

Annual Governance Report

Halton Borough Council

Audit 2008/09

Date

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Status of our reports

The Statement of Responsibilities of Auditors and Audited Bodies issued by the Audit Commission explains the respective responsibilities of auditors and of the audited body. Reports prepared by appointed auditors are addressed to non-executive directors/members or officers. They are prepared for the sole use of the audited body. Auditors accept no responsibility to:

- any director/member or officer in their individual capacity; or
 - any third party.
-

Ladies and Gentlemen

2008/09 Annual Governance Report

I am pleased to present the final version of my report on the results of my audit work for 2008/09.

A draft of the report was discussed and agreed with the Strategic Director Policy & Performance and the Operational Director – Financial Services on x September 2009 and has been updated since as issues have been resolved.

The report sets out the key issues that you should consider before I complete the audit.

It asks you to:

- consider the matters raised in the report before approving the financial statements (pages 8 to 11);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3); and
- agree your response to the proposed action plan (Appendix 5).

Yours faithfully

Michael Thomas
District Auditor
Date

Key messages

This report summarises the findings from the 2008/09 audit which is substantially complete. It includes the messages arising from my audit of your financial statements and the results of the work I have undertaken to assess how well you use and manage your resources to deliver value for money and better and sustainable outcomes for local people.

Financial Statements	Results	Page
Unqualified audit opinion	Yes	4
Draft financial statements free from material error	No	8
Amended financial statements free from material error	Yes	8
Adequate internal control environment	Yes	9
Use of resources	Results	Page
Use of resources judgements	Yes	12
Arrangements to secure value for money	Yes	14

Audit opinion

- 1 Subject to the satisfactory clearance of matters outstanding and a final check on the amended accounts, I expect to issue an unqualified audit opinion on the Council's 2008/09 abstract of accounts on 30 September 2009.

Financial statements

- 2 I wish to draw the following issues to your attention and request that you re-approve the Council's 2008/09 abstract of accounts.
- 3 The Council's draft abstract of accounts was available for audit on 30 June 2009 but was not approved by the Business Efficiency Board until 12 August 2009 due to the Council awaiting a response from the Department for Communities and Local Government (DCLG) to its application for a capitalisation direction for development costs incurred on the Mersey Gateway scheme. Members may recall that in our 2007/08 Annual Governance Report we raised the issue of the accounting treatment of the development costs on the Mersey Gateway scheme. In essence our view is that the majority of the costs incurred to date should have been treated as revenue costs rather than capitalised.
- 4 The DCLG decision was received in late July and allowed the Council to capitalise up to £3.7m of 2008/09 expenditure. In addition the Department for Transport (DfT)

Key messages

amended the terms of £3m of capital grant to enable this to be used for revenue purposes during 2008/09. The outcome of the decisions from DCLG and DfT did not allow the Council to capitalise any of the expenditure incurred in previous years. As a result a material amount of expenditure from earlier years remained, in my view, incorrectly accounted for as capital expenditure. The majority of this expenditure had been incurred in 2006/07 and 2007/08.

- 5 The draft abstract approved by the Business Efficiency Board on 12 August was revised to reflect the DCLG and DfT's decisions as well as some issues which had been picked up by my initial review of the draft accounts. The Operational Director – Financial Services' report to the Business Efficiency Board meeting identified further work was necessary to correct the accounting treatment of earlier years' expenditure on the Mersey Gateway scheme.
- 6 Following significant input from the Group Accountant and agreement of the amendments with my audit team this work is now complete and the draft abstract has been amended to reflect a prior period adjustment of £8.43 m. This relates to the development costs on the Mersey Gateway scheme incurred during 2006/07 and 2007/08. Costs capitalised before 2006/07 remain in the balance sheet but are in total below our materiality gauge and go back to 2001 and for some elements of these there could be a justifiable case to argue that they could be accounted for as capital expenditure. The amount of this expenditure is £4.675m. We have agreed with the Operational Director – Financial Services not to amend the accounting treatment of this earlier expenditure.
- 7 My audit also identified a further material adjustment on fixed assets of £11.4m. Several voluntary aided and voluntary controlled schools, not owned by the Council, had been incorrectly included on the Council's balance sheet since the transfer of these assets from Cheshire County Council in 1998. The schools had been shown as assets in the accounts of the former County Council on transfer and therefore included in the Council's asset register.

Use of resources

- 8 I have completed my work on the Use of Resources assessment for 2008/09. Use of Resources is a scored judgement which determines how well councils manage and use their financial resources. I concluded that the theme and KLOE (key lines of enquiry) scores reflect a council that is performing consistently above the minimum standards specified by the Audit Commission.

Value for Money Conclusion

- 9 I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in its use of resources. The wording of my draft report is attached in Appendix 1. There are no issues to bring to members' attention in addition to those reported under the Use of Resources section below.

Audit Fees

- 10 My fee proposals were communicated to you in my Audit Plan for 2008/09. In my updated Opinion Plan, presented to you in June 2009, I reported that I was satisfied that the audit fee was appropriate and no adjustment was required. I have not identified any additional risks that have required an amendment to my fee estimate.

Next steps

This report identifies the key messages that you should consider before I issue my financial statements opinion, value for money conclusion, and audit closure certificate. It includes only matters of governance interest that have come to my attention in performing my audit. My audit is not designed to identify all matters that might be relevant to you.

11 I ask the Business Efficiency Board to:

- consider the matters raised in the report before approving the financial statements (pages 8 to 11);
- take note of the adjustments to the financial statements which are set out in this report (Appendix 2);
- take note of the VFM Conclusion and Use of Resources score;
- approve the letter of representation on behalf of the Council before I issue my opinion and conclusion (Appendix 3); and
- agree your response to the proposed action plan (Appendix 5).

Financial statements

The Council's financial statements and annual governance statement are important means by which the Council accounts for its stewardship of public funds. As Council members you have final responsibility for these statements. It is important that you consider my findings before you adopt the financial statements and the annual governance statement.

Opinion on the financial statements

- 12** Subject to satisfactory clearance of outstanding matters, I plan to issue an audit report including an unqualified opinion on the financial statements. Appendix 1 contains a copy of my draft audit report.

Errors in the financial statements

- 13** I have had ongoing discussions during the year with the Operational Director – Financial Services on the accounting treatment for the development costs on the Mersey Gateway scheme. The DCLG and DfT decisions in July 2009, and the financial statements approved by members on 12 August, dealt with the 2008/09 in year costs of £6.7m. It did not however resolve the costs which had been incurred in previous years, in particular the costs incurred in 2007/08 and 2006/07 which totalled £8.430m. My view was that these costs should be accounted for as capital expenditure rather than revenue expenditure. I agreed with the Operational Director – Financial Services that the financial statements would be amended to reflect this error.
- 14** The amendment of previous years' expenditure on Mersey Gateway required a prior period adjustment (PPA). This PPA corrected the £8.430m of expenditure previously charged to capital in 2006/07 and 2007/08 and included in the Fixed Assets balance as infrastructure costs, which should have been charged to the Income and Expenditure Account as revenue expenditure. To enable this adjustment to be made officers have utilised £4.930m from the capital reserve and £3.5m from NWDA grant funding. Various other accounting entries have been affected by this PPA, the detail of the amended entries is provided at note 38 to the abstract.
- 15** My audit also identified another material error in the Council's 2008/09 financial statements. This related to fixed assets on the balance sheet. Audit testing of the Council's operational assets (land and buildings) highlighted two voluntary controlled schools valued at £4.8m which were not owned by the Council but were included on the Council's balance sheet. Following further testing carried out by Council staff, a further two voluntary controlled schools and two voluntary aided schools were found to have been incorrectly included on the Council's balance sheet. The six schools totalled some £11.4m in value. The 2008/09 accounts have been amended to correct this error, again via a PPA. These schools have been accounted for in this manner since their transfer from Cheshire County Council when Halton Borough Council was established as a unitary.

Financial statements

Material weaknesses in internal control

16 There were no material weaknesses in internal control identified as a result of my audit.

Letter of representation

17 Before I issue my opinion, auditing standards require me to obtain appropriate written representations from you and management about your financial statements and governance arrangements. Appendix 3 contains the draft letter of representation I seek to obtain from you.

Key areas of judgement and audit risk

18 In planning my audit I identified specific risks and areas of judgement that I have considered as part of my audit. My findings are set out in Table 1.

Table 1 Key areas of judgement and audit risk

Issue or risk	Finding
Two Business Improvement Districts (BIDs) were established in 2008/09 and these need to be separately disclosed within the accounts. There is a risk that the disclosure may not be compliant with CIPFA's Statement of Recommended Practice (SORP).	The Council's financial statements include a separate disclosure note which incorporates the revenue accounts for the Astmoor and Halebank BIDs. This disclosure is in line with the requirements of the SORP.
Extensive disclosure on financial instruments is required within the 2008/09 accounts. There is a risk that disclosure may not be in line with requirements.	My review of the financial instruments note highlighted a number of omissions and disclosure issues. These are in the process of being amended.
The economic recession has had a downward impact on asset values. There is a risk that asset values within the 08/09 accounts may not be appropriate.	My audit testing of asset values has not identified any issues. The revaluation and impairment balances are in line with expectations.
The 2007/08 Statement of Total Recognised Gains and Losses (STRGL) required significant amendment to bring it in line with the SORP. There is a risk that the 2008/09 STRGL may not be SORP compliant.	My audit testing has confirmed that the format and content of the 2008/09 STRGL complies with the requirements of the SORP.
The P2 database is the Council's asset register and will be used for the first time this year to produce asset information for	My audit testing has confirmed that asset information held on the P2 database has been reconciled to the asset information

Issue or risk	Finding
the accounts. There is a risk that the P2 information will not match the asset information held by finance and within the general ledger.	held by finance and to that contained within the general ledger.

Accounting practice and financial reporting

19 I consider the qualitative aspects of your financial reporting. Table 2 contains the issues I want to raise with you.

Table 2

Issue or risk	Finding
Expenditure incurred late in the financial year can be coded to the wrong year in error.	My sample testing identified a 2008/09 invoice for £188,565 which had been incorrectly coded as 2009/10 expenditure. Additional testing by finance staff identified no further errors but the extrapolated error based on my sample testing indicates a further potential error, and understatement of 2008/09 expenditure, of £386,670. Officers have amended the 2008/09 accounts to reflect the actual invoice error of £188,565 but the potential uncertainty of £386,670 remains.
Categorisation of expenditure between capital and revenue.	Testing of capital expenditure identified 4 invoices totalling £62,055 which had been incorrectly categorised as capital expenditure. Although the expenditure related to capital schemes it was revenue in nature and as such should have been charged to the revenue account. The extrapolated error based on my sample testing indicates a further potential error of £209,873. The accounts have not been amended.
The draft abstract included several restatements of prior year audited balances.	Financial reporting standards require that only material adjustments arising from either changes in accounting policies or to correct fundamental errors should be accounted for by restating the comparative figures for the prior year. The draft accounts included two non material

Financial statements

Issue or risk	Finding
	restatements, £0.428m for school balances and £0.247m for the change in actuarial gains and losses on pensions, both of which were done through adjusting the 2007/08 audited comparators. They are not material and should have been treated as in year adjustments and accounted for accordingly. The abstract has not been amended.
Non compliance with SORP disclosure requirements.	Our audit is substantially complete in this area. If any matters arise as a result of our final testing we will report them to management and, if significant, to the Business Efficiency Board at a later date.

Recommendation
R1 Further develop year end closedown arrangements to ensure that the 2009/10 abstract of accounts meets all relevant disclosure requirements.
R2 Ensure staff follow year end procedures relating to the coding of expenditure.
R3 Review and strengthen processes to ensure the correct categorisation of expenditure between revenue and capital.
R4 Restate prior year figures only where there is a material change in accounting policy or to correct a fundamental error.

Use of resources

I am required to consider how well the Council is managing and using its resources to deliver value for money and better and sustainable outcomes for local people, and give a scored use of resources judgement.

I am also required to conclude whether the Council put in place adequate corporate arrangements for securing economy, efficiency and effectiveness in its use of resources. This is known as the value for money (VFM) conclusion.

Use of resources judgements

- 20** In forming my scored use of resources judgements, I have used the methodology set out in the [use of resources framework](#). Judgements have been made for each key line of enquiry (KLOE) using the Audit Commission's current four point scale from 1 to 4, with 4 being the highest. Level 1 represents a failure to meet the minimum requirements at level 2.
- 21** I have also taken into account, where appropriate, findings from previous use of resources assessments (updating these for any changes or improvements) and any other relevant audit work.
- 22** The KLOEs reflect higher expectations than the previous assessment and include some areas not previously reviewed, including commissioning and procurement and use of natural resources. There is also a changed emphasis this year in that the focus is on being able to evidence the outcomes achieved as a result of the actions taken during the year.
- 23** The Council's use of resources theme scores are shown in Table 3 below. The overall use of resources score for the Council will be calculated by the Audit Commission and will be published on 17 October 2009. The key findings and conclusions for the three themes, and the underlying KLOE, are summarised in Appendix 5.

Table 3 Use of resources theme scores

Use of resources theme	Scored judgement
Managing finances	3
Governing the business	3
Managing resources	2

Managing finances

- 24** The Council continues to manage its finances well to deliver value for money and it continues to deliver services that achieve high satisfaction ratings from local people.

Use of resources

- 25** The Council has a proven track record of robust financial management and good financial standing. Its previous prudent approach to managing its finances has meant that it has sufficient balances and reserves to deal with the Mersey Gateway amendment discussed earlier in this report. It is now in the process of revisiting its medium term financial strategy (MTFS) and reserves and balances strategy to reflect the impact of the Mersey Gateway accounting treatment.
- 26** The Council has a good understanding of its costs and comparative performance and it has achieved both cost and service efficiencies in 2008/09. It is currently going through a major efficiency programme which should help deliver significant efficiency savings to the local community by 2011/12. It is essential that the Council is able to demonstrate achievement of the first stage of the efficiency programme in 2009/10.
- 27** At the time of our review in early 2009 the Council did not have a systematic approach to reviewing services to ensure they deliver value for money. It is developing this as part of the wider efficiency programme.
-

Governing the business

- 28** The Council has well established governance arrangements in place which are well understood by both officers and members. There is a strong ethical framework and culture within the organisation and a real commitment to deliver good quality services which meet the needs of the local community. Satisfaction levels with Council services are good. The Council has continued to develop its commissioning and procurement functions and we have seen good evidence of joint procurement initiatives with partners and neighbouring organisations. There is generally good use of data to inform decision making and service delivery with some good examples of improved outcomes being delivered.
- 29** Data quality arrangements continue to develop but further progress is needed to evidence good data quality arrangements across all service areas. In addition officers should progress the plans in place to further strengthen commissioning and procurement, including the third sector.
-

Managing resources

- 30** I concluded that the Council's management of its natural resources is adequate and continues to develop. It has put in place some good energy saving and green initiatives but it now needs to ensure its baseline information on its environmental impact is complete and comprehensive. This needs to be supported by appropriate targets, and more systematic monitoring and reporting arrangements.
- 31** Over the past year the Council has strengthened its strategic approach to asset management. It has continued to manage and use its assets well at an operational level with some good examples of Council assets being used to benefit the local community and enhance service delivery. Progress is ongoing in updating the asset management information database.
-

Recommendation	
R5	Revisit the MTFS and reserves and balances strategy to reflect the impact of the Mersey Gateway accounting treatment.
R6	Ensure that a service review framework and programme is agreed in 2009/10.
R7	Progress the plans in place to further strengthen commissioning and procurement arrangements and evidence improved outcomes.
R8	Develop plans to ensure a corporate approach to supporting the third sector in commissioning and procurement.
R9	Develop a complete and comprehensive baseline of the Council's environmental impacts.
R10	Establish a more strategic and systematic approach to managing natural resources, including the setting of targets and monitoring and reporting of performance against these periodically through the year.
R11	Ensure the asset management information database is complete and up to date.

Value for money conclusion

- 32** I assess your arrangements to secure economy, efficiency and effectiveness in your use of resources against criteria specified by the Audit Commission. From 2008/09, the Audit Commission will specify each year, which of the use of resources KLOE are the relevant criteria for the VFM conclusion at each type of audited body. My conclusions on each of the specified criteria for 2008/09 are set out in Appendix 4.
- 33** I intend to issue an unqualified conclusion stating that the Council had adequate arrangements to secure economy, efficiency and effectiveness in the use of resources. Appendix 1 contains the wording of my draft report.

Appendix 1 – Independent auditor’s report to Members of Halton Borough Council

Independent auditor’s report to the Members of Halton Borough Council

Opinion on the financial statements

I have audited the Authority and Group accounting statements and related notes of Halton Borough Council for the year ended 31 March 2009 under the Audit Commission Act 1998. The Council and Group accounting statements comprise the Group and Group Income and Expenditure Account, the Group Statement of Movement on the General Fund Balance, the Council and Group Balance Sheet, the Council and Group Statement of Total Recognised Gains and Losses, the Council and Group Cash Flow Statement, the Collection Fund and the related notes. These accounting statements have been prepared under the accounting policies set out in the Statement of Accounting Policies.

This report is made solely to the members of Halton Borough Council in accordance with Part II of the Audit Commission Act 1998 and for no other purpose, as set out in paragraph 49 of the Statement of Responsibilities of Auditors and of Audited Bodies prepared by the Audit Commission.

Respective responsibilities of the Operational Director Financial Services and the auditor

The Operational Director - Financial Services’ responsibilities for preparing the financial statements in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008 are set out in the Statement of Responsibilities for the Statement of Accounts.

My responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

I report to you my opinion as to whether the Council and Group accounting statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008:

- the financial position of the Council and its income and expenditure for the year; and
- the financial position of the Group and its income and expenditure for the year.

I review whether the governance statement reflects compliance with ‘Delivering Good Governance in Local Government: A Framework’ published by CIPFA/SOLACE in

Appendix 1 – Independent auditor’s report to Members of Halton Borough Council

June 2007. I report if it does not comply with proper practices specified by CIPFA/SOLACE or if the statement is misleading or inconsistent with other information I am aware of from my audit of the financial statements. I am not required to consider, nor have I considered, whether the governance statement covers all risks and controls. Neither am I required to form an opinion on the effectiveness of the Council's corporate governance procedures or its risk and control procedures

I read other information published with the Council and Group accounting statements, and consider whether it is consistent with the audited Council and Group accounting statements. This other information comprises the Explanatory Foreword. I consider the implications for my report if I become aware of any apparent misstatements or material inconsistencies with the Council and Group accounting statements. My responsibilities do not extend to any other information.

Basis of audit opinion

I conducted my audit in accordance with the Audit Commission Act 1998, the Code of Audit Practice issued by the Audit Commission and International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Council and Group accounting statements and related notes. It also includes an assessment of the significant estimates and judgments made by the Council in the preparation of the Council and Group accounting statements and related notes, and of whether the accounting policies are appropriate to the Council's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the Council and Group accounting statements and related notes are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the Council and Group accounting statements and related notes.

Opinion

In my opinion:

- The Council's financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Council as at 31 March 2009 and its income and expenditure for the year then ended; and
- The Group financial statements present fairly, in accordance with relevant legal and regulatory requirements and the Code of Practice on Local Authority Accounting in the United Kingdom 2008, the financial position of the Council as at 31 March 2009 and its income and expenditure for the year then ended.

Conclusion on arrangements for securing economy, efficiency and effectiveness in the use of resources

Council’s Responsibilities

The Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance and regularly to review the adequacy and effectiveness of these arrangements.

Auditor’s Responsibilities

I am required by the Audit Commission Act 1998 to be satisfied that proper arrangements have been made by the Council for securing economy, efficiency and effectiveness in its use of resources. The Code of Audit Practice issued by the Audit Commission requires me to report to you my conclusion in relation to proper arrangements, having regard to relevant criteria specified by the Audit Commission for principal local authorities. I report if significant matters have come to my attention which prevent me from concluding that the Council has made such proper arrangements. I am not required to consider, nor have I considered, whether all aspects of the Council’s arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Conclusion

I have undertaken my audit in accordance with the Code of Audit Practice and having regard to the criteria for principal local authorities specified by the Audit Commission and published in May 2008 and updated in February 2009, and the supporting guidance, I am satisfied that, in all significant respects, Halton Borough Council made proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ending 31 March 2009.

Certificate

I certify that I have completed the audit of the accounts in accordance with the requirements of the Audit Commission Act 1998 and the Code of Audit Practice issued by the Audit Commission.

Michael Thomas

District Auditor

30 September 2009

Address: Audit Commission Office, The Heath Business & Technical Park, Runcorn,
Cheshire WA7 4QF

Appendix 2 – Adjusted amendments to the accounts

The following misstatements were identified during the course of my audit and the financial statements have been adjusted by management. I bring them to your attention to assist you in fulfilling your governance responsibilities.

Table 4

Nature of adjustment	Accounts affected	Value of error £m
<p>Adjustments to reflect the accounting treatment of Mersey Gateway development costs as revenue rather than capital expenditure</p> <p>Prior period adjustment to reduce capital expenditure and increase revenue expenditure. Associated funding streams amended to reflect change in categorisation of expenditure. All items affected by this change are detailed in note 38 to the abstract.</p>	<p>Income and Expenditure</p> <p>Statement of Movement on the General Fund</p> <p>Statement of Total Recognised Gains and Losses</p> <p>Balance Sheet</p> <p>Cashflow Statement</p>	<p>£8.430m</p>
<p>Adjustments to reflect the ownership of voluntary aided (VA) and voluntary controlled (VC) schools.</p> <p>Prior period adjustment to remove 6 VA/VC schools from the Council's fixed asset base and amend the associated accounting entries for depreciation and the revaluation reserve. All items affected by this change are detailed in note 38 to the abstract.</p>	<p>Income and Expenditure</p> <p>Statement of Movement on the General Fund</p> <p>Statement of Total Recognised Gains and Losses</p> <p>Balance Sheet</p> <p>Cashflow Statement</p>	<p>£11.4m</p>

Appendix 2 – Adjusted amendments to the accounts

Nature of adjustment	Accounts affected	Value of error £m
<p>Adjustments to 2008/09 expenditure to include invoice coded to wrong financial year</p> <p>Increase 2008/09 expenditure and reduce Invest to Save fund to bring expenditure into the appropriate year.</p>	<p>Expenditure Reserves</p>	<p>£0.189m</p>
<p>Prior period adjustments</p> <p>The draft abstract included two restatements, £11.205m relating to the reclassification of temporary loans to long term loans and £8m reclassification of expenditure in the cashflow statement. Both of these restatements were effected through restating the prior year comparator. They have now been included in note 38 as PPAs.</p>	<p>Income and Expenditure Statement of Movement on the General Fund Statement of Total Recognised Gains and Losses Balance Sheet Cashflow Statement</p>	<p>£11.205m £8m</p>
<p>Adjustment to the Cashflow Statement</p> <p>Correction of a miscalculation on the other government grants figure on the cashflow statement.</p>	<p>Cashflow statement</p>	<p>£0.604m</p>
<p>Adjustments to the financial instruments note to bring it in line with the requirements of the SORP and ensure internal consistency</p> <p>Expanded disclosure note to more fully reflect the requirements of the SORP. Various amendments to the values within the note to ensure compliance with the SORP and consistency with other information within the abstract.</p>	<p>Financial instruments note</p>	<p>Additional narrative disclosure. Amendments currently being worked through by finance staff.</p>
<p>Amended disclosures within the abstract</p> <p>Several items amended to enhance disclosure.</p> <p>Post balance sheet events note – updated to include reference to second authorisation for issue date and consideration of post balance sheet events up to that date.</p> <p>Accounting policies - expanded disclosure to</p>	<p>Notes Accounting policies</p>	<p>Additional narrative disclosure</p>

Appendix 2 – Adjusted amendments to the accounts

Nature of adjustment	Accounts affected	Value of error £m
explain elements of the terminology within the pensions note. Inclusion of policy on group accounts.		
<p>Adjustment to note 18 (a) fixed assets and (b) financing of capital expenditure</p> <p>Amendment of £5.084m made to reflect the gross turnover and reconcile notes 18(a) and 18(b). The amount of £5.084m had already been written out through the Income and Expenditure Account and this amendment was necessary to ensure internal consistency.</p>	Note 18	£5.084m

Appendix 3 – Draft letter of representation

Michael Thomas
District Auditor
Audit Commission Office
The Heath Business & Technical Park
Runcorn
Cheshire WA7 4QF

Halton Borough Council - Audit for the year ended 31 March 2009

I confirm to the best of my knowledge and belief, having made appropriate enquiries of other directors of Halton Borough Council, the following representations given to you in connection with your audit of the Council's financial statements for the year ended 31 March 2009. All representations cover the Council's accounts and Group Accounts included within the financial statements.

Compliance with the statutory authorities

I acknowledge my responsibility under the relevant statutory authorities for preparing the financial statements in accordance with the Code of Practice for Local Authority Accounting in the United Kingdom: A Statement of Recommended Practice which present fairly the financial position and financial performance of the Council and for making accurate representations to you.

Supporting records

All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken by the Council have been properly reflected and recorded in the accounting records. All other records and related information, including minutes of all Council, Executive Board and Committee meetings, have been made available to you.

Irregularities

I acknowledge my responsibility for the design and implementation of internal control systems to prevent and detect fraud or error.

There have been no:

- irregularities involving management or employees who have significant roles in the system of internal accounting control;
- irregularities involving other employees that could have a material effect on the financial statements; or
- communications from regulatory agencies concerning non-compliance with, or deficiencies on, financial reporting practices which could have a material effect on the financial statements.

I also confirm that I have disclosed:

- my knowledge of fraud, or suspected fraud, involving either management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements; and
- my knowledge of any allegations of fraud, or suspected fraud, affecting the entity's financial statements communicated by employees, former employees, analysts, regulators or others.

Law, regulations, contractual arrangements and codes of practice

There are no instances of non-compliance with laws, regulations and codes of practice, likely to have a significant effect on the finances or operations of the Council.

The Council has complied with all aspects of contractual arrangements that could have a material effect on the financial statements in the event of non-compliance. There has been no non-compliance with requirements of regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.

Fair Values

I confirm the reasonableness of the significant assumptions within the financial statements. In respect of Note 34, I confirm:

- the appropriateness of the measurement method;
- the basis used by management to overcome the presumption under the financial reporting framework;
- the completeness and appropriateness under the financial reporting framework; and
- that subsequent events do not require adjustment to the fair value measurement.

Assets

The following have been properly recorded and, where appropriate, adequately disclosed in the financial statements:

- losses arising from sale & purchase commitments;
- agreements & options to buy back assets previously sold; and
- assets pledged as collateral.

Appendix 3 – Draft letter of representation

Compensating arrangements

There are no formal or informal compensating balancing arrangements with any of our cash and investment accounts. Except as disclosed in Note 30 to the financial statements we have no other lines of credit arrangements.

Contingent liabilities

There are no other contingent liabilities, other than those that have been properly recorded and disclosed in the financial statements. In particular:

- there is no significant pending or threatened litigation, other than those already disclosed in the financial statements;
- there are no material commitments or contractual issues, other than those already disclosed in the financial statements; and
- no financial guarantees have been given to third parties.

Related party transactions

I confirm the completeness of the information disclosed regarding the identification of related parties.

The identity of, and balances and transactions with, related parties have been properly recorded and where appropriate, adequately disclosed in the financial statements.

Post balance sheet events

Since the date of approval of the financial statements by the Business Efficiency Board on 12 August 2009, no additional significant post balance sheet events have occurred which would require additional adjustment or disclosure in the financial statements.

The Council has no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.

Signed on behalf of Halton Borough Council

I confirm that this letter has been discussed and agreed by the Business Efficiency Board on 30 September 2009.

Signed

Name

Position

Date

Appendix 4 – Use of resources key findings and conclusions

The following tables summarise the key findings and conclusions for each of the three use of resources themes.

Table 5 Theme 1 - managing finances

Theme 1 score	3
Key findings and conclusions	
KLOE 1.1 (financial planning) score	3
<p>The Council has a proven track record of sound financial management. Its current medium term financial strategy (MTFS) covering 2009/10 to 2011/12 is fully integrated with other service plans and directly links to the Council’s strategic objectives. The MTFS includes sensitivity analysis, including worst case scenarios.</p> <p>The Council’s financial position over the next few years is extremely challenging and it is anticipating required efficiency and cost savings of £6m in each of the next 3 years. It has employed an efficiency partner, KPMG, to help it achieve these savings. It has factored in the impact of the economic downturn where known into its 09/10 budget and is continuing to update plans to reflect the current local economic climate.</p> <p>The Council’s 08/09 budget included shifting resources to meet Council plans and also included key priority areas for growth linked to corporate priorities such as BSF and older people. Following the Haringey review £469k was transferred to safeguarding children. A WNF/LSP commissioning pot was also set up to direct funding and resources to particular priority areas, with £500k being directed to alcohol harm reduction, anti social behaviour and worklessness, skills and enterprise.</p> <p>The Council actively engages local communities and stakeholders with its budget setting processes through the area forums, chamber</p>	

Appendix 4 – Use of resources key findings and conclusions

Theme 1 score	3
<p>of commerce and the LSP and feedback is incorporated into the budget/financial planning process.</p> <p>Historically the Council has a strong record of managing its spend within available resources whilst continuing to deliver good quality services to the community. Again in 2008/09 it has maintained good budgetary control arrangements with effective budget setting and monitoring procedures, good reporting arrangements to members and use of an effective "traffic-light" system to highlight key variances and risks. Despite the economic downturn which has adversely impacted upon income levels the Council has delivered its planned £2m savings target for 08/09. The impact of the recession is highlighted in reports. The Council is actively seeking ways to help the local community and businesses. It has set up a series of targeted clinics, the first of which was in partnership with Halliwells and looked at debt recovery and it is also ensuring prompt payment of Council invoices to all local businesses.</p> <p>Major capital projects have been completed on time and on budget. For example the £4m project to refurbish Runcorn Town Hall offices was completed on time in July 08 and on budget. The £1.7m refurbishment of Halton Lea library is on course to finish on budget and in time to open on 17/18 August 09.</p> <p>Established treasury management processes exist with no exposure to foreign bank investments in 08/09. An approved treasury management strategy is in place. Following the Icelandic bank issue, the quarter 3 treasury management report included a review of the approved counter party list. This was not due until January 2010 but because of the rapidly changing circumstances and volatility in credit ratings officers felt it was prudent to rework the list on an interim basis. Internal Audit (IA) carried out a review of the Council's treasury management arrangements in 08/09 and gave it adequate assurance. IA made several recommendations including the need for the Council to review its treasury management arrangements against recently produced CIPFA guidelines. We understand that officers are in the process of doing this.</p> <p>As a result of prudent budgeting and financial management the Council's financial standing is good, with revenue balances of £6.9m and reserves of £28m. Some of the reserves are earmarked for specific projects but there is sufficient headroom for the Council to be able to accommodate the reversal of the accounting treatment on the Mersey Gateway scheme. Its reserves will reduce to just under £20m. Officers will need to revise the MTFs and reserves and balances to reflect this.</p> <p>Good financial management is seen as important by both officers and members and both are equipped to provide constructive scrutiny and challenge.</p>	

Appendix 4 – Use of resources key findings and conclusions

Theme 1 score	3
Key findings and conclusions	
KLOE 1.2 (understanding costs and achieving efficiencies) score	3
<p>The Council has a good understanding of its costs and their associated drivers. It understands areas where cost and performance are not in line and is taking action as appropriate. Managers have a good knowledge of cost trends. They compare performance over time to check trends and rank themselves against other councils. In reviewing costs managers' also horizon scan. The Council has carried out a recent analysis of the comparative costs and performance of services as part of its service efficiency review work.</p> <p>Managers' generally use benchmarking well and a number of services have achieved better performance and improved efficiencies as a result. Examples include Bed and Breakfast costs which have reduced from £22k in April 08 to £540 in Feb 09 and special educational needs where the Council has saved £400k and is delivering a better quality service as a result of investing in schools support and reducing the numbers of out of borough placements. In other areas efficiencies have been reinvested to deliver new services that address emerging areas of need eg. a CAB service in Children's Centres.</p> <p>Whole life costing is considered for major projects and there are examples of wider social and environmental factors being considered eg. the setting up of a Mersey Gateway environmental trust to deliver the conservation plan and support the longer term ecological management of the estuary. The Council has also considered long term community benefits in deciding its approach to providing support for people with an intellectual disability and for people with an autism spectrum disorder. It provides intensive support which has demonstrated improved outcomes reducing challenging behaviour and normalising interactions. On a practical level this means less neighbour complaints and better community cohesion and in the longer term less reliance on expensive specialist placements. In Highways and transportation a review of performance against LTP indicators has already led to a shift in resources from roads to footways to improve performance.</p> <p>The Council delivers high performing services at above average costs. Council spending is above average but unapportioned overheads are low and have reduced further since last year. Average band D council tax is below average and has increased in line with other councils. Services generally have high satisfaction levels.</p> <p>Performance management is strong. As well as monitoring progress against performance indicators reports contain a financial summary which identifies high level spend against projections, and annual allocated budget. This enables managers to monitor cost variances.</p> <p>The Council focuses well on achieving efficiencies. Efficiency gains of £2.6m have been invested in priority areas (care for the increasing elderly population, waste recycling, transition of young people with disabilities to adulthood, and BSF). These efficiencies</p>	

Appendix 4 – Use of resources key findings and conclusions

Theme 1 score	3
<p>included £174k from procurement of agency staff, £70k from replacing individual printers with shared devices, £206k from the accommodation strategy, £177k reduction in insurance claims following employment of highways inspectors to improve defence against slipping and tripping claims, and £178k as a result of minimising trips following a review of transport services to clients.</p> <p>The Council is undertaking an efficiency review as part of a fundamental review of the way it is structured and this includes a programme of service reviews to deliver financial and non-financial benefits. It anticipates the efficiency programme will generate £20m savings by the end of 2011/12. The Council has agreed a set of outline business cases describing efficiency opportunities and how these will be achieved and it is also in the process of establishing a revised management structure. For the Council to demonstrate continued vfm in 2009/10 it is essential that the first stage of this efficiency programme delivers its planned savings.</p> <p>The Council's efficiency savings for 2008/9 were estimated at £2.6m of which £1.8m is cashable and outturn figures show that the Council has achieved £2.649m.</p>	
KLOE 1.3 (financial reporting) score	2
Key findings and conclusions	
<p>The Council's financial reporting arrangements are generally robust. Financial monitoring and forecasting information is produced monthly and discussed between budget managers and directorate accountants. Web based agresso reports have continued to be developed during 2008/09 and directorate managers have been heavily involved in determining the format and content of these reports. Agresso allows authorised users 'real time views' into the system whereby they can access financial and commitment information.</p> <p>Quarterly performance monitoring reports to the Council's Policy and Performance Boards include both financial and performance information. These reports include a traffic light system to show progress against departmental services plans and whether income/expenditure incurred to date is above or below the expected budget profile. Financial information is presented in a clear and easy to understand way with commentary included on key variances. In year financial reporting could be improved through the inclusion of accruals, and this would bring in year reporting more in line with year end. Areas of adverse financial performance are brought back into line via in year budget monitoring processes with limited use of action plans being established to address adverse variances. Operational performance for some services such as council tax and business rates collections is monitored more frequently (monthly) because of the risks attached to the performance. This makes it possible for staff and members to take timely remedial action.</p>	

Theme 1 score	3
<p>Council reports are clear, easy to understand and concise with links through key milestones and performance indicators to the Council’s strategic objectives. The Council continues to make reports and minutes available to stakeholders and its local community on a timely basis, principally through its website. The website is well laid out and easy to navigate. All major reports, including the Council’s financial statements and external assessments of the Council, such as the 2008 Corporate Assessment, are placed on the website. In addition the Council produces an annual report each year. Following consultation with the local community as to what they want the annual report is produced in a newsletter format and sent to each household and business in the area.</p> <p>In line with its accounts closedown plan the Council’s 2008/09 financial statements were available in draft form in mid June. They were approved by members on 12 August. Although this was outside the 30 June deadline for accounts approval statutory requirements have been met and the Council has published a statement of reasons for the delay. The Council was waiting for a response from the Department of Communities and Local Government (DCLG) to its application for a capital direction for costs incurred on the Mersey Gateway scheme. The original application was made in December 2008. Following receipt of the DCLG decision in late July officers have amended the draft 2008/09 accounts and these were presented to members on 12 August. To fully reflect the DCLG decision and the requirements of the financial reporting standards the 2008/09 accounts will be further amended to include a material prior period adjustment of £8.5m relating to earlier years’ costs on Mersey Gateway. Members have been informed that the accounts they approved on 12 August will need to be re-approved before the audit opinion is given on 30 September 2009.</p> <p>Council staff have been prompt and responsive to audit queries and requests for additional information. We have identified scope to improve some of the working papers supporting the accounts. Our 2008/09 final accounts audit is ongoing.</p> <p>The Council has started to address the IFRS agenda. It commissioned KPMG to complete an IFRS review of its accounts and a multi disciplinary working group are using the results of this review to put together an implementation action plan. It is important that this action plan is developed very soon and that it includes milestones whereby the working group can assess progress and reprioritise if progress falls behind plan.</p>	

Table 6 **Theme 2 - governing the business**

Theme 2 score	3
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Appendix 4 – Use of resources key findings and conclusions

Theme 2 score	3
Key findings and conclusions	
KLOE 2.1 (commissioning and procurement) score	3
<p>The Council has a clear vision of what it is seeking to achieve within the draft sustainable community strategy (SCS). Its priorities are based on good use of data and extensive and varied consultation with local communities. The Halton Observatory co-ordinates partnership data gathering and analysis and produces an annual State of the Borough report which provides good up to date information about the economic, social and environmental issues in the area. Currently partners have data at a ward level and are developing SOA level data. There is good recognition of the complexity of factors that have an impact on inequalities in the revised SCS.</p> <p>Joint commissioning works well in both Health & Communities and Children & Young Peoples services and has delivered some successful outcomes. The Council with the PCT has a focus on redesigning and improving intermediate care services for users. Partners have used joint funding to develop a sub-acute Intermediate Care Unit on the Halton Hospital campus. Successful implementation of intermediate care services have resulted in reduced emergency admissions and acute hospital bed utilisation and a reduction of 50% in the number of people living in care homes. The number of people over 65 supported at home has increased. This approach has also reduced the size of on-going care packages so that people are able to live more independently with lower levels of support.</p> <p>There are good examples of young people being involved in commissioning services, for example in developing sexual health services and in commissioning alternative curriculum provision to make this more outcome focused.</p> <p>The Council has used IT and business process reengineering (BPR) to improve systems, processes and increase customer access. It has refined on line accessibility as part of its customer service delivery system. It has linked applications for benefits from customers to trigger free school meals applications when appropriate resulting in increased take up from 2,857 in Jan 08 to 3,498 in 09. Through BPR the Council has reduced waiting times for social care assessments, adaptations and improved efficiency in supporting people through increased use of assistive technology.</p> <p>The Council has a clear understanding of the social care market but there is no corporate understanding of the supply market as such. Some training has been carried out for the 3rd sector but this is departmentally focussed. There is no evidence of a corporate approach to supporting the third sector through engagement or capacity building.</p> <p>The Council has agreed a revised approach to procurement and commissioning and will develop this as part of its wider efficiency</p>	

Theme 2 score	3
<p>review. This will ensure that the Council is able to maximise efficiency gains and procure and manage contracts in a consistent way. The Council has a procurement web page to give suppliers advice and guidance on selling to the Council. A ‘shop locally’ campaign has been developed to encourage people to buy from Halton enterprises. In addition, the Council is developing its approach to sustainable procurement but is at an early stage. It has a sustainable procurement policy and is identifying champions at both member and officer level. Electronic tendering is expected to be in place from the middle of the year.</p> <p>Different ways to procure services are considered. The Council is part of the Cheshire wide Concessionary Fares Scheme. Through framework agreements it has achieved savings of £475k this year. Joint procurement/commissioning also includes a brokerage system that is offered to schools for services and a joint trading standards service with Warrington Council. Joint commissioning with partners is in place for WNF money and partners jointly fund a number of other projects including debt counselling with CAB and training with Job Centre Plus.</p>	
KLOE 2.2 (data quality and use of information) score	2
Key findings and conclusions	
<p>A corporate data quality strategy exists and staff are reminded of their responsibility to comply via various mechanisms including a soon to be established onscreen IT system log on message. The Council has reviewed existing training provision and identified that whilst some elements of data quality training are provided in programmes such as Carefirst a more comprehensive training programme needs to be developed for all key staff across the Council.</p> <p>Information governance arrangements are good with an Information Governance Group led by a Strategic Director as well as a Data Quality Lead Officers Group which works alongside the Information Governance Group on specific issues relating to performance data quality. Security arrangements for the Council's key systems are robust. A detailed business continuity plan exists which sets out the procedures to follow during any loss of crucial business systems and this has been tested. The Council is developing a disaster recovery plan. There are clear security protocols in place which restrict access to systems and certain sets of confidential data. The Council requires that staff are trained if they are tasked with inputting data. A signing off process ensures that data quality is checked. The Council is working towards compliance with ISO 20071 and anticipates 100% compliance by summer 2009.</p> <p>Senior officers and members review data quality. All service plans are subject to review and scrutiny by Chief Officers Management Team and the PPBs. Service plans and quarterly monitoring reports contain statements of assurance from operational directors. The Council has recently introduced risk assessment to determine the level of validation/quality checks required on a system or piece of</p>	

Appendix 4 – Use of resources key findings and conclusions

Theme 2 score	3
<p>information. Internal Audit carry out reviews of data quality each year. Their 08/09 review of 9 indicators from the new national indicator set identified an increasing number of errors in the calculations although no indicator was materially misstated. IA concluded that further work was required to strengthen the Council's data quality arrangements.</p> <p>The Council understands the information needs of decision makers. It has carried out a scrutiny review of performance management and is aware that councillors have a variety of information needs. It provides tailored information to different decision making forums eg. Policy and Performance Boards now receive partnership performance reports to enable them to scrutinise partnership performance.</p> <p>The Council has developed a strong, inclusive approach to owning, managing and monitoring performance at all levels across its services, supported by a well tailored performance management framework. There is a clear golden thread from the Council's Corporate Plan through to the Service Plans and individual targets. Responsibilities are identified against targets and priorities are risk-assessed. Objectives of the framework are clearly articulated and understood by staff. Reporting mechanisms are clear; with exception-reporting to the Executive Board and the Policy and Performance Boards. Performance reporting is timely, includes resident views and incorporates risks. Variations in performance are closely monitored by the management team to ensure that appropriate remedial action is taken. Operational performance for some services is monitored more frequently because of risks attached to the performance, for example council tax and business rates collections and the timeliness of reviews of children in care indicators are reported monthly. This makes it possible for timely remedial action to be taken.</p> <p>The performance management framework for the LSP is established and performance information is effectively shared amongst all partners. Halton Observatory allows key partners to input their own performance data and also have access to information about the community and its needs. This enables the Council and partners to inform improvement planning to meet identified community needs. There are Information Sharing Protocols in place</p>	
KLOE 2.3 (good governance) score	3
Key findings and conclusions	
<p>The Council is able to evidence a broad range of appropriate and well established policies and procedures underpinning good governance. A robust corporate governance framework exists. This includes a local Code of Governance, relevant Codes of Conduct, whistleblowing and complaints handling policies, registers of interests and hospitality, all have which have been appropriately</p>	

Theme 2 score	3
<p>disseminated across the organisation. Underpinning much of this is the Elected Member Development Programme which covers areas such as personal development plans, training, mentoring and the induction process. The training needs of all newly appointed members are assessed at the start of their appointment and personal training programmes established. The Council was awarded exemplar status in November 2008 by North West Employers Organisation Charter for Member Development. All members have commented positively on the training and development they receive particularly around standards and governance.</p> <p>Good working relationships exist between members and officers. Roles and responsibilities are kept under review and adapted to meet changing priorities and circumstances. External reports have commented on the culture of ongoing challenge between councillors and officers.</p> <p>There is a strong focus in all internal reports and documents on the Council's purpose and vision. The Corporate Plan 2006-2011 sets out the Council's purpose and its priorities and this is supplemented by the recently updated Sustainable Community Strategy and the 2009 State of the Borough report.</p> <p>There is a Standards Committee in place and officers have been proactive in raising awareness of standards of ethical behaviour through training and member briefings. A report on declarations of interest is presented twice yearly to the Standards Committee. Review of registers of interests, gifts and hospitality has confirmed that appropriate disclosures have been made by members. The Council's website provides an email link and contact details for queries on the registers.</p> <p>Partnerships are included in the corporate risk register and are part of the overall risk management process at the Council. A governance framework for partnerships is in place. This includes aims and objectives such as sharing information systems, performance management frameworks and joint setting of quality standards for service providers.</p>	
KLOE 2.4 (risk management and internal control) score	3
Key findings and conclusions	
<p>The Council is able to evidence a broad range of well embedded processes and arrangements underpinning risk management (including counter fraud measures) and internal control. There is an established risk management policy although this is now a bit dated and is in need to review and formal approval by members. All Council directorates hold risk registers which include specific risks for their areas, including partnership working. In addition there is a separate partnership risk register which was most recently updated in February 2009. The register is in two parts, strategic and operational risks. The LSP Board is responsible for ensuring strategic risks</p>	

Appendix 4 – Use of resources key findings and conclusions

Theme 2 score	3
<p>are considered, whilst all Partners involved with the work of the SSPs are encouraged to take ownership of the operational risks. The operational risks include the risks to the successful delivery of relevant objectives and targets in the LAA and Sustainable Community Strategy as well as any other key plans or strategies that the SSP may be responsible for delivering.</p> <p>The Council has an established anti fraud and corruption strategy and response plan together with a whistleblowing policy all of which are publicised via its website. An e-learning package on fraud has recently been developed and will be available for completed by Council staff in the near future. The allocation of resources to manage the risk of fraud and corruption is through the workplan of Internal Audit (IA). IA's plan and strategy for 09/10 sets out its rationale. IA is proactive in reviewing and following up data matches on the Commission's NFI database. The Business Efficiency Board, the Council's Audit Committee, has recently amended its terms of reference to include responsibility for fraud and corruption. The Council has completed a self assessment against CIPFA's publication 'Managing the Risk of Fraud'. This sets out the Council's current position along with identified actions to further strengthen arrangements. One of the areas identified for action relates to the formal consideration of fraud within risk management arrangements and making the assessment of fraud more explicit in the Council's risk management arrangements.</p> <p>The Council continues to maintain a sound system of internal control supported by a strong IA function that meets the required CIPFA standards. The work of IA is well supported and the Chief Executive receives copies of all IA reports. We have evidence of the Chief Executive highlighting issues raised in IA reports at the Management Team meetings and asking the relevant director for an update on the issue.</p> <p>There is an approved local code of governance in place and this sets out the sources of assurance available to the Council for ensuring the governance framework is operating as intended. The Council's 2008/09 Annual Governance Statement contains no significant governance issues and is consistent with our understanding of the organisation</p>	

Table 7 Theme 3 - managing resources

Theme score	2
Key findings and conclusions	
KLOE 3.1 (use of natural resources)	2
Key findings and conclusions	
<p>The Council has adequate baseline information about its own environmental impacts including information about energy and water use in council buildings but it does not yet have a complete baseline of all its environmental impacts.</p> <p>The Council is developing its strategic and systematic approach to managing natural resources, for example it has a plan to improve energy and water monitoring by 2010. Automatic meter reading technology is being installed on all the gas and electric supplies across all sites including schools. It has a water management contract with ADSM covering all corporate sites. A series of water saving measures such as water controls on urinals have been introduced to a number of sites. Water consumption is now actively monitored across these sites. Consumption is reducing and leak detection is much more proactive as unusually high levels of usage are noted and can be investigated. ADSM are only paid if agreed baseline figures are reached and costs are reduced.</p> <p>The Council is part of the Carbon Trust’s carbon management programme and has produced a carbon management plan with the Trust’s assistance. In addition the Council has been accepted on to the Energy Saving Trust programme which will provide support to reduce carbon emissions from council activity and from the wider community.</p> <p>The Council has completed a number of CO2 reduction actions as part of its carbon management implementation plan. For example, the installation of power perfectors at a number of sites, energy efficiency measures at Stobart Stadium and Runcorn Town Hall, and introduction of a 5 per cent bio-fuels mix to the vehicle fleet. However, the Council’s monitoring is still being refined and it does not yet have information to show that the measures it is taking are meeting its energy efficiency targets. Nor does it have a detailed future programme of action that is designed to meet future targets.</p> <p>The Council is developing a systematic approach to sustainable procurement. It has developed a Sustainable Procurement Policy and is identifying Sustainable Procurement Champions at both member and officer level. The Council has made good progress on procuring recycled products but has not presented evidence of mainstreaming sustainability into major procurement contracts although sustainability and environmental issues are considered as part of the process for major projects such as 3MG. With contamination</p>	

Appendix 4 – Use of resources key findings and conclusions

Theme score	2
<p>widespread throughout the borough remediation of sites underpins most redevelopment schemes. Many reclaimed sites now have 'green flag' park recognition.</p> <p>The Council is improving some key areas of its use of natural resources such as the replacement of personal printers and office photocopiers with multi functional devices to reduce costs by over £65,000 and deliver environmental benefits. The Council's accommodation strategy sets standards for the use of space, and aims to consolidate operational property, resulting in savings of £400,000 a year. The Council has not carried out a review of environmental legal compliance but it does comply with legal requirements, for example, chemicals and other substances such as oil are stored in bonded areas.</p> <p>The Council can demonstrate a number of outcomes from its green travel plan but not regular monitoring and continual improvement. Key initiatives implemented include the availability of pool bikes, car share database with guaranteed lift home facility, cycle mileage payments to staff and a salary sacrifice scheme to enable employees to purchase cycles and annual public transport passes through salary deductions.</p> <p>Working with partners, Halton has adopted a climate change indicator, per capita CO2 reduction, as part of its LAA. This includes CO2 emissions from domestic housing, business and the public sector and road transport with a target of reducing CO2 by 20% by 2015.</p>	
KLOE 3.2 (strategic asset management)	2
Key findings and conclusions	
<p>The Council's strategic approach to asset management has developed since last year. An asset management plan is now in place and sets out how the Council intends to achieve its corporate objectives. It is linked to the capital programme and is aligned with corporate plan objectives. The asset management information database is a key part of the plan. The database includes land and building assets, IT assets are recorded in a separate register and vehicle assets are recorded in the fleet management asset register. The Asset Management Working Group has now been established for nearly a year and includes representatives from several directorates. The purpose of the group is to support the strategic management and use of assets. It is currently looking at accommodation across the Council as well as Council depots and whether all are needed.</p> <p>The Council's asset base is used to deliver sustainable social and economic outcomes for the people of the borough, an example being the use of industrial units to assist businesses of various sizes to trade. The use of community centres and school buildings also provide a range of community focussed activity across the area. Similarly the Council uses some of its parks and open spaces to support its priorities and help the local community. For example, it holds a weekly event in Victoria Park, "Wheels for all", to promote cycle use for</p>	

Appendix 4 – Use of resources key findings and conclusions

Theme score	2
<p>people of all ages, abilities and needs. This supports people to stay healthy, promotes the green agenda and uses adapted bikes to provide opportunities for the less able. It has also hosted, with multi agency support, Friday night in the park events to provide diversionary activities for young people. It has also provided multi use games areas (MUGAs) on public spaces in hot spots of need. The Council currently uses the CIPFA National Property Management Initiative output but this is mainly used to monitor the Council's performance year on year rather than comparative asset performance. Annual maintenance inspections are held at all Council properties and these identify maintenance requirements and the urgency of those requirements in terms of health and safety. Backlog maintenance is built into the maintenance programme and evidence has been obtained that shows that costs of this are declining, from £1,457,000 in 08/09 to £1,003,000 in 09/10. Although dated, the Council took the decision back in December 2005 to LSVT its housing stock primarily to ensure that the decent homes standard could be achieved. Option appraisal has been used to make significant spending decisions.</p> <p>The Council has worked well with partners to maximise the use and benefit of assets, examples including the transfer of Queens Hall Studio to Loose Music to enable it to be used as a community centre for cultural activities for the local community. Another example includes the refurbishment of Halton Lea Library. This was done in consultation with users regarding the design of facilities and services and how services could be improved to meet their needs. It is now a well used local facility. Windmill Hill Primary School now has a GP practice operating on site whilst 41 of the 68 schools in the borough operate out of school care clubs. Arrangements are also in place for community use of school premises and facilities out of hours. The Council's childrens centres provide multi-partner operations from single sites and the Kingsway Learning Centre provides a multi-purpose, multi-user centre including voluntary and community groups.</p>	
KLOE 3.3 (workforce planning) not applicable to single tier and county councils in 2008/09	N/A

Appendix 5 – Action Plan

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
Annual Governance Report 2008/09 - Recommendations						
11	Further develop year end closedown arrangements to ensure that the 2009/10 abstract of accounts meets all relevant disclosure requirements.	3				
11	Ensure staff follow year end procedures relating to the coding of expenditure.	3				
11	Review and strengthen processes to ensure the correct categorisation of expenditure between revenue and capital.	3				
11	Restate prior year figures only where there is a material change in accounting policy or to correct a fundamental error.	3				
14	Revisit the MTFS and reserves and balances strategy to reflect the impact of the Mersey Gateway accounting treatment.	3				

Page no.	Recommendation	Priority 1 = Low 2 = Med 3 = High	Responsibility	Agreed	Comments	Date
14	Ensure that a service review framework and programme is agreed in 2009/10	3				
14	Progress the plans in place to further strengthen commissioning and procurement arrangements and evidence improved outcomes.	3				
14	Develop plans to ensure a corporate approach to supporting the third sector in commissioning and procurement.	3				
14	Develop a complete and comprehensive baseline of the Council's environmental impacts.	3				
14	Establish a more strategic and systematic approach to managing natural resources, including the setting of targets and monitoring and reporting of performance against these periodically through the year.	3				
14	Ensure the asset management information database is complete and up to date.	3				

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