2024/25 Annual Governance Statement has been developed with reference to this guidance and is appended to this report.
- 3.2 The AGS outlines the governance framework in place during 2024/25 and up to the date the financial statements are signed off by the external auditor. The document will therefore be reviewed again ahead of the Board meeting at which the statements are approved.
- 3.3 The AGS sets out how the Council conducts its business lawfully and to proper standards, ensuring that public funds are safeguarded and properly accounted for. It also outlines 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, which include:
- Leader of the Council and Chief Executive – who sign the AGS to acknowledge their responsibilities
  - Senior management

- S151 Officer (Director - Finance)
  - Monitoring Officer (Director - Legal Services)
  - Senior Information Risk Owner
  - Members – Scrutiny arrangements, Audit and Governance Board, 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 CQC
- 3.5 The AGS incorporates an action plan outlining the measures to address issues identified through the annual review of the Council's governance arrangements. It also provides an update on progress made in resolving the governance issues highlighted in the 2023/24 AGS.
- 3.6 The Council's Constitution delegates the responsibility to review and approve the AGS to the Audit and Governance Board. As such, the document will be updated if necessary to reflect any feedback from the Board.
- 3.7 Once approved by the Audit and Governance Board, the Annual Governance Statement (AGS) will be signed by the Council Leader and Chief Executive. They are accountable for ensuring that any significant governance issues identified are appropriately addressed and that effective actions are taken to strengthen the Council's overall governance framework.
- 3.8 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 undertake an annual review of the effectiveness of its system of internal control and to publish an Annual Governance Statement (AGS) alongside the annual Statement of Accounts. This process serves as 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 Annual Governance Statement (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 underpins effective management, strong performance, and responsible stewardship of public funds. It allows the Council to deliver its vision in alignment with its values, engage meaningfully with citizens and service users, and achieve positive outcomes. As a result, good governance plays a key role in advancing all of the Council's priorities.

### **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) helps the Council improve its risk management by reviewing its governance arrangements and highlighting any risks or weaknesses. It promotes transparency and accountability through action plans to address areas for improvement. The AGS provides a clear overview of risks and governance practices, and supports informed decision-making by ensuring that risks are managed effectively.

## **7.0 EQUALITY AND DIVERSITY ISSUES**

- 7.1 The Council has to have regard to the elimination of unlawful discrimination and harassment and the promotion of equality under the Equalities Act 2010 and related statutes. Proper governance arrangements will ensure that equality and diversity issues are appropriately addressed.

## **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 and 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 roles of the Audit and Governance Board is to promote high standards of member conduct. Members of the Board were kept updated during the year of standards issues that had arisen.
- 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 – Legal 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.
- 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.



## How the Council applies the Principles of Good Governance

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

- 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 higher value 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 will be 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 Plan format 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 (the Audit and Governance Board), which met regularly during 2024/25. 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 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 2023/24](#) was presented to the Audit and Governance Board on 26 June 2024.
- 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 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

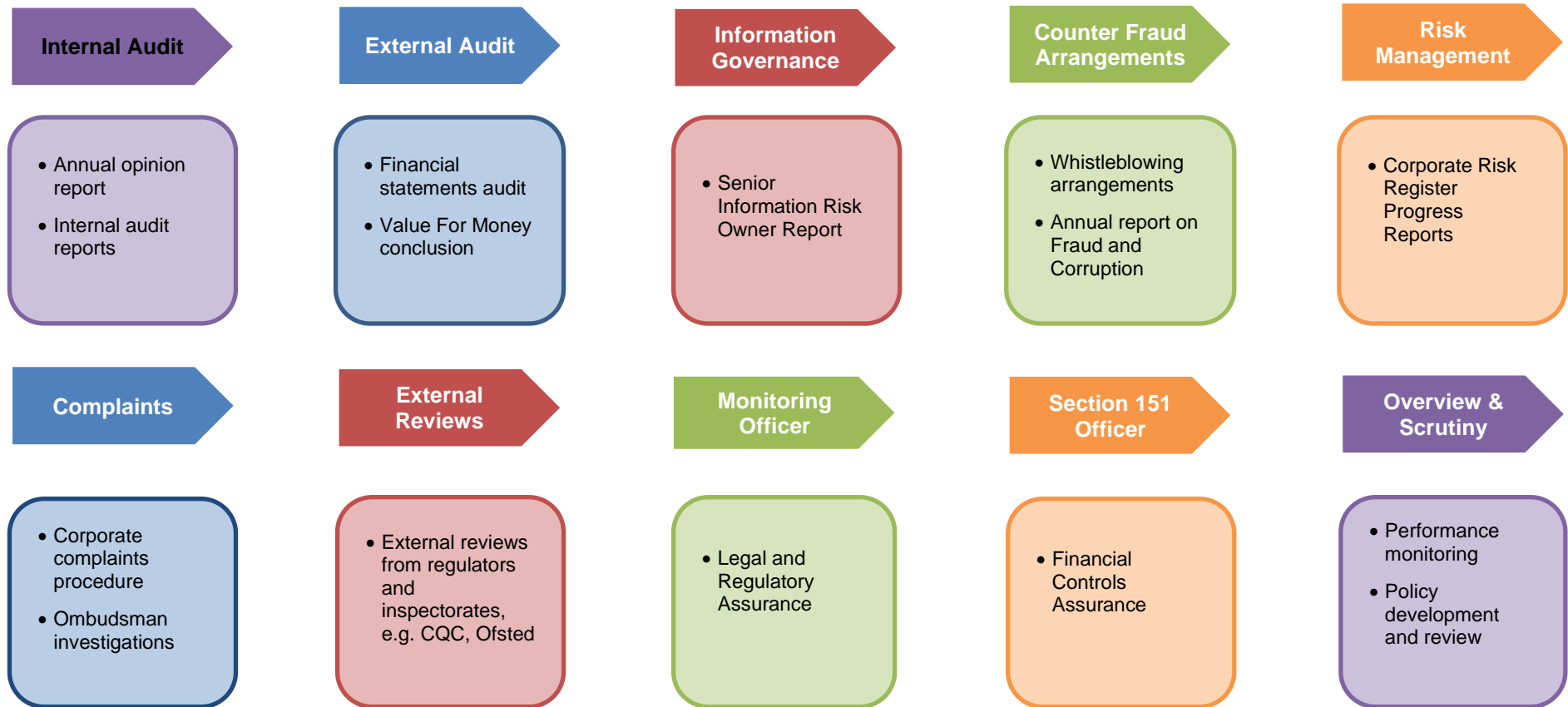
- The Council complies with the Local Government Transparency Code 2015 and publishes a wide range of information on its website. This includes details of meetings, minutes and agendas, policies and plans, the Council Constitution, the Statement of Accounts, details of members' allowances and expenses, 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 whistleblowing procedure and has well-publicised arrangements for employees and the wider community to raise any concerns relating to fraud, misconduct, or other issues. All whistleblowing complaints and referrals received were assessed and investigations 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

<b>Council</b>	<ul style="list-style-type: none"> <li>- Approves the Corporate Plan</li> <li>- Approves the Constitution</li> <li>- Approves the policy and budgetary framework</li> </ul>
<b>Executive Board</b>	<ul style="list-style-type: none"> <li>- The main decision-making body of the Council</li> <li>- Comprises ten members who have responsibility for particular portfolios</li> </ul>
<b>Audit and Governance Board</b>	<ul style="list-style-type: none"> <li>- 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.</li> <li>- Promotes high standards of member conduct</li> </ul>
<b>Policy &amp; Performance Boards</b>	<ul style="list-style-type: none"> <li>- There are six Policy &amp; Performance Boards aligned to the Council's six Corporate Plan priorities</li> <li>- They hold the Executive to account, scrutinise performance, and develop policy proposals for consideration by the Executive</li> </ul>
<b>Management Team</b>	<ul style="list-style-type: none"> <li>- 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</li> </ul>
<b>Internal Audit</b>	<ul style="list-style-type: none"> <li>- Provides assurance over the Council's governance, risk management, and control framework</li> <li>- Delivers an annual programme of audits</li> <li>- Makes recommendations for improvements in the management of risk and value for money</li> </ul>
<b>Managers</b>	<ul style="list-style-type: none"> <li>- Responsible for maintaining and developing the Council's governance and control framework</li> <li>- Contribute to the effective management and governance of the Council</li> </ul>

## 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 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
<p><u>Transformation Programme</u></p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>Benefit tracking continues to be developed as part of the governance reporting regime for the Programme.</p> <p>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 Q1 of 2025/26 to deliver a robust approach to risk management and issue reporting within the Programme governance arrangements</p>

Development areas identified in 2023/24 review	Progress achieved
<p><u>Risk Management</u></p> <p>The Council will continue to improve and develop its approach to risk management in accordance with the recommendation made by the external auditor.</p>	<p>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.</p> <p>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.</p>
<p><u>Performance Management</u></p> <p>The Council will continue to improve and develop its approach to performance management in accordance with the recommendation made by the external auditor.</p>	<p>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 by Q1 2025/26, enabling real-time performance data to be streamed to stakeholders via tailored dashboards.</p>



Development areas identified in 2023/24 review	Progress achieved
<p><u>Special Educational Needs / Disabilities (SEND)</u></p> <p>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.</p>	<p>A Priority Action Plan was developed in collaboration with key stakeholders and subsequently approved by Ofsted and the Care Quality Commission.</p> <p>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.</p> <p>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.</p> <p>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.</p>

Development areas identified in 2023/24 review	Progress achieved
<p><u>Workforce Development Strategy</u></p> <p>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.</p> <p>The three key areas of the strategy are:</p> <ul style="list-style-type: none"> <li>• Implement the Values and Behavioural Framework</li> <li>• Develop and implement an Employee Review Process</li> <li>• Developing a new approach to Succession Planning</li> </ul>	<p>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).</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>A full staff survey is to be undertaken in May 2025.</p>

Development areas identified in 2023/24 review	Progress achieved
<p><u>Corporate Complaints Procedure</u></p> <p>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.</p> <p>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.</p> <p>The Council will therefore complete a review of its corporate complaints procedure during 2024/25 and adopt the Code into its existing working practices.</p>	<p>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.</p>
<p><u>CIPFA Financial Management Code</u></p> <p>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.</p>	<p>The self-assessment will be reported to the Audit and Governance Board at its meeting on 24 September 2025.</p>

Development areas identified in 2023/24 review	Progress achieved
<p><u>Connect2Halton Joint Venture</u></p> <p>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.</p>	<p>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.</p> <p>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.</p> <p>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.</p> <p>An internal audit of the governance arrangements of the Joint Venture is planned for 2025/26.</p>

# **2024/25 Governance Review**

## **Development Areas**

Development areas identified from 2024/25 review	Lead Officer	Timescale
<p><u>Council Finances</u></p> <p>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, 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. EFS is a temporary measure permitting annual revenue costs to be capitalised, to provide further time for the Council to bring annual spending back in line with available funding over a number of years.</p> <p>The primary way for the Council to deliver reduced spending will be via the re-shaping and re-prioritising of the Transformation Programme. During Summer 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.</p>	Director of Finance	31 December 2025

Development areas identified from 2024/25 review	Lead Officer	Timescale
<p><u>Commissioner's report on the options for children's services in Halton Borough Council</u></p> <p>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.</p> <p>Following a full Ofsted inspection in May 2024, Children's Services in Halton 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.</p> <p>The Commissioner worked closely with the Council and published a report in December 2024, which concluded 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".</p> <p>To support this, the Commissioner made 24 recommendations for the Council and its partners to implement. Implementation of the Commissioner's recommendations is being monitored by the independently chaired Children's Ofsted Improvement Board.</p>	Executive Director of Children's Services	Ongoing throughout 2025/26
<p><u>Risk Management</u></p> <p>During 2025/26, the Council will further develop its approach to risk management through the approval of a new Risk Management Policy. This will be accompanied by the introduction of an updated Corporate Risk Register and monitoring framework, supported by training for both officers and Members.</p>	Corporate Director, Chief Executive's Delivery Unit	Ongoing throughout 2025/26

Development areas identified from 2024/25 review	Lead Officer	Timescale
<p><u>Performance management</u></p> <p>As the revised Risk Management approach is implemented during 2025/26, the Performance Management Framework will be expanded to include relational KPIs linked to corporate risk management and priorities. A corporate data project will deliver a unified platform, enabling real-time performance data to be streamed to stakeholders via tailored dashboards.</p> <p>The Council's scrutiny processes are also under review by the Scrutiny Chairs Group, with proposed changes to Policy and Performance Board titles and terms of reference to align with the Corporate Plan's new priorities, with external advisors supporting the enhancement of scrutiny.</p>	Corporate Director, Chief Executive's Delivery Unit	Ongoing throughout 2025/26
<p><u>Services for young people with special educational needs and / or disabilities (SEND)</u></p> <p>A six-monthly stock take with the Department for Education and National Health Service Executive is due to be completed in June 2025, and the Council anticipates that it will receive a monitoring inspection on the progress to date in the coming months.</p>	Executive Director of Children's Services	Ongoing throughout 2025/26
<p><u>Audit and Governance Board</u></p> <p>Changes are to be 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)'.</p> <p>Arrangements will also be made to appoint a suitably qualified co-opted independent member to provide additional expertise to the Board.</p>	Director of Finance	May 2025



Development areas identified from 2024/25 review	Lead Officer	Timescale
<p><u>Corporate Peer Challenge (CPC)</u></p> <p>In June 2025, a review will be undertaken to assess the Council's progress in addressing the issues identified in the Corporate Peer Review report. Senior leadership from the Council will engage with peers to share progress against the CPC recommendations, reflect on early outcomes and learning, and receive feedback on the implementation of the Council's RAG-rated Action Plan.</p>	Corporate Director, Chief Executive's Delivery Unit	June 2025
<p><u>Adult Social Care – Care Quality Assurance Process</u></p> <p>The Care Quality Commission (CQC), the independent regulator of health and social care in England, conducted an inspection of the Council's Adult Social Care services in March 2025. The assessment aimed to evaluate the Council's performance, assure the CQC and the Department of Health and Social Care of the quality of care in Halton, and identify any areas for improvement.</p> <p>At the time of preparing this Annual Governance Statement, the outcome of the inspection had not yet been reported. The Council is however committed to responding promptly to any required actions and addressing any governance issues that may arise from the inspection.</p>	Executive Director – Adult Services	To be confirmed

## 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:

**Stephen Young - Chief Executive**

**Date -**

**Mike Wharton - Leader of the Council**

**Date -**

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of the Local Government Act 1972.

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