

**2020/21**

**HALTON BOROUGH COUNCIL - ANNUAL GOVERNANCE STATEMENT**



# What is Governance?

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

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

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

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

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

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

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

# What is the Annual Governance Statement?

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

In this document the Council:

- Acknowledges its responsibility for ensuring that there is a sound system of governance;
- Summarises the key elements of the governance framework and the roles of those responsible for the development and maintenance of the governance environment;
- Describes how the Council has monitored and evaluated the effectiveness of its governance arrangements in the year, and on any planned changes in the coming period;
- Provides details of how the Council has responded to any issue(s) identified in last year's governance statement;
- Reports on any significant governance issues identified from this review and provides a commitment to addressing them.

The annual governance statement reports on the governance framework that has been in place at Halton Borough Council for the year ended 31 March 2021 and up to the date of approval of the statement of accounts.

During 2020/21 the Council was required to initiate an emergency response to the COVID-19 pandemic. By necessity this involved significant changes and disruption to the manner in which Council services are normally delivered. It also required some temporary changes to the Council's governance arrangements, which were implemented as part of the COVID-19 response. These changes included implementing robust measures to support proper decision making and continued transparency and accountability. This document therefore explains how the Council's governance arrangements have operated during the year, including any changes made to adapt to the impact of the pandemic.

# How has the Annual Governance Statement been prepared?

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

- **The Strategic Director – Enterprise, Community & Resources**

This post is designated as the Council's Statutory Scrutiny Officer as required under Section 31 of the Local Democracy, Economic Development and Construction Act 2009.

This role involves promoting and supporting the Council's Overview and Scrutiny Committees.

- **The Operational Director – Legal and Democratic Services**

This post is designated as the Council's Monitoring Officer under section 5 of the Local Government and Housing Act 1989, as amended by paragraph 24 of schedule 5 Local Government Act 2000.

The Monitoring Officer is responsible for ensuring that that the Council acts and operates within the law.

- **The Operational Director – Finance**

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

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

- **The Divisional Manager – Audit, Procurement & Operational Finance**

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

In preparing the annual governance statement the Council has:

- Reviewed the Council's existing governance arrangements against its Local Code of Corporate Governance;
- Considered any areas where the Local Code of Corporate Governance needs to be updated to reflect changes in the Council's governance arrangements and best practice guidance;
- Taken account of various sources of assurance over the operation of the Council's governance framework;
- Assessed the effectiveness of the Council's governance arrangements and highlighted any planned changes in the coming period;

- Considered the impact of COVID-19 in terms of changes made to the Council's governance arrangements.

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

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

# What are the key elements of the Council's Governance Framework?

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

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

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

## KEY PRINCIPLE:

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

## SUPPORTING PRINCIPLES:

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

## EXAMPLES OF HOW WE DID THIS IN 2020/21:

- 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 2020.
- The Council had a Standards Committee with co-opted independent members during the year. The role of the Committee is to promote high standards of member conduct. No matters were brought to the attention of the Monitoring Officer during the year which required formal investigation. It is intended that the powers & duties of the Standards Committee will be transferred to the Audit & Governance Board (formerly the Business Efficiency Board) in 2021/22.
- Elected members follow a Code of Conduct to ensure high standards in the way they undertake their duties. The Monitoring Officer provides training to new elected members on the Code of Conduct. Due to the postponement of the elections in May 2020 there were no new elected members during 2020/21.
- Officer behaviour is governed by the Employees' Code of Conduct. All new employees attending the corporate induction process were made aware of the Code. Due to the COVID-19 pandemic the corporate induction was adapted to be delivered via an e-learning module rather than face to face.
- Roles and responsibilities relating to the Council's executive and non-executive functions are defined in the Council's Constitution. During 2020/21 the COVID-19 pandemic gave rise to unforeseen challenges in terms of the Council's decision-making processes and its traditional meeting structure, with elements of normal decision-making processes of the Council being suspended during the early part of the year. Arrangements were however already in place providing the Chief Executive with emergency delegated powers in consultation with the Leader of the Council, Monitoring Officer and s151 Officer as appropriate. In accordance with the Local Government Transparency Code 2015, a formal notification record of officer decisions was maintained to record decisions taken and ensure transparency. The traditional meeting structure of the Council and related decision making processes resumed in July 2020 with meetings taking place remotely as provided for in emergency legislation.





### EXAMPLES OF HOW WE DID THIS IN 2020/21:

- 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 23 September 2020 the Business Efficiency Board received an annual report summarising the operation of the Council's counter fraud and corruption arrangements
- A corporate complaints procedure operated throughout the year to receive and respond to any complaints received.
- Arrangements exist to ensure that members and officers are not influenced by prejudice, bias or conflicts of interest in dealing with different stakeholders. These include:
  - Registers of disclosable pecuniary interests were maintained
  - Registers of gifts and hospitality were maintained
  - Opportunities to declare disclosable pecuniary interests and disclosable other interests were provided at the start of meetings
- The Operational Director – Legal and Democratic Services provided legal advice to the Council as the Council's Monitoring Officer. One of the key functions of that role is to ensure the lawfulness and fairness of decision-making.

## KEY PRINCIPLE:

**Ensuring openness and comprehensive stakeholder engagement**

## SUPPORTING PRINCIPLES:

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

## EXAMPLES OF HOW WE DID THIS IN 2020/21:

- 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 engages with key partners and institutional stakeholders in various ways. Formal partnerships include the Health and Wellbeing Board, the Safer Halton Partnership, the Halton Children's Trust and the Halton Learning Alliance. An executive director from the Halton Clinical Commissioning Group (CCG) is also a member of the Council's Management Team.
- The Council is part of the Cheshire and Merseyside Health and Care Partnership (C&MHCP), which is working towards formal designation as an Integrated Care System (ICS). An ICS is a partnership that brings together providers and commissioners of NHS services across a geographical area with local authorities and other local partners to collectively plan health and care services to meet the needs of their population. On 25 February 2021, the Council agreed a Memorandum of Understanding, which was developed to capture the required commitment across Cheshire & Merseyside to work together and play an active role in shaping the journey to becoming an ICS.
- 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 remotely on three occasions throughout the year (7 October 2020, 20 January 2021 and 24 March 2021) with the scheduled 8 July 2020 meeting being cancelled due to the pandemic.
- During 2020/21 the Council and Halton CCG updated the Joint Working Agreement to cover the period 1 April 2020 to 31 March 2023. The document provides the basis for collaboration and sets out a shared ambition, governance arrangements and funding arrangements in regard to the activities covered by the pooled budget.

### **EXAMPLES OF HOW WE DID THIS IN 2020/21:**

- Engagement with citizens and service users is carried out using a variety of methods, including a range of survey techniques and sampling techniques. During 2020/21 the Council consulted on a range of issues, which included:
  - School Travel consultation – engaging with parents about school travel during COVID
  - Runcorn Town Deal consultation – consulting the public on the proposed funding opportunities within Runcorn
  - Supported Housing consultation – consultation with residents/carers about the service they receive
  - Special Educational Needs and Disabilities (SEND) strategy consultation – seeking views on the SEND Strategy 2021–2025
- In setting its budget the Council listens to the views of the public and the experience of elected members through their ward work. Individual consultations took place in respect of specific budget proposals and equality impact assessments were completed where necessary.

## KEY PRINCIPLE:

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

## SUPPORTING PRINCIPLES:

- Defining outcomes
- Sustainable economic, social and environmental benefits

## EXAMPLES OF HOW WE DID THIS IN 2020/21:

- The long-term vision for Halton is set out in the Council's Corporate Plan, which defines the Council's priorities and how it hopes to achieve them. It also explains the Council's values and principles.
- The Council's Corporate Planning Framework provides the means by which the Council's activities are developed and monitored. As the Council's priority was responding to the pandemic the normal pattern of quarterly monitoring did not take place but reporting did resume later in the year. These reports recorded progress against key business plan objectives and targets. These were reported to the Council's Management Team, to the Executive Board and to the Policy and Performance Boards. The Policy and Performance Boards met virtually during the year other than the first meeting of the year for each Board being cancelled due to the pandemic.
- Directorate Business Plans for 2020/21 were rolled forward from the previous year in the light of the Council responding to the pandemic. These described key developments and emerging issues relating to each department of the Council. The plans formally set out key objectives, milestones and measures for each business area.
- The Executive Board approved the Council's Medium Term Financial Strategy (MTFS) at its meeting on 19 November 2020. The MTFS represents the "finance guidelines" that form part of the medium term corporate planning process. These guidelines identify the financial constraints which the Council will face in delivering its key objectives, and are an important influence on the development of the Corporate Plan, Service Plans and Strategies.
- The Council routinely publishes information on the Council's vision, strategy, plans, finances and performance on its website. During the pandemic the main focus of communications with the public was about ensuring that appropriate guidance and clear messages were available to members of the public regarding Covid.

## KEY PRINCIPLE:

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

## SUPPORTING PRINCIPLES:

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

## EXAMPLES OF HOW WE DID THIS IN 2020/21:

- The Council's Corporate Planning Framework in operation during the year provided the means by which the Council's activities were developed and monitored.
- There is a well-established overview and scrutiny framework with six Policy and Performance Boards (PPBs) aligned to the Council's six corporate plan priorities. During the year they held the Executive to account, scrutinised performance and developed policy proposals for consideration by the Executive.
- Performance monitoring reports were produced throughout the year recording progress against key business plan objectives and targets. These reports were presented to the Council's Management Team, to the Executive Board and to the Policy and Performance Boards.
- The Council operates a corporate complaints procedure and specific complaints procedures for Adult Social Care, Children's Social Care, schools and complaints relating to elected members. These procedures allow the Council to identify areas where things may have gone wrong and to put them right and prevent them from happening again.
- The Council aims to ensure that the purchase or commissioning of goods, services or works required to deliver services is acquired under Best Value terms. The Council's procurement activity is undertaken in line with the Council's Procurement Strategy and within clearly defined rules set out in Procurement Standing Orders. Where emergency procurement activity took place in response to COVID-19 a detailed record of decisions and actions was maintained. This will allow the Council to justify its actions if necessary in the event of a legal challenge. The records set out the reason for the decision, alternative options considered and rejected, background documents and any consultation undertaken. All such emergency decisions were reported retrospectively to the Executive Board and published on the Council's website.

#### **EXAMPLES OF HOW WE DID THIS IN 2020/21:**

- The Council's internal audit team carried out a comprehensive programme of audits during the year reviewing both front line and support services. Changes to the planned programme of work were however made in order to respond to the changed risk landscape resulting from the COVID-19 pandemic. The implementation of recommendations arising from this work assisted the Council in identifying and managing risks that may impact on the achievement of intended outcomes.

## KEY PRINCIPLE:

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

## SUPPORTING PRINCIPLES:

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

## EXAMPLES OF HOW WE DID THIS IN 2020/21:

- The Council retained the NW Charter for Elected Member Development Exemplar Level status. Elected members were also provided with the opportunity for an annual review to identify their development requirements, which are set out in a Member Action Plan.
- Members of the Business Efficiency Board received regular training throughout the year to assist them in their role as the Council's Audit Committee.
- The Council's Organisational Development Strategy was updated during the year to cover the period 2020–2023. It focuses on seven key development categories and associated behavioural statements linked to each category. The behavioural statements demonstrate the attitudes and approaches to be taken whilst at work. They state how we do things, how we treat each other, what we say and how we say it and how we expect to be treated. The behaviour statements will support the Council to celebrate our achievements, communicate our achievements, talk about our aspirations and express how we would like to develop.
- The Council operates ongoing processes to identify the personal development needs of employees. The information gained from these processes is used to inform the design of the corporate training programme and to source specialised professional training.
- The Council's Organisational Development Team offers continuous leadership development through its accreditation with ILM (City & Guilds). Specific qualifications have been delivered during 2020/21, however the numbers were reduced due to the pandemic. ILM Level 5 Leadership & Management was delivered virtually and a number of virtual modular sessions have been delivered that included:
  - Behavioural Science and How it Can Support Remote Working
  - Ensuring High Performance Remotely
  - Conflict Resolution in a Remote Working Environment
  - Remote Change Management during COVID 19 Pandemic
  - Stress Management Whilst Working Remotely During COVID 19 Pandemic

### **EXAMPLES OF HOW WE DID THIS IN 2020/21:**

- The Council has developed a Leadership and Management Framework to ensure continuous development of the senior leadership team and wider management. Implementation of the framework was delayed as a result of the pandemic but it was launched across the Council in May 2021 with 30 managers starting and an additional 39 due to start in September 2021.
- The Council continued to offer its employees the opportunity to apply for funding to support their academic development that is linked to the Council's priorities thereby increasing individual capacity and supporting succession planning. During 2020/21, the Council supported 12 employees to gain a variety of academic qualifications, such as Masters Degrees, BA Degrees and Diplomas.
- The Council is maximising the Apprenticeship Levy by supporting 10 MBA Degrees and 10 MSc Degrees in Leadership & Management to employees that will support leadership succession planning as identified in the Organisational Development Strategy.



## KEY PRINCIPLE:

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

## SUPPORTING PRINCIPLES:

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

## EXAMPLES OF HOW WE DID THIS IN 2020/21:

- 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 Business Efficiency Board), which met regularly during 2020/21. The Board has clearly defined responsibilities and provides oversight and challenge in regard to the Council's governance, risk management, audit, 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 and update of the Corporate Risk Register was approved by the Business Efficiency Board on 21 July 2020. The Council's risk management processes are also used to inform the work of internal audit.
- The Council has a Head of Internal Audit and a continuous internal audit service, which has been externally assessed as conforming to the Public Sector Internal Audit Standards. Internal audit plays a key role in reviewing and improving the effectiveness of the Council's risk management, governance and control arrangements. The pandemic impacted the nature of internal audit work undertaken during the year and changes were made to planned work in order to respond to new risks resulting from COVID-19.
- The Head of Internal Audit provides an annual opinion on the Council's risk management, control and governance processes. The annual opinion is based upon the internal audit work completed during the year. The opinion covering 2020/21 was presented to the Audit & Governance Board on 7 July 2021.

### **EXAMPLES OF HOW WE DID THIS IN 2020/21:**

- The Council's spending during 2020/21 was dominated by the additional pressures resulting from the COVID-19 pandemic. Additional costs and income losses relating to COVID-19 totalled approximately £25m, which was funded by a combination of general and specific Government grants. Processes were put in place to ensure this funding was properly managed, utilised for the correct purposes, separately accounted for and correctly reported upon. The position was monitored throughout the year through reports to Management Team, the relevant Policy and Performance Boards and Executive Board. Effective action was taken to control spending as far as possible and mitigate overspends. As a result, total outturn spending for 2020/21 was below the Council's revenue budget for the first time in a number of years. However, this is a one-off situation due to the Council's focus being upon dealing with the COVID-19 pandemic. Many of the previous cost pressures were exacerbated by the pandemic and have therefore been funded by COVID-19 grants, which has taken pressure off the core revenue budget. Across all services spending has been tightly managed; there have been cost reductions where services have been unable to operate or have operated differently, and savings have been achieved from some of the different working arrangements introduced in response to the pandemic. However, it is highly likely that the previous cost pressures, particularly in social care, will return during 2021/22. Despite significant funding reductions and increasing demand for services the Council managed to set a balanced budget for 2021/22 via a robust process led by the Members' Budget Working Group.

**KEY PRINCIPLE:**

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

**SUPPORTING PRINCIPLES:**

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

**EXAMPLES OF HOW WE DID THIS IN 2020/21:**

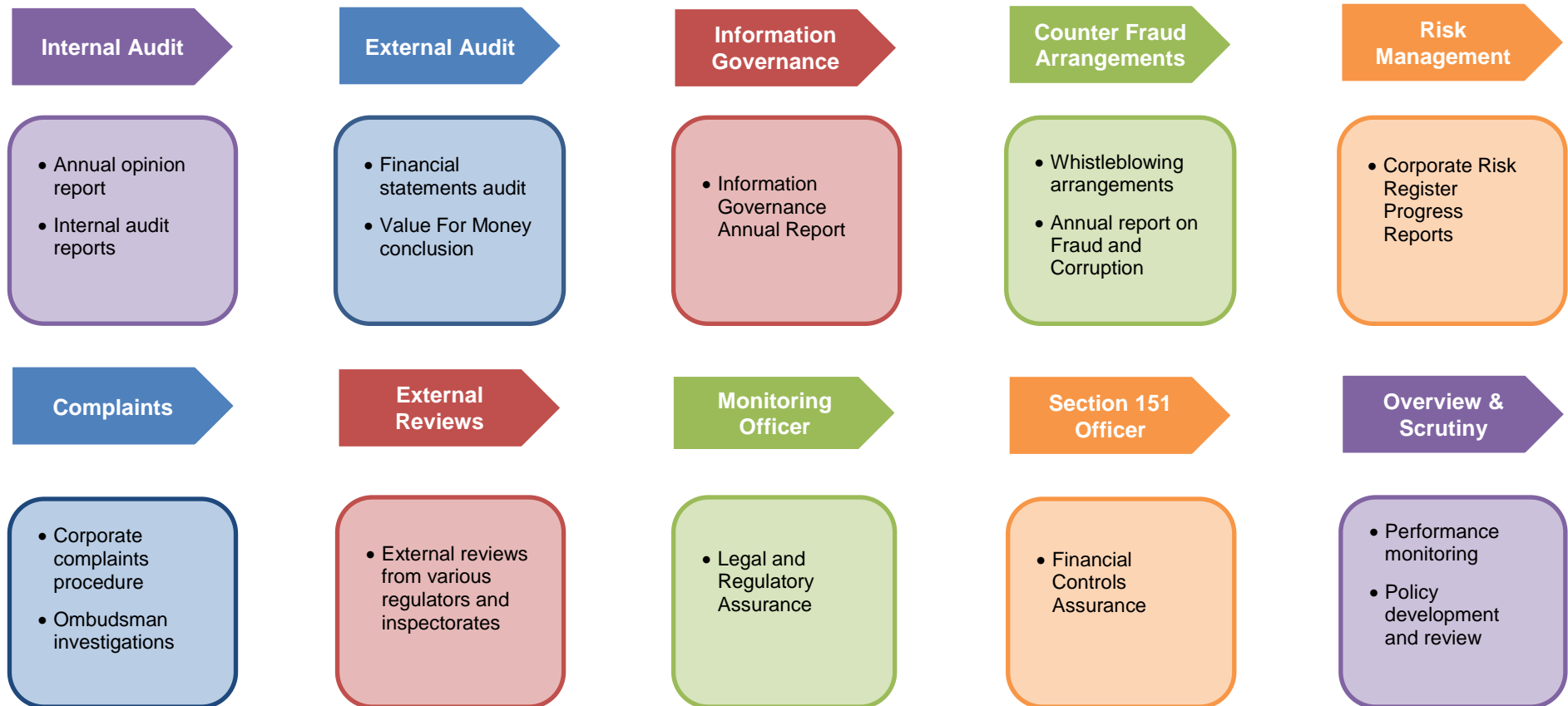
- The Council fully complies with the Local Government Transparency Code 2015 and publishes a wide range of information on its website. This includes details of meetings, minutes and agendas, policies and plans, the Council Constitution, the Statement of Accounts, details of members' allowances and expenses (including the outcome of the independent triennial review of the Members' Allowance Scheme which took place during the year), details of senior staff pay, contract awards, and details of land and building assets.
- The Council operates clear and effective processes for dealing with Freedom of Information (FOI) requests and Subject Access Requests (SAR).
- All Council meetings are open and can be attended by members of the public with the exception of those where confidential or personal matters may be disclosed. Due to the pandemic, meetings were held remotely during 2020/21 with arrangements being made so that members of the public could virtually.
- The Council's external auditor provides an annual assessment on how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people.
- The 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 Standards Committee.
- 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. One whistleblowing complaint was received during the year and 87 referrals were received from members of the public. All whistleblowing complaints and referrals received are assessed and investigations undertaken where sufficient information is provided.

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

|   |   |
|---|---|
| <p><b>Council</b></p>                         | <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>   |
| <p><b>Executive Board</b></p>                 | <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>   |
| <p><b>Business Efficiency Board</b></p>       | <ul style="list-style-type: none"> <li>- Designated as the Council's Audit Committee</li> <li>- Provides assurance to the Council on the effectiveness of its governance arrangements, risk management framework, procurement strategy and internal control environment.</li> </ul>   |
| <p><b>Standards Committee</b></p>             | <ul style="list-style-type: none"> <li>- Promotes high standards of member conduct</li> <li>- Assists members and co-opted members to observe the Council's Member Code of Conduct</li> </ul>   |
| <p><b>Policy &amp; Performance Boards</b></p> | <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>  |
| <p><b>Management Team</b></p>                 | <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> <li>- A wider management group has been meeting since March to manage the Council's response to the Covid-19.</li> </ul> |
| <p><b>Internal Audit</b></p>                  | <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>   |
| <p><b>Managers</b></p>                        | <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 corporate management and governance of the Council</li> </ul>   |

# How does the Council monitor and evaluate the effectiveness of its governance arrangements?

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



# How has the Council addressed the governance issues from the 2019/20 Annual Governance Statement?

The 2019/20 annual governance statement contained four key governance issues. Details of these issues and how they were addressed are provided below:

## What the issue was:

### **Funding**

The Council continues to face significant funding reductions whilst demand for Council services, particularly within Social Care is rising and there are income shortfalls across many service areas. The COVID-19 pandemic has exacerbated the situation, along with huge uncertainty regarding the Government's plans for the future funding of local government.

This makes financial planning extremely difficult at the current time. However, the Medium Term Financial Strategy forecasts that the Council may need to identify £13m of budget savings in order to set a balanced budget for 2021/22. In light of these financial pressures, a key challenge for the Council is to maintain sufficient service capacity and robust governance arrangements in order to continue to deliver its corporate objectives and strategic priorities for 2021/22 and beyond.

## What we did:

Spending during 2020/21 was closely monitored and reported upon, especially in respect of that related to the COVID-19 pandemic. The Council's robust governance arrangements were essential in this respect and contributed to the outturn underspend against the revenue budget.

The Member's Budget Working Group met regularly during 2020/21 to consider budget saving proposals in the context of the Council's corporate objectives and strategic priorities. Fundamental to the Budget Working Group's assessment was a desire to protect the Borough's most vulnerable residents and the services provided to them.

Despite significant funding constraints and increasing demand for services, resulting in the need to make budget savings, the Council was able to set a balanced budget for 2021/22.

It has become increasingly difficult to find efficiency or cost savings and as a result a number of one-off savings were required to set a balanced budget. These will increase the forecast budget gap for the following year to over £15m.

### What the issue was:

#### **Decision making**

The COVID-19 pandemic gave rise to unforeseen challenges in terms of the Council's decision-making processes and its traditional meeting structure, with elements of normal decision-making processes of the Council being suspended.

Arrangements were already in place providing the Chief Executive with emergency delegated powers in consultation with the Leader of the Council, Monitoring Officer and s151 Officer as appropriate. In accordance with the Local Government Transparency Code 2015, a formal notification record of officer decisions has been maintained to record decisions taken and ensure transparency.

### What we did:

In the early stages of the pandemic the Council's traditional meeting structure and decision-making processes were affected by elected member meetings being suspended. In particular, the absence of meetings of Executive Board during the initial COVID-19 crisis resulted in a number of urgent decisions being necessary.

The Council's Constitution gave authority to the Chief Executive to take any urgent decisions required, in consultation with the Leader of the Council and the Operational Director Finance and/or the Operational Director Legal and Democratic Services, where necessary.

A list of these decisions was reported to the Executive Board when elected member meetings resumed and full details were published on the Council's website.

### What the issue was:

#### **Elected Member meetings**

The Coronavirus Act 2020 enables all local authority meetings before 7 May 2021 to be held remotely and removed the requirement for the annual Council meeting in 2020. The Council has made arrangements for all its Boards and Committees to meet on a virtual basis for the foreseeable future.

From September 2020, the Council is to revert to the usual cycle of meetings. This will ensure that key executive decisions will be made by Elected Members, and that they will be subject to the formal scrutiny arrangements of the Council. This will replace the emergency arrangements that have been in place and restore the usual governance arrangements of the Council.

To support this process, Microsoft Teams is to be made available for Members and those officers who support the Boards and Committees from September.

### What we did:

Meetings of the Council's Boards and Committees resumed in July 2020. In order for the meetings to take place safely, arrangements were made for the meetings to be held on a virtual basis. Provision was also made for members of the public to attend in a virtual capacity.

The Council's normal cycle of meetings resumed in September with meetings continuing to be held successfully on a virtual basis for the remainder of the year.

The ability to conduct Council meetings on a virtual basis allowed the effective operation of the Council's normal governance arrangements.



## What the issue was:

### **COVID-19 Response**

Whilst the coronavirus pandemic is not a specific governance issue the operational and financial impact of the crisis caused the Council to experience significant organisational disruption during 2020/21. All Council services were affected and business continuity arrangements saw much of the workforce working from home and resources being redeployed to support essential frontline services.

The response to the pandemic was the Council's overriding priority in 2020/21 with the main emphasis being on protecting the most vulnerable and maintaining essential services.

## What we did:

Throughout the response period the Council gave priority to maintaining effective governance arrangements. Major incident response practices, developed for such situations, were implemented and helped the Council to adapt, at pace, to new challenges and new responsibilities.

Through the Council's partnerships across Cheshire and the Liverpool City Region, and as part of the Cheshire Resilience Forum, the Council worked to deliver a co-ordinated regional response. Working with local health partners, emergency services and the military, the Council put in place robust local testing arrangements and established arrangements to prevent and manage local outbreaks.

The Council prioritised supporting the most vulnerable in the community. Critical services continued to be delivered successfully. Through the 'shielded hub' the Council provided food, medicine and support. Accommodation was secured for homeless individuals and families. The Council also worked with social care providers to look after people living in residential and nursing homes or in receipt of domiciliary care. Waste collection services continued to run to normal timetables throughout the year.

The Council was, and continues to be, the conduit to deliver various Government support schemes and to provide advice to local businesses to help them survive and protect local jobs.

The Council's robust response to the pandemic has provided additional assurance in regard to the effectiveness of the Council's business continuity arrangements, communication strategy and overall governance arrangements.

### What the issue was:

#### **2018-19 Audit of Accounts**

There was a significant delay in the finalisation and external audit of the Council's 2018/19 statement of accounts. A number of issues arose during the audit process which, in the main, centred on the valuation and accounting treatment for the Mersey Gateway bridge project, which is highly complex and unique in nature.

The external auditor made a number of recommendations in the 2018/19 Audit Findings report which the Council agreed to implement. The Council also undertook to work closely with the External Auditors to improve processes, communications and arrangements for preparing the financial statements for 2019/20 and beyond, to ensure they were prepared in accordance with the Code of Practice on Local Authority Accounting.

### What we did:

The issues which arose during the audit of the 2018/19 statement of accounts were all resolved as part of preparing the 2019/20 statement of accounts. All of the external auditors' recommendations were implemented and Council officers have worked closely with the external auditors to improve processes and especially communications. As a result, the 2019/20 Audit Findings report was complimentary regarding the improvements delivered and provided the Council with a very positive outcome regarding the 2019/20 statement of accounts and value for money assessment.

### What the issue was:

#### **Brexit**

The Council is closely monitoring the potential impact of Brexit on its activities. It has a separate risk register which is monitored by an internal group chaired by the Strategic Director – Enterprise, Community & Resources. The minutes of the meetings of that group are submitted to the Council's Management Team and the appropriate Portfolio Holder is kept briefed.

The Council takes an active role in the Cheshire Local Resilience Forum, which in turn responds to Government requirements and requests for update reports on potential impacts.

### What we did:

The Council closely monitored the potential impact of the UK exiting from the European Union. It did this both internally and with its partners on the Cheshire Local Resilience Forum. This monitoring was stepped up, particularly, during January and February 2021. The Council was particularly concerned about availability of supplies, increasing costs and the impact on local businesses. As it transpired the Council saw no significant increase in cost nor did it experience any supply shortages that impacted on the delivery of services. The monitoring arrangements ceased at the end of March 2021.

The Council also worked alongside the Halton Chamber of Commerce and the Liverpool City Region Combined Authority to ensure that information and support was available to local businesses.

# What are the governance issues for 2021/22?

The Council is satisfied that its corporate governance arrangements are adequate and operating effectively and there are no significant issues that need to be addressed. However, the Council's governance arrangements are kept under constant review and the following Action Plan sets out key areas of focus for the Council in maintaining and developing its governance arrangements in 2021/22.

| Issue  | Lead Officer  | Timescale      |
|--|---|----------------|
| <p><b><u>Funding</u></b></p> <p>The Council continues to face significant funding reductions whilst demand for Council services, particularly within Social Care is rising and there are income shortfalls across many service areas. The COVID-19 pandemic temporarily changed the Council's focus and the related grant funding has assisted with containing 2020/21 spending within budget.</p> <p>Looking towards 2021/22 and beyond there remains huge uncertainty regarding the Government's plans for the future funding of local government. A number of proposed changes to the funding regime have been deferred, including the Fair Funding Review and the national roll-out of business rates retention. It is unclear whether or not Government will return to these proposals.</p> <p>This makes financial planning extremely difficult at the current time. The Medium Term Financial Strategy forecasts that the Council may need to identify £15m of budget savings in order to set a balanced budget for 2022/23. In light of these financial pressures, a key challenge for the Council is to maintain sufficient service capacity and robust governance arrangements in order to continue to deliver its corporate objectives and strategic priorities for 2022/23 and beyond.</p> | <p>Strategic Director – Enterprise, Community &amp; Resources</p> | <p>Ongoing</p> |

| Issue  | Lead Officer                                     | Timescale         |
|--|--|-------------------|
| <p><b><u>CIPFA Financial Management Code</u></b></p> <p>The CIPFA Financial Management Code (The Code) is designed to support good practice in financial management and to assist local authorities in demonstrating their financial sustainability. The Code therefore sets the standards of financial management for local authorities.</p> <p>The Code is based on a series of principles supported by specific standards and statements of practice which are considered necessary to provide the strong foundation to manage:</p> <ul style="list-style-type: none"> <li>• the short, medium and long-term finances of a local authority</li> <li>• financial resilience to meet foreseen demands on services</li> <li>• unexpected shocks in their financial circumstances.</li> </ul> <p>Each local authority is required to demonstrate that the requirements of the Code are being satisfied. Demonstrating this compliance with the Code is a collective responsibility of elected members, the Chief Finance Officer and their professional colleagues in the leadership team.</p> <p>The Code applies a principle-based approach. It does not prescribe the financial management processes that local authorities should adopt. Instead, the Code requires that a local authority demonstrate that its processes satisfy the principles of good financial management for an authority of its size, responsibilities and circumstances. Good financial management is proportionate to the risks to the authority's financial sustainability posed by the twin pressures of scarce resources and the rising demands on services.</p> <p>Work will be undertaken during 2021/22 to ensure that the Council complies with the CIPFA Financial Management Code.</p> | <p>Ed Dawson – Operational Director, Finance</p> | <p>April 2022</p> |

| Issue   | Lead Officer  | Timescale         |
|---|---|-------------------|
| <p><b><u>Integrated Care System Implementation</u></b></p> <p>The Integrated Care White Paper sets out the approach to create Integrated Care System bodies within the NHS at a regional level by April 2022. The aim is to bring about greater integration of Health and Social Care, based upon “place”.</p> <p>There will be a regional body for Cheshire and Merseyside, below which each of the nine council areas will each have an Integrated Care System Partnership. In Halton, the current roles and funding of Halton CCG will be passed to the regional body, who will decide which roles and funding to devolve to the Halton Integrated Care System Partnership.</p> <p>Work is underway with Halton CCG colleagues, to put in place the governance arrangements required to manage this new arrangement, along with identifying the services involved and related funding.</p> | <p>Strategic Director – Enterprise, Community &amp; Resources</p> | <p>April 2022</p> |

# Certification

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

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

Signed on behalf of Halton Borough Council:

**David Parr - Chief Executive**

**Mike Wharton - Leader of the Council**