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Ribble Valley
Borough Council

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Dear Councillor

The next meeting of the **ACCOUNTS AND AUDIT** will be held at 6.30 pm on **WEDNESDAY, 29 SEPTEMBER 2021** in the **Council Chamber, 13 Church Street, Clitheroe, BB7 2RA.**

I do hope you can be there.

Yours sincerely

M. H. Scott

CHIEF EXECUTIVE

AGENDA

1. **APOLOGIES FOR ABSENCE**
2. **TO APPROVE THE MINUTES OF THE PREVIOUS MEETING** (Pages 3 - 4)
3. **DECLARATIONS OF PECUNIARY AND NON PECUNIARY INTERESTS**

Members are reminded of their responsibility to declare any pecuniary or non-pecuniary interest in respect of matters contained in the agenda.

4. **PUBLIC PARTICIPATION**

ITEMS FOR DECISION

None.

5. **LOCAL CODE OF CORPORATE GOVERNANCE** (Pages 5 - 26)

Report of Director of Resources enclosed.

ITEMS FOR INFORMATION

6. **STATEMENT OF ACCOUNTS 2020/21 - PROGRESS REPORT** (Pages 27 - 46)

Report of Director of Resources enclosed.

7. **PSAA CONSULTATION RESPONSES AUDITOR APPOINTMENTS FOR PERIOD 2023/24 TO 2027/28** (Pages 47 - 62)
Report of Director of Resources enclosed.
8. **COMMUNITY GRANTS** (Pages 63 - 84)
Report of Director of Resources enclosed.
9. **INTERNAL AUDIT PROGRESS REPORT 2020/21** (Pages 85 - 90)
Report of Director of Resources enclosed.
10. **AUDIT PROGRESS REPORT AND SECTOR UPDATE** (Pages 91 - 106)
Report of Grant Thornton enclosed.
11. **CODE OF CONDUCT TRAINING**
Verbal update from Head of Legal and Democratic Services.
12. **REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES**
None.
- ITEMS FOR DISCUSSION**
13. **DIGITISATION OF THE ASSET REGISTER**
Verbal discussion.
14. **EXCLUSION OF PRESS AND PUBLIC**
None.
- FOR INFORMATION**
15. **INTERNAL AUDIT TEAM STAFFING** (Pages 107 - 110)
2
Report of Director of Resources enclosed.

Electronic agendas sent to members of Accounts and Audit – Councillor David Berryman (Chair), Councillor Susan Bibby, Councillor Robert (Bob) Buller, Councillor Louise Edge, Councillor Stewart Fletcher, Councillor Jonathan Hill, Councillor Stuart Hirst, Councillor Richard Newmark, Councillor David Peat, Councillor James (Jim) Rogerson and Councillor Richard Sherras (Vice-Chair).

Agenda Item 2

Minutes of Accounts and Audit

Meeting Date: Wednesday, 28 July 2021, starting at 6.30pm
Present: Councillor D Berryman (Chair)

Councillors:

S Bibby	R Newmark
B Buller	D Peat
L Edge	J Rogerson
S Fletcher	R Sherras
S Hirst	

In attendance: Chief Executive, Director of Resources, Head of Financial Services, Head of Legal and Democratic Services, Georgia Jones – Grant Thornton and Maggie Nicholson – Independent Person

156 APOLOGIES FOR ABSENCE

There were no apologies for absence.

157 TO APPROVE THE MINUTES OF THE PREVIOUS MEETING

The minutes of the meeting held on 14 April 2021 were approved as a correct record and signed by the Chairman.

158 DECLARATIONS OF PECUNIARY AND NON PECUNIARY INTERESTS

There were no declarations of pecuniary and non-pecuniary interests.

159 PUBLIC PARTICIPATION

There was no public participation.

160 INTERNAL AUDIT PROGRESS REPORT 2021/22

The Director of Resources submitted a report for information on the progress of internal audit work to 9 July 2021.

The Head of Financial Services reminded members that as we currently have two vacant posts in the Internal Audit Section we are using Mersey Internal Audit Agency to carry out some audits. They are currently carrying out audits included in the 2020/21 audit plan.

He informed members that interviews were taking place for the Internal Audit Assistant in the next week, and that the Principal Auditor post had been re-evaluated, renamed Internal Audit Manager and would be advertised again soon.

He also reassured members that the necessary work on key financial systems would be carried out in order to give the internal audit opinion to Members.

161 AUDIT PLAN - YEAR ENDING 31 MARCH 2021

Georgia Jones, Engagement Lead at Grant Thornton submitted a report for information on the Ribble Valley BC audit plan for year ending 31 March 2021.

The document gave an overview of the planned scope and timing of the statutory audit of the Council for those charged with governance. She highlighted the main headings of significant risks, materiality, value for money arrangements and audit logistics. Members were informed that because of other work pressures the final audit would be put back to September/October 2021.

A brief discussion took place around the increase in the annual audit fees, and reference was made to the new auditing standards that introduced a revised approach to value for money work.

162 REPORTS FROM REPRESENTATIVES ON OUTSIDE BODIES

There were no reports from representatives on outside bodies.

163 EXCLUSION OF PRESS AND PUBLIC

There were no items under this heading.

The meeting closed at 6.52pm

If you have any queries on these minutes please contact the committee clerk, Olwen Heap olwen.heap@ribblevalley.gov.uk.

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS & AUDIT COMMITTEE

meeting date: 29 SEPTEMBER 2021
title: LOCAL CODE OF CORPORATE GOVERNANCE
submitted by: DIRECTOR OF RESOURCES
principal author: SUZANNE RAWSON

1. PURPOSE

1.1. To consider the revised Local Code of Corporate Governance.

1.2. Relevance to the Council's ambitions and priorities:

- Community Objectives – none identified.
- Corporate Priorities – a well-managed Council.
- Other Considerations – none identified.

2. BACKGROUND

2.1. The CIPFA/Solace publication 'Delivering Good Governance in Local Government' highlights that it is crucial that governance arrangements are applied in a way that demonstrates the 'spirit and ethos' of good governance, which cannot be achieved only through rules and procedures.

2.2. Effectively, the CIPFA/Solace publication is referring to the fact that good governance needs to be embedded within an organisation. It needs to be within every aspect of the council's culture.

2.3. One of the ways in which this culture is guided within the council is through the annual review and publication of our Local Code of Corporate Governance, which is reviewed and approved annually by this committee. The Local Code of Corporate Governance is the council's **forward-looking** statement of how the governance culture of the organisation will be driven.

2.4. Within a framework of seven core principles, the Code looks to steer the application of good governance in everything that members and staff undertake by highlighting how their work on behalf of the council will be approached.

2.5. Through the approval of the Code, the council is demonstrating that in everything it undertakes, its members and staff will:

- Behave with integrity, demonstrating strong commitment to ethical values and respecting the rule of the law;
- Ensure openness and comprehensive stakeholder engagement;
- Define outcomes in terms of sustainable economic, social and environmental benefits;
- Determine the interventions necessary to optimise the achievement of intended outcomes;
- Develop the council's capacity, including the capability of its leadership and the individuals within it;
- Manage risk and performance through robust internal control and strong public financial management; and

- Implement good practices in transparency, reporting and audit to deliver effective accountability.

3. ANNUAL REVIEW OF THE LOCAL CODE OF CORPORATE GOVERNANCE

- 3.1. An annual review of the council's Code has been undertaken and is attached at Annex 1. There are no further changes proposed to the Local Code of Corporate Governance that is currently in place.
- 3.2. The document clearly communicates the key Governance principles and the expected 'behaviours' or culture that the CIPFA/Solace publication 'Delivering Good Governance in Local Government' would expect of an organisation such as our own.
- 3.3. Also within the document is a clear linkage to how such 'behaviours' or culture can be evidenced within the council, principle by principle.
- 3.4. The format of the document also links closely with the structure of the Annual Governance Statement. The Annual Governance Statement is the **backward-looking** review of how the council has performed or acted in relation to the principles that it said it would abide by as detailed within the Local Code of Corporate Governance at the beginning of the year. Approval of the Annual Governance statement will be sought at your next meeting in November, when approval of the Statement of Accounts will also be requested.
- 3.5. As such the Local Code of Corporate Governance is the council's **forward-looking** statement of how the governance culture of the organisation will be driven.
- 3.6. The Local Code of Corporate Governance is also published on the council's website.

4. EMBEDDING THE LOCAL CODE OF CORPORATE GOVERNANCE

- 4.1. As referred to above, and within the CIPFA/Solace publication 'Delivering Good Governance in Local Government', good governance cannot be achieved only through rules and procedures, and it must be embedded within the culture of the council.
- 4.2. As such we will endeavour to raise awareness levels with staff and members, covering the seven principles and the manner in which we will approach our work as detailed within the Code. As a result we hope to further strengthen this aspect of the council's culture.

5. RISK ASSESSMENT

- 5.1 The approval of this report may have the following implications:
 - Resources – there are no additional resources implications as a direct result of this report.
 - Technical, Environmental and Legal – None
 - Political – None
 - Reputation – The Council must ensure that it has a sound system of internal control in place. Failing to adhere to the principles detailed in the Local Code of Corporate Governance has the potential to significantly harm the reputation of the council.
 - Equality & Diversity – None

6. RECOMMENDED THAT COMMITTEE

- 6.1 Approve the attached reviewed Local Code of Corporate Governance, which is attached at Annex 1.

INTERNAL AUDITOR

DIRECTOR OF RESOURCES

AA18-21/SR/AC
20 September 2021

BACKGROUND PAPERS

None

For further information please ask for Suzanne Rawson.

Local Code of Corporate Governance

July 2021



Ribble Valley
Borough Council

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Local Code of Corporate Governance

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Local Code of Corporate Governance

Introduction

Corporate Governance is the system by which the Council directs and controls its functions and relates to the community. The Code of Corporate Governance sets out the Council's governance standards. These standards ensure the Council is doing the right things, in the right way in a timely, inclusive, open, effective, honest and accountable manner.

The Council has accepted the definition of Governance as stated within the CIPFA/SOLACE Framework:

Governance comprises the arrangements put in place to ensure that the intended outcomes for stakeholders are defined and achieved.

To deliver good governance in the public sector, both governing bodies and individuals working for public sector entities must try to achieve their entities objectives while acting in the public interest at all times.

Acting in the public interest implies primary consideration of the benefits for society, which should result in positive outcomes for service users and other stakeholders.

The Council has developed and adopted a local code of corporate governance which reflects the key components as set out in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016.

The guidance defines the seven core principles, each supported by sub-principles that then underpin our governance framework.

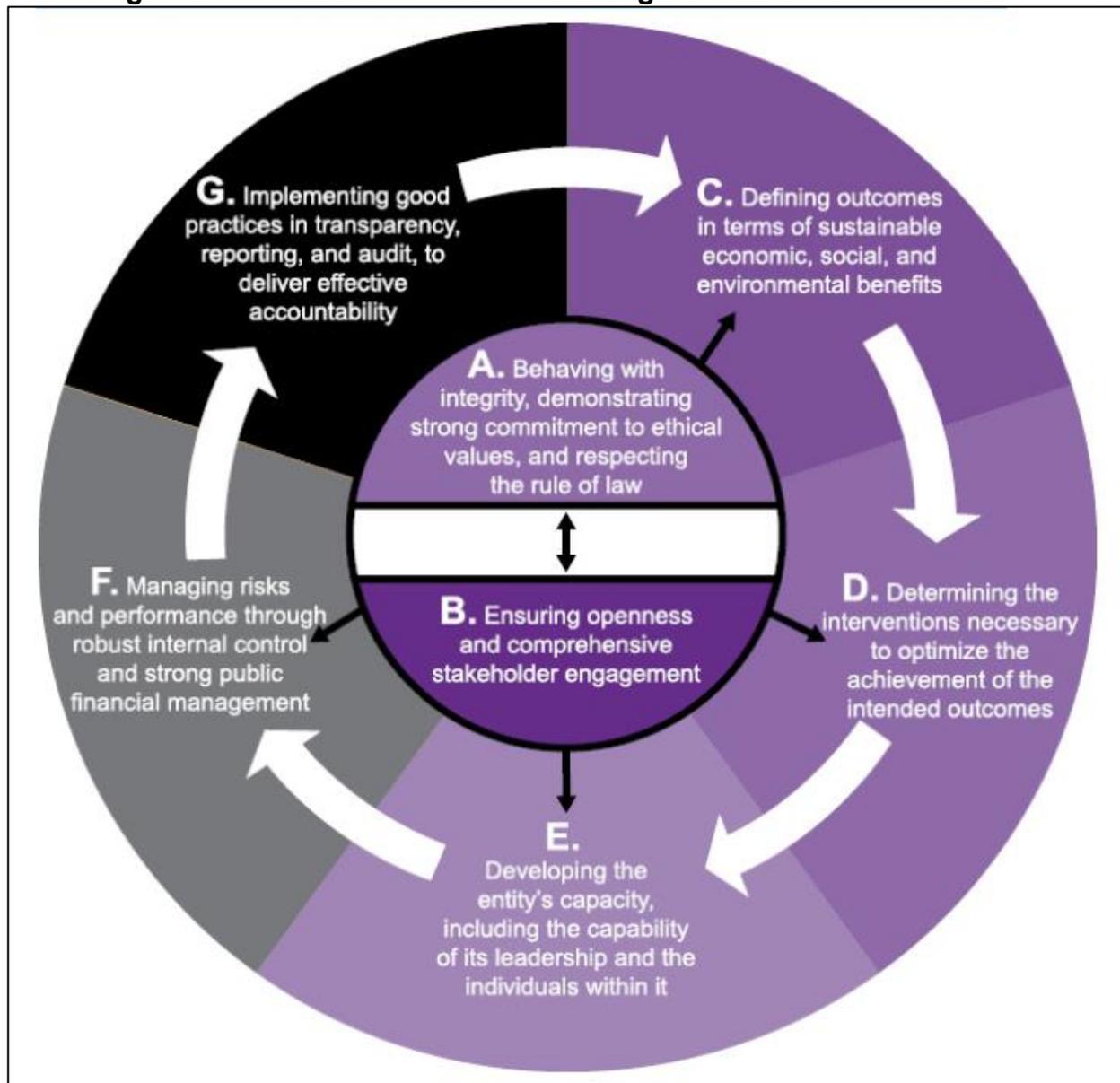
- Behaving with integrity, demonstrating strong commitment to ethical values and respecting the rule of law.
- Ensuring openness and comprehensive stakeholder engagement.
- Defining outcomes in terms of sustainable economic, social and environmental benefits.
- Determining the interventions necessary to optimise the achievement of the intended outcomes.
- Developing the council's capacity, including the 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.

Full details of these principles and the actions we will take to ensure that we fulfil their requirements are given at the end of this Code. We also outline how we evidence that we are satisfying such requirements.

Local Code of Corporate Governance

The diagram below is taken from the International Framework and illustrates the various principles of good governance in the public sector and how they relate to each other.

Achieving the Intended Outcomes While Acting in the Public Interest at all Times



Benefits of a Code of Corporate Governance

The documents and arrangements set out in the framework within this code demonstrate that the council continually seeks to ensure it remains well governed and that to deliver good governance the Council must seek to achieve its objectives whilst acting in the public interests at all times.

The Internal Audit team is responsible for ensuring that the Code is reviewed annually as part of the preparation of the Annual Governance Statement. Any revisions to the Code are reported to the Accounts and Audit Committee for approval as part of this process.

Local Code of Corporate Governance

PRINCIPLE A: Behaving with integrity, demonstrating strong commitment to ethical values and respecting rules of law

We are accountable not only for how much we spend, but also for how we use the resources under our stewardship. This includes accountability for outputs, both positive and negative, and for the outcomes we have achieved. In addition, we have an overarching responsibility to serve the public interest in adhering to the requirements of legislation and government policies.

It is essential that we can demonstrate the appropriateness of all our actions across all activities and have mechanisms in place to encourage and enforce adherence to ethical values and to respect the rule of law.

What we will do:	How this is evidenced:
<p>Behaving with Integrity:</p> <ul style="list-style-type: none"> - ensure members and officers behave with integrity and lead a culture where acting in the public interest is visibly and consistently demonstrated thereby protecting the reputation of the council. - ensure that members take the lead in establishing specific standard operating principles or values for the council and its staff and that they are communicated and understood. These will build on the Seven Principles of Public Life (the Nolan Principles). - lead by example and use the above standard operating principles or values as a framework for decision making and other actions. - demonstrate, communicate and embed our standard operating principles and values through our policies and processes - which will be reviewed on a regular basis to ensure that they are operating effectively. 	<ul style="list-style-type: none"> • Council Constitution • Standing Orders • Officer Delegation Scheme • Code of Corporate Governance • Members' Code of Conduct • Code of Conduct for Staff • Safeguarding Policy • Complaints Procedure • Anti-Fraud & Corruption Policy • Whistleblowing Policy • Appraisal Scheme • Induction Process – Members & Officers • Training Records • Gifts & Hospitality Register • Register of Interests – Members & Officers

Local Code of Corporate Governance

What we will do:	How this is evidenced:
<p>Demonstrating Strong Commitment to Ethical Values:</p> <ul style="list-style-type: none"> - seek to establish, monitor and maintain the council's ethical standards and performance. - underpin personal behaviour with ethical values and ensure they permeate all aspects of the council's culture and operation. - develop and maintain robust policies and procedures which place emphasis on agreed ethical values - ensure that external providers of services on behalf of the council are required to act with integrity and in compliance with ethical standards expected by the council 	<ul style="list-style-type: none"> • Council Constitution • Financial Regulations • Code of Corporate Governance • Members' Code of Conduct • Code of Conduct for Staff • Complaints Procedure • Appraisal Scheme • Procurement Strategy • Standard Terms & Conditions of Purchase • Recruitment & Selection Policy
<p>Respecting the rule of law:</p> <ul style="list-style-type: none"> - ensure members and staff demonstrate a strong commitment to the rule of the law as well as adhering to relevant laws and regulations - create the conditions to ensure that the statutory officers, other key post holders, and members, are able to fulfil their responsibilities in accordance with legislative and regulatory requirements - strive to optimise the use of the full powers available for the benefit of citizens, communities and other stakeholders - deal with breaches of legal and regulatory provisions effectively - ensure corruption and misuse of power are dealt with effectively 	<ul style="list-style-type: none"> • Council Constitution • CIPFA's Statement on the Role of the Chief Financial Officer in Local Government completed as part of the Corporate Governance Review. • Officer Delegation Scheme • Powers of the Council and its committees • Anti-Fraud & Corruption Policy • Complaints Procedure

Local Code of Corporate Governance

PRINCIPLE B: Ensuring openness and comprehensive stakeholder engagement

The council is run for the public good, therefore we look to ensure openness in our activities. We look to ensure clear, trusted channels of communication and consultation are used to engage effectively with all groups of stakeholders, such as individual citizens and service users, as well as institutional stakeholders.

What we will do:	How this is evidenced:
<p>Openness</p> <ul style="list-style-type: none"> - ensure an open culture through demonstrating, documenting and communicating the council's commitment to openness. - make decisions that are open about actions, plans, resource use, forecasts, outputs and outcomes. The presumption is for openness. If that is not the case, we will look to provide a justification for the reasoning for keeping a decision confidential. - provide clear reasoning and evidence for decisions in both public records and explanations to stakeholders and be explicit about the criteria, rationale and considerations used. In due course, we will ensure that the impact and consequences of those decisions are clear - use formal and informal consultation and engagement to determine the most appropriate and effective interventions/ courses of action. 	<ul style="list-style-type: none"> • Council Constitution • Freedom of Information Act • Council's website • Corporate Strategy • Ribble Valley Citizens Panel • Reports and Minutes of Meetings are held on the Council's website. • Standing Orders • Community Strategy • Communications Strategy
<p>Engaging comprehensively with institutional stakeholders:</p> <ul style="list-style-type: none"> - effectively engage with institutional stakeholders to ensure that the purpose, objectives and intended outcomes for each stakeholder relationship are clear so that outcomes are achieved successfully and sustainably. - develop formal and informal partnerships to allow for resources to be used more efficiently and outcomes achieved more effectively. - ensure that partnerships are based on: <ul style="list-style-type: none"> • trust • a shared commitment to change • a culture that promotes and accepts challenge among partners <p>and that the added value of partnership working is explicit.</p>	<ul style="list-style-type: none"> • Ribble Valley Citizens Panel • Community Strategy • Financial Regulations • Communications Strategy

Local Code of Corporate Governance

What we will do:	How this is evidenced:
<p>Engaging with individual citizens and service users effectively:</p> <ul style="list-style-type: none"> - establish a clear policy on the type of issues that the council will meaningfully consult with or involve communities, individual citizens, service users and other stakeholders to ensure that service (or other) provision is contributing towards the achievement of intended outcomes - ensure that communication methods are effective and that members and officers are clear about their roles with regard to community engagement - encourage, collect and evaluate the views and experiences of communities, citizens, service users and organisations of different backgrounds including reference to future needs. - implement effective feedback mechanisms in order to demonstrate how views have been taken into account. - balance feedback from more active stakeholder groups with other stakeholder groups to ensure inclusivity. - take account of the impact of decisions on future generations of tax payers and service users. 	<ul style="list-style-type: none"> • Community Strategy • Financial Regulations • Communications Strategy

Local Code of Corporate Governance

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

The long-term nature and impact of the Council's responsibilities mean that we should define and plan outcomes and that these should be sustainable. Decisions should further our purpose, contribute to intended benefits and outcomes, and remain within the limits of authority and resources. Input from all groups of stakeholders, including citizens, service users, and institutional stakeholders, is vital to the success of this process and in balancing competing demands when determining priorities for the finite resources available.

What we will do:	How this is evidenced:
<p>Defining outcomes</p> <ul style="list-style-type: none"> - have a clear vision, which is an agreed formal statement of the Council's purpose and intended outcomes containing appropriate performance indicators, which provide the basis for the overall strategy, planning and other decisions. - specify the intended impact on, or changes for, stakeholders including citizens and service users. It could be immediately or over the course of a year or longer. - deliver defined outcomes on a sustainable basis within the resources that will be available. - identify and manage risks to the achievement of outcomes. - manage service users' expectations effectively with regard to determining priorities and making the best use of the resources available. 	<ul style="list-style-type: none"> • Corporate Strategy • Core Strategy • Community Strategy • Risk Management Policy • Performance Indicators
<p>Sustainable economic, social and environmental benefits:</p> <ul style="list-style-type: none"> - consider and balance the combined economic, social and environmental impact of policies and plans when taking decisions about service provision. - take a longer-term view with regard to decision making, taking account of risk and acting transparently where there are potential conflicts between the Council's intended outcomes and short-term factors such as the political cycle or financial constraints. - determine the wider public interest associated with balancing conflicting interests between achieving the various economic, social and environmental benefits, through consultation where possible, in order to ensure appropriate trade-offs. - ensure fair access to services 	<ul style="list-style-type: none"> • Capital Programme • Council Constitution • Officer Delegation Scheme • Ribble Valley Citizens Panel • Equality Duty

Local Code of Corporate Governance

PRINCIPLE D: Determining the interventions necessary to optimise the achievement of the intended outcomes

The Council achieves its intended outcomes by providing a mixture of legal, regulatory, and practical interventions (courses of action). Determining the right mix of these courses of action is a critically important strategic choice that the Council has to make to ensure intended outcomes are achieved. There needs to be robust decision-making mechanisms to ensure that our defined outcomes can be achieved in a way that provides the best trade-off between the various types of resource inputs while still enabling effective and efficient operations. Decisions made need to be reviewed frequently to ensure that achievement of outcomes is optimised.

What we will do:	How this is evidenced:
<p>Determining interventions:</p> <ul style="list-style-type: none"> - ensure decision makers receive objective and rigorous analysis of a variety of options indicating how intended outcomes would be achieved and associated risks. Therefore ensuring best value is achieved. - consider feedback from citizens and service users when making decisions about service improvements or where services are no longer required in order to prioritise competing demands within limited resources available including people, skills, land and assets and bearing in mind future impacts. 	<ul style="list-style-type: none"> • Standing Orders • Community Strategy • Minutes of Meetings are held on the Council's website.
<p>Planning interventions:</p> <ul style="list-style-type: none"> - establish and implement robust planning and control cycles that cover strategic and operational plans, priorities and targets. - engage with internal and external stakeholders in determining how services and other courses of action should be planned and delivered. - consider and monitor risks facing each partner when working collaboratively, including shared risks. - ensure arrangements are flexible and agile so that the mechanisms for delivering goods and services can be adapted to changing circumstances. - establish appropriate key performance indicators (KPIs) as part of the planning process in order to identify how the performance of services and projects is to be measured. - ensure capacity exists to generate the information required to review service quality regularly. - prepare budgets in accordance with objectives, strategies and the medium term financial strategy. - inform medium and long term resource planning by drawing up realistic estimates of revenue and capital expenditure aimed at developing a sustainable funding strategy. 	<ul style="list-style-type: none"> • Communications Strategy • Financial Regulations • Risk Management Policy • Performance Indicators • Revenue Budget • Medium Term Financial Strategy • Capital Programme

Local Code of Corporate Governance

What we will do:	How this is evidenced:
<p>Optimising achievement of intended outcomes:</p> <ul style="list-style-type: none">- ensure the medium term financial strategy integrates and balances service priorities, affordability and other resource constraints.- ensure the budgeting process is all-inclusive, taking into account the full cost of operations over the medium and longer term.- ensure the medium term financial strategy sets the context for ongoing decisions on significant delivery issues or responses to changes in the external environment that may arise during the budgetary period in order for outcomes to be achieved while optimising resource usage.- ensure the achievement of 'social value' through service planning and commissioning.	<ul style="list-style-type: none">• Medium Term Financial Strategy• Budget Working Group• Capital Programme

Local Code of Corporate Governance

PRINCIPLE E: Developing the entity’s capacity, including the capability of its leadership and the individuals within it

The Council needs appropriate structures and leadership, as well as people with the right skills, appropriate qualifications and mindset, to operate efficiently and effectively and achieve intended outcomes within the specified periods. We must ensure that we have both the capacity to fulfil our mandate and to make certain that there are policies in place to guarantee that management has the operational capacity for the organisation as a whole.

Because both individuals and the environment in which we operate will change over time, there is a continuous need for us to develop our capacity as well as the skills and experience of individual staff members. Leadership in the Council is strengthened by the participation of people with many different types of backgrounds, reflecting the structure and diversity of communities.

What we will do:	How this is evidenced:
<p>Developing the entity’s capacity:</p> <ul style="list-style-type: none"> - review operations, performance and use of assets on a regular basis to ensure their continuing effectiveness. - improve resource use through appropriate application of techniques such as benchmarking and other options in order to determine how resources are allocated so that defined outcomes are achieved effectively and efficiently. - recognise the benefits of partnerships and collaborative working where added value can be achieved. - develop and maintain an effective workforce plan to enhance the strategic allocation of resources. 	<ul style="list-style-type: none"> • Council Constitution • Appraisal Scheme • Performance Indicators • Capital Programme • Workforce Profile Report • Corporate Training • Training Policy • Induction Process – Members & Officers

Local Code of Corporate Governance

Developing the capability of the entity's leadership and other individuals:

- develop protocols to ensure that elected and appointed leaders negotiate with each other regarding their respective roles early on in the relationship and that a shared understanding of roles and objectives is maintained.

- publish a statement that specifies the types of decisions that are delegated and those reserved for the collective decision making of Full Council.

- ensure the leader and the chief executive have clearly defined and distinctive leadership roles within a structure whereby the chief executive leads in implementing strategy and managing the delivery of services and other outputs set by members and each provides a check and a balance for each other's authority.

- develop the capabilities of members and senior management to achieve effective leadership and to enable the organisation to respond successfully to changing legal and policy demands as well as economic, political and environmental changes and risks by:

- ensuring members and staff have access to appropriate induction tailored to their role and that ongoing training and development matching individual and organisational requirements is available and encouraged
- ensuring members and officers have the appropriate skills, knowledge, resources and support to fulfil their roles and responsibilities and ensuring that they are able to update their knowledge on a continuing basis
- ensuring personal, organisational and system-wide development through shared learning, including lessons learnt from governance weaknesses both internal and external

- ensure that there are structures in place to encourage public participation.

- take steps to consider the leadership's own effectiveness and ensuring leaders are open to constructive feedback from peer review and inspections.

- hold staff to account through regular performance reviews which take account of training or development needs.

- ensure arrangements are in place to maintain the health and wellbeing of the workforce and support individuals in maintaining their own physical and mental wellbeing

- [Council Constitution](#)
- [Officer Delegation Scheme](#)
- [Financial Regulations](#)
- [Standing Orders](#)
- [Protocol for Member and Officer Relations](#)
- Publication Subscriptions
- Induction Schemes
- Appraisal Scheme
- Training Records
- Training Policy
- [Ribble Valley Citizens Panel](#)
- Human Resources Policies

Local Code of Corporate Governance

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

The Council needs to ensure that the governance structures that it oversees have implemented, and can sustain, an effective performance management system that facilitates effective and efficient delivery of planned services. Risk management and internal control are important and integral parts of a performance management system and are crucial to the achievement of outcomes. Risk should be considered and addressed as part of all decision making activities. A strong system of financial management is essential for the implementation of policies and the achievement of intended outcomes, as it will enforce financial discipline, strategic allocation of resources, efficient service delivery and accountability. It is also essential that a culture and structure for scrutiny are in place as a key part of accountable decision making, policy making and review. A positive working culture that accepts, promotes and encourages constructive challenge is critical to successful scrutiny and successful service delivery. Importantly, this culture does not happen automatically, it requires repeated public commitment from those in authority.

What we will do:	How this is evidenced:
<p>Managing risk:</p> <ul style="list-style-type: none"> - recognise that risk management is an integral part of all activities and must be considered in all aspects of decision making. - implement robust and integrated risk management arrangements and ensure that they are working effectively. - ensure that responsibilities for managing individual risks are clearly allocated. 	<ul style="list-style-type: none"> • Risk Management Policy • Grace Risk Management System
<p>Managing performance:</p> <ul style="list-style-type: none"> - monitor service delivery effectively including planning, specification, execution and independent post implementation review. - make decisions based on relevant, clear objective analysis and advice pointing out the implications and risks inherent in the organisation's financial, social and environmental position and outlook. - encourage effective and constructive challenge and debate on policies and objectives to support balanced and effective decision making. - provide members and senior management with regular reports on service delivery plans and on progress towards outcome achievement. - ensure there is consistency between specification stages (such as budgets) and post implementation reporting (e.g. financial statements). 	<ul style="list-style-type: none"> • Pentana Performance Database • Training Records • Financial Regulations • Standing Orders • Minutes of Meetings • Council Website

Local Code of Corporate Governance

What we will do:	How this is evidenced:
<p>Robust internal control:</p> <ul style="list-style-type: none"> - align the risk management strategy and policies on internal control with achieving objectives. - evaluate and monitor risk management and internal control on a regular basis. - ensure effective counter fraud and anti-corruption arrangements are in place. - ensure additional assurance on the overall adequacy and effectiveness of the framework of governance, risk management and control is provided by the internal auditor. - ensure an audit committee, which is independent and accountable to Full Council: <ul style="list-style-type: none"> • provides a further source of effective assurance regarding arrangements for managing risk and maintaining an effective control environment. • that its recommendations are listened to and acted upon. 	<ul style="list-style-type: none"> • Risk Management Policy • Audit Plan • TEICAFF Protecting the Public Purse 2016 • Annual Governance Statement • Accounts & Audit Terms of Reference • Training Records • Anti-Fraud & Corruption Policy
<p>Managing data:</p> <ul style="list-style-type: none"> - ensure effective arrangements are in place for the safe collection, storage, use and sharing of all data. - ensure effective arrangements are in place and operating effectively when sharing data with other bodies. - review and audit regularly the quality and accuracy of data used in decision making and performance monitoring. 	<ul style="list-style-type: none"> • Document Retention Policy • Data Protection Policy • Council Forms • Council's website • Data Quality Policy • Pentana Performance Database
<p>Strong public financial management:</p> <ul style="list-style-type: none"> - ensure financial management supports both long term achievement of outcomes and short-term financial and operational performance. - ensure well-developed financial management is integrated at all levels of planning and control, including management of financial risks and controls 	<ul style="list-style-type: none"> • Medium Term Financial Strategy • Treasury Management Strategy & Policy

Local Code of Corporate Governance

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

Accountability is about ensuring that those making decisions and delivering services are answerable for them. Effective accountability is concerned not only with reporting on actions completed, but also ensuring that stakeholders are able to understand and respond as the organisation plans and carries out its activities in a transparent manner. Both external and internal audit contribute to effective accountability.

What we will do:	How this is evidenced:
<p>Implementing good practice in transparency:</p> <ul style="list-style-type: none"> - write and communicate reports for the public and other stakeholders in a fair, balanced and understandable style appropriate to the intended audience and ensuring that they are easy to access and interrogate. - strike a balance between providing the right amount of information to satisfy transparency demands and enhance public scrutiny while not being too onerous to provide and for users to understand. 	<ul style="list-style-type: none"> • Council's website – Open & Data Transparency Section
<p>Implementing good practices in reporting:</p> <ul style="list-style-type: none"> - report at least annually on performance, value for money and stewardship of resources to stakeholders in a timely and understandable way. - ensure members and senior management own the results reported - ensure robust arrangements for assessing the extent to which the principles contained in the CIPFA/SOLACE Delivering Good Governance in Local Government Framework 2016 have been applied and publishing the results on this assessment, including an action plan for improvement and evidence to demonstrate good governance (the annual governance statement) - ensure that the Framework is applied to jointly managed or shared service organisations as appropriate. - ensure the performance information that accompanies the financial statements is prepared on a consistent and timely basis and the statements allow for comparison with other, similar organisations. 	<ul style="list-style-type: none"> • External Audit Reports • Statement of Accounts • Council Constitution • Annual Governance Statement

Local Code of Corporate Governance

What we will do:	How this is evidenced:
<p>Assurance and effective accountability:</p> <ul style="list-style-type: none"> - ensure that recommendations for corrective action made by external audit are acted upon - ensure an effective internal audit service with direct access to members is in place, providing assurance with regard to governance arrangements and that recommendations are acted upon. - welcome peer challenge, reviews and inspections from regulatory bodies and implementing recommendations. - gain assurance on risks associated with delivering services through third parties and that this is evidenced in the annual governance statement. - ensure that when working in partnership, arrangements for accountability are clear and the need for wider public accountability has been recognised and met. 	<ul style="list-style-type: none"> • External Audit Reports • CIPFA's Role of the Head of Internal Audit • Financial Regulations • Internal Audit Manual • Annual Governance Statement • Community Strategy

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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

meeting date: 29 SEPTEMBER 2021
title: STATEMENT OF ACCOUNTS 2020/21 PROGRESS REPORT
submitted by: DIRECTOR OF RESOURCES
principal author: LAWSON ODDIE

1 PURPOSE

1.1 To provide Committee with an update on progress with regard to the production of the Statement of Accounts for 2020/21 and the external audit of the same.

1.2 Relevance to the Council's ambitions and priorities:

- Community Objectives – none identified
- Corporate priorities – to continue to be a well-managed Council, providing efficient services based on customer need and meets the objective within this priority of maintaining critical financial management controls, ensuring the authority provides council tax payers with value for money
- Other considerations – none identified

2 BACKGROUND

2.1 Committee will be aware from previous meetings that the deadlines for the preparation of the statement of accounts and the audit of the same were extended.

2.2 This was the first action to be completed in implementing the recommendations of the independent Redmond Review into the effectiveness of external audit and transparency of financial reporting in local authorities.

2.3 The Accounts and Audit (amendment) Regulations 2021 (SI no 2021/263) came into force on 31 March 2021 and amended the draft and final accounts publication deadlines for relevant bodies from 1 June and 31 July to 1 August and 30 September for the next 2 accounting years – i.e. 2020/21 and 2021/22. The position regarding this extension will be reviewed towards the end of this two-year period.

2.4 As reported to committee verbally at your last meeting, it is with regret that it has not been possible to meet the publication deadline this year. This was due to a number of technical complications in respect of accounting for the many Covid-19 funding streams and also due to other added work burdens around Covid-19.

2.5 The team has been working very hard to complete the work in a timely and accurate manner and the delay that we've been experiencing here has also been seen at many other councils.

2.6 Our delay here in producing the draft Statement of accounts has also impacted on Grant Thornton and the availability of their audit resources, but we have worked closely with Grant Thornton by keeping them updated on progress and helping set new targets for completion of the statements, which they can in turn match with audit resources.

3 CURRENT POSITION

- 3.1 We're now pleased to be able to report that the draft Statement of Accounts has been published on the council's website at www.ribblevalley.gov.uk/soa and a copy of the same has been sent to Grant Thornton.
- 3.2 Alongside preparing the Statement of Accounts, work has also been carried out by the team on ensuring we fulfil Grant Thornton's working paper requirements.
- 3.3 We will be working closely with Grant Thornton over the coming months to ensure that they have everything needed on a timely basis to help them be in a position to present their Audit Findings Report to your next meeting in November (subject to progress and findings during the audit itself).
- 3.4 It is planned that at this same meeting it will be possible to present the final audited Statement of Accounts to committee for approval.
- 3.5 At that meeting committee will be taken through the various elements of the statements and the key pertinent aspects that may need to be brought to the attention of committee.
- 3.6 Attached at Annex 1 to the report is a useful document prepared by CIPFA a number of years ago, but nonetheless still relevant: 'Understanding Local Authority Financial Statements'. Hopefully this will help give committee some useful background information prior to the presentation of the accounts at your next meeting.

4 CONCLUSION

- 4.1 The deadlines for the preparation and audit of the Statement of Accounts has changed following the Redmond Review.
- 4.2 Unfortunately, the new deadlines have not been able to be met this year due to the complexities of accounting in respect of Covid-19.
- 4.3 We have been working closely with our external auditors Grant Thornton and the Statement of Accounts have now been published and the external audit is underway. It is expected that Committee will be asked to approve the Audited Statement of Accounts at the next meeting in November.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA15-21/LO/AC
20 September 2021

understanding local authority financial statements

2016

\ introduction

Local authority financial statements have a key part to play in accountability to taxpayers and other stakeholders as to how public money is used. However, the complexity of the financial statements has not always helped this accountability, particularly allowing the amounts in the statements to be easily reconciled to management accounting and in-year monitoring of budgets.

The introduction of the Expenditure and Funding Analysis to the 2016/17 Code is intended to allow a clear link to be made between in-year monitoring and General Fund information and final outturn as set out in the audited financial statements, thus closing the accountability loop from budgets through to outturn.

A key to achieving the aims of the changes will be to use the information not just in the narrative section of the financial statements to explain performance during the year, but more widely to all stakeholders, including elected members as citizens' representatives, in a range of formats and media to provide a definitive position on financial performance. Local authorities are also urged to look to their balance sheets as a part of this explanation and the key messages that can be drawn out.

At the same time it is important that opportunities are taken to cut the clutter and remove immaterial disclosures or through the use of technical appendices to separate out the more complex disclosures. Working in partnership CIPFA/LASAAC will itself continue to review opportunities for improvement and explore links with other published information to ensure that the definitive position remains clear.

This briefing note is intended to help chief financial officers and other senior staff to present the financial statements to members and other stakeholders by explaining how the formats can be used to convey key information. It is also designed to give elected members and stakeholders an introduction to the format of the accounts and provide them with key questions on the financial statements.

An important element of financial reporting which will assist local authorities to tell the story of their financial performance is the narrative report (management commentary in Scotland). This report accompanies the financial statements and should provide a commentary on how the authority has used its resources to achieve desired outcomes in line with its objectives and strategies. It should provide an explanation of the main messages of financial performance, financial position and cash flows in the financial statements.

This publication includes extract financial statements to demonstrate key issues. It is important to note that the Code sets out the minimum requirements for the financial statements of the authority, but authorities are free to include more detail if they think it will help them to explain the accounts to members and other stakeholders.

This publication also highlights the opportunities to simplify presentation and make the messages clearer in a number of areas:

- comparisons with budgets (General Fund and Housing Revenue Account performance)
- reserves position, and
- cash flows.

comparisons with budgets

For members, probably the most important issue will be whether the authority has a surplus or deficit on General Fund or Housing Revenue Account (HRA) balances against its budget for the year.

The financial statements will enable individual authorities to demonstrate performance both in the way in which they organise themselves and, more importantly, in how they budget against the General Fund to provide services.

The introduction of the new expenditure and funding analysis

The financial statements primarily follow accounting standards rather than local government legislation. Although some information is provided on General Fund and HRA balances this hasn't always been easy to identify in the past. However, the new Expenditure and Funding Analysis provides users of the financial statements with more information to make that analysis (for example, by comparison with their budget reports).

The Expenditure and Funding Analysis brings together local authority performance reported on the basis of expenditure measured under proper accounting practices with statutorily defined charges to the General Fund (including the HRA).

Proper accounting practices measure the resources that have been generated and consumed in the year including such things as the use of property (depreciation) and the value of pensions benefits earned by the employees. Statutory provisions determine how much of the authority's expenditure needs to be met from council tax each year.

The Expenditure and Funding Analysis:

- shows for each of the authority's services or directorates a comparison of the net resources applied and the net charge against council tax, and
- provides an opportunity to explain significant differences between the two within the authority's framework for accountability.

The Expenditure and Funding Analysis promotes accountability and stewardship by providing a more direct link with the annual decision making process of the authority and its budget ie the General Fund. The changes are more transparent and follow the performance framework of the authority.

The Expenditure and Funding Analysis takes the net expenditure that is chargeable to taxation and rents and reconciles it to the Comprehensive Income and Expenditure Statement. To demonstrate accountability and to meet segmental reporting requirements it is necessary to reconcile to the statutory position on the General Fund balance. The service analysis for both the Expenditure and Funding Analysis and the Comprehensive Income and Expenditure Statement are now both provided in the way in which an authority organises itself and manages financial performance.

The Expenditure and Funding Analysis needs to be positioned in the financial statements where it is most accessible and relevant to its users. This means it could be placed before the main statements, to accompany the Comprehensive Income and Expenditure Statement, or even included as the first note. An authority will be able to decide for itself.

Expenditure and Funding Analysis (extract)

The Expenditure and Funding Analysis analysis shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) by local authorities in comparison with those resources consumed or earned by authorities in accordance with generally accepted accounting practices. It also shows how this expenditure is allocated for decision making purposes between the council's directorates/services/departments. Income and expenditure accounted for under generally accepted accounting practices is presented more fully in the Comprehensive Income and Expenditure Statement.

20X0/20X1	Net Expenditure Chargeable to the General Fund and HRA Balances £000	Adjustments between the Funding and Accounting Basis £000	Net Expenditure in the Comprehensive Income and Expenditure Statement £000
People Directorate	47,385	898	48,283
Neighbourhoods	5,929	13,608	19,537
Business Change	30	224	254
Corporate and Central Services	19,358	833	20,191
Net Cost of Services	72,702	15,563	88,265
Other Income and Expenditure	(72,658)	(1,019)	(73,677)
Surplus or Deficit	44	14,544	14,588
Opening General Fund and HRA Balance at 31 March 20X0	(25,247)		
Less Deficit on General Fund and HRA Balance in Year	44		
Closing General Fund and HRA Balance at 31 March 20x1*	(25,203)		

*for a split of this balance between the General Fund and the HRA – see the Movement in Reserves Statement

comprehensive income and expenditure statement

The Comprehensive Income and Expenditure Statement shows how resources have been generated and expended in accordance with International Financial Reporting Standards. It shows whether the authority's operations resulted in a surplus or deficit. The key lines that summarise performance are highlighted below.

Comprehensive Income and Expenditure Statement (extract)

The Comprehensive Income and Expenditure Statement shows the accounting cost in the year of providing services in accordance with generally accepted accounting practices, rather than the amount to be funded from taxation [or rents]. Authorities raise taxation [and rents] to cover expenditure in accordance with statutory requirements; this may be different from the accounting cost. The taxation position is shown in both the Expenditure and Funding Analysis and the Movement in Reserves Statement.

Comprehensive Income and Expenditure Statement 20X0/X1	Gross Expenditure £000	Gross Income £000	Net Expenditure £000
People Directorate	74,297	(26,014)	48,283
Neighbourhoods	58,225	(38,688)	19,537
Business Change	11,624	(11,370)	254
Corporate and Central Services	24,021	(3,830)	20,191
Cost of Services	168,167	(79,902)	88,265
Other Operating Expenditure (Note 9)	2,218	–	2,218
Financing and Investment Income and Expenditure (Note 10)	11,340	(2,359)	8,981
Taxation and Non-specific Grant Income and Expenditure (Note 11)	–	(84,876)	(84,876)
(Surplus) or Deficit on Provision of Services			14,588
(Surplus) or Deficit on Revaluation of Property, Plant and Equipment Assets			(36,597)
(Surplus) or Deficit on Revaluation of Available-for-Sale Financial Assets			(101)
Remeasurement of the Net Defined Benefit Liability (Asset)			(8,444)
Other Comprehensive Income and Expenditure			(45,142)
Total Comprehensive Income and Expenditure			(30,554)

Expenditure of continuing operations, analysed by service segment, these lines are reconciled to the General Fund in the Expenditure and Funding Analysis

Operational costs of providing the services of the authority.

Total income and expenditure of the authority for the year, this line is also reconciled to the General Fund in the Expenditure and Funding Analysis

From 2016/17 local authorities are required to report their service segments based on the way in which they operate and manage services. There is no longer a requirement for that service analysis to be based on the definition of total cost or the service expenditure analysis in the *Service Reporting Code of Practice* in the financial statements. This new format means that the service section of the Comprehensive Income and Expenditure Statement supports accountability and transparency as it reflects the way in which services operate and performance is managed.

Where an authority uses alternative service reporting formats it will need to select the presentation most commonly used by the individual or group within the authority who has the most significant role in allocating resources and assessing performance of services when considering the allocation of resources.

This format of the Comprehensive Income and Expenditure Statement is also more meaningful for both local authority members and users of the financial statements as it follows their budget and performance monitoring and other key documents such as their council tax leaflets.

Treatment of overheads will depend on an authority's arrangements for accountability. If an authority operates and manages some or all of its corporate and support services separately then these service segments would be shown separately on the face of the Comprehensive Income and Expenditure Statement and not apportioned.

The test is whether the expenditure relating to these activities is reported to key decision makers as separate activities or spread across services as overheads for the financial statements. Therefore, there is no longer an absolute requirement to apportion support service overheads to services. However, local authorities will not need to change any of their financial reporting requirements for internal management processes. Whatever you are doing internally determines the structure for external reporting statements.

The Comprehensive Income and Expenditure Statement is then split into two parts.

The first part reflects the full economic cost of providing the services of the authority with the results summarised at the Surplus or Deficit on the Provision of Services line, highlighted above. It represents the operating costs of providing the services of the authority in the year. In the private sector this would be equivalent to the profit or loss of a company.

The second part, other comprehensive income and expenditure, shows the gains or losses in the measurement of the assets and liabilities of the authority. These gains or losses arise as a result of changes in market valuations, interest rates or changes in measurement assumptions in relation to pensions assets and liabilities.

movement in reserves statement

The Comprehensive Income and Expenditure Statement shows the income and expenditure on the authority's services in the year in accordance with International Financial Reporting Standards as adopted by the Code. However, the amount chargeable to council tax and an authority's General Fund is limited by statutory requirements and requires a number of adjustments. The statutory adjustments largely relate to arrangements for funding local authority capital expenditure or the timing with which some items are charged to council tax. The reserves of the authority represent its net worth; the usable reserves show the resources currently available to spend on services.

The movements in the financial position of the authority are summarised in the Movement in Reserves Statement.

The Movement in Reserves Statement shows how:

- the authority has generated and expended resources in the year; and
- the resourcing position is adjusted under statutory rules to show the funds available to be spent at year end.

The Movement in Reserves Statement prescriptions have been reduced to the absolute minimum in the Code. Authorities can provide additional rows to these minimum requirements if they consider that they need to do so to provide a true and fair presentation of their reserves.

Movement in Reserves Statement (extract)

The Movement in Reserves Statement shows the movement from the start of the year to the end on the different reserves held by the authority, analysed into 'usable reserves' (ie those that can currently be used to fund expenditure or reduce local taxation) and other 'unusable' reserves. It shows how the movements in year of the authority's reserves are broken down between gains and losses incurred in accordance with generally accepted accounting practices and the statutory adjustments required to return to the amounts chargeable to council tax [or rents] for the year. The Net Increase/Decrease line shows the statutory General Fund balance and Housing Revenue Account balance movements in the year following those adjustments.

	General Fund Balance £000	Housing Revenue Account £000	Capital Receipts Reserve* £000	Major Repairs Reserve** £000	Capital Grants Unapplied Account £000	Total Usable Reserves £000	Unusable Reserves £000	Total Authority Reserves £000
Balance at 31 March 20X0	22,118	3,129	10,065	1,600	450	37,362	1,350,567	1,387,929
Movement in reserves during 20X0/X1								
Total Comprehensive Income and Expenditure	(14,983)	395	–	–	–	(14,588)	45,142	30,554
Adjustments from income & expenditure charged under the accounting basis to the funding basis	14,835	(291)	(750)	–	–	13,794	(13,794)	–
Increase or (decrease) in 20X0/X1	(148)	104	(750)	–	–	(794)	31,348	30,554
Balance at 31 March 20X1 carried forward	21,970	3,233	9,315	1,600	450	36,568	1,381,915	1,418,483

* Capital Fund Scotland

** Applicable in England Only

An overall increase in usable reserves can arise despite a loss being shown in the Comprehensive Income and Expenditure Statement where statutory provisions allow a different charge to revenue from the authority expenditure incurred (eg replacement of depreciation by minimum revenue provision (MRP)). The adjustment to usable reserves is balanced by a movement in unusable reserves.

Unusable reserves such as the Capital Adjustment Account and the Pensions Reserve with debit balances will need to be funded in the future, even if it is over a long period, so increases in these balances show an increasing burden on future taxpayers.

balance sheet

The balance sheet in local authorities is very similar to other public sector or private sector balance sheets. The balance sheet presents an authority's financial position, ie its net resources at the financial year end. The balance sheet is composed of two main balancing parts: its net assets and its total reserves. The net assets part shows the assets the authority would have control of after settling all its liabilities. The balance of these assets and liabilities is then shown as being attributable to the various reserves of the authority.

For local authorities balance sheet presentation is split between the usable reserves and unusable reserves. Usable reserves are those which the authority can utilise to support future service provision. Unusable reserves cannot be used to support services and include gains and losses where amounts can only become available to support services if the assets are sold. These gains and losses are referred to as unrealised.

Balance sheet (extract)

The Balance Sheet shows the value as at the Balance Sheet date of the assets and liabilities recognised by the authority. The net assets of the authority (assets less liabilities) are matched by the reserves held by the authority. Reserves are reported in two categories. The first category of reserves are usable reserves, ie those reserves that the authority may use to provide services, subject to the need to maintain a prudent level of reserves and any statutory limitations on their use (for example the Capital Receipts Reserve that may only be used to fund capital expenditure or repay debt). The second category of reserves represents those that the authority is not able to use to provide services. This category of reserves includes reserves that hold unrealised gains and losses (for example the Revaluation Reserve), where amounts would only become available to provide services if the assets are sold; and reserves that hold timing differences shown in the Movement in Reserves Statement line 'Adjustments between accounting basis and funding basis under regulations'.

Balance Sheet	Notes	31 March 20X1	
			£000
Property, plant and equipment	12	628,924	The authority's property portfolio
Highways Network Asset	13	1,028,700	The Highways Network Asset (not applicable to district councils). This will be the largest asset balance in a local highways authority balance sheet
Heritage assets	14	3,379	
Investment property	15	4,020	
Intangible assets	16	709	
Long-term investments	17	948	
Long-term debtors	17	3,798	Long term assets ie those expected to provide benefits to the authority beyond 12 months
Long-term assets		1,670,478	
Short-term investments	17	24,060	
Assets held for sale	22	1,409	Current assets ie those anticipated to be consumed in 12 months – the normal operating cycle for the authority
Inventories	18	1,769	
Short-term debtors	20	15,351	
Current assets		42,589	Reconciles to the cash and cash equivalents balance in the cash flow statement
Bank overdraft		(13,767)	
Short-term borrowing	17	(9,500)	
Short-term creditors	23	(21,960)	Current liabilities ie those liabilities anticipated to be settled within 12 months
Current liabilities		(45,227)	
Provisions	24	(4,297)	
Long-term borrowing	17	(89,733)	
Other long-term liabilities	17	(155,327)	Long-term liabilities ie those liabilities that are anticipated to be settled beyond 12 months
Long-term liabilities		(249,357)	
Net assets		1,418,483	Total assets less total liabilities

\ reserves

Reserves – including the General Fund and (where relevant) the Housing Revenue Account – are an indication of the resources available to an authority to deliver services at the balance sheet date. The key messages that members will be looking for in terms of reserves – especially the General Fund and the HRA – are how the balances have changed over the year, whether the balances are still adequate, and what the balances mean in terms of future budgets and services.

Information on the level of reserves can be found in the balance sheet and related notes, and in the Movement in Reserves Statement (and related notes). This latter statement will be more useful in explaining the changes that have taken place during the year.

	Notes	31 March 20X1 £'000
Usable reserves	24	36,568
Unusable Reserves	25	1,381,915
		<u>1,418,483</u>

The minimum requirement in presenting resources is to include only two lines – usable reserves (such as General Fund) and unusable reserves (such as the Revaluation Reserve and the Capital Adjustment Account).
If there are some reserves you do want to show on the balance sheet, that's fine, as long as these totals are shown.

While the balance sheet aims to show those reserves over which members have control, don't forget that some of the unusable reserves will become a charge against the revenue account – or usable reserves – over time. And in some cases, such as the Unequal Pay Back Pay Account, this might be within a year or two.

As indicated above, not all reserves can be used to deliver services, and the Code reflects this by reporting reserves in two groups – 'usable' and 'unusable' reserves. Usable reserves such as the General Fund are those where members will be involved in deciding on the levels maintained, and their use. Unusable reserves such as the Revaluation Reserve and the Capital Adjustment Account are not subject to such member influence.

cash flows

The final statement required by the Code is the cash flow statement.¹ The cash flow statement shows changes in cash flows of the authority during the financial year. It shows net cash flows split into three activities: operating, investing and financing. The cash flow statement shows the resulting movement in the authority's cash and cash equivalents. Cash and cash equivalents include short term investments that are readily convertible and which are subject to only insignificant risk of changes in value.

Cash Flow Statement (extract)

The Cash Flow Statement shows the changes in cash and cash equivalents of the authority during the reporting period. The statement shows how the authority generates and uses cash and cash equivalents by classifying cash flows as operating, investing and financing activities. The amount of net cash flows arising from operating activities is a key indicator of the extent to which the operations of the authority are funded by way of taxation and grant income or from the recipients of services provided by the authority. Investing activities represent the extent to which cash outflows have been made for resources which are intended to contribute to the authority's future service delivery. Cash flows arising from financing activities are useful in predicting claims on future cash flows by providers of capital (ie borrowing) to the authority.

	20X0/X1 £000	
Net (surplus) or deficit on the provision of services	14,588	Surplus or deficit taken from the Comprehensive Income and Expenditure Statement
Adjustments to net surplus or deficit on the provision of services for non-cash movements	(36,267)	
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	11,523	
Net cash flows from Operating Activities (Note 26)	(10,156)	Three groups of transactions: ■ Operating ■ Investing ■ Financing
Investing Activities (Note 27)	(24,585)	
Financing Activities (Note 28)	35,140	
Net increase or decrease in cash and cash equivalents	399	
Cash and cash equivalents at the beginning of the reporting period	(14,166)	
Cash and cash equivalents at the end of the reporting period (Note 19)	(13,767)	Cash and cash equivalents figure in the balance sheet

¹ Note the format of the cash flow statement shown is produced under the indirect method.

a checklist of questions to ask about a local authority's financial statements

To assist with the understanding of local authority financial statements a checklist about the core financial statements and the Expenditure and Funding Analysis has been included below.

Checklist	
Expenditure and Funding Analysis	
1	Have any significant differences between budget reports and net expenditure chargeable to General Fund and Housing Revenue Account balances been explained?
2	Are the major statutory adjustments clearly explained and easily understood?
Comprehensive Income and Expenditure Statement	
3	Is the purpose of the Comprehensive Income and Expenditure Statement clear (ie does it show actual financial performance under accounting standards before fiscal adjustments)?
4	Do the service net expenditure figures clearly demonstrate the financial performance of the services on the face of the Comprehensive Income and Expenditure Statement during the year?
5	Are the material items of income and expenditure in the Comprehensive Income and Expenditure Statement presented separately on the face of the Statement or explained in the notes?
6	Do the notes to the Comprehensive Income and Expenditure Statement provide easily understandable information relating to the Statement (or lines within the Statement)?
7	Are there any unexplained significant variances between current and previous year information?
Movement in Reserves Statement	
8	Can the major movements in net worth that occur within the Movement in Reserves Statement be easily identified? Are these explained within the financial statements or Narrative Report?
9	Do the opening balances in the Movement in Reserves Statement match with the closing balances of the preceding year? Are any adjustments to opening balances explained on the face of the Statement and/or in the notes?
10	Is there a clear explanation of the statutory adjustments in the adjustments from income and expenditure charged under the accounting basis to the funding basis line in the Movement in Reserves Statement? (Note this may be linked with the Expenditure and Funding Analysis.)
11	Do the entries on the statutory adjustment line net to nil?
12	Do the related notes on reserves clearly explain the line or columnar items not explained in the Statement?

Checklist

13	Does the Total Comprehensive Income and Expenditure line in the Movement in Reserves Statement agree with the information in the Comprehensive Income and Expenditure Statement?
14	How have the balances of usable reserves moved during the year? Are these balances sufficient to support an authority's financial plans in the immediate future and over the medium term?
Balance Sheet	
15	Does the property, plant and equipment information tell the story of the authority's property portfolio during the year (including the major movements in that portfolio ie major disposals and acquisitions)? Do these balances reflect the authority's asset management strategy? (Note the same question can be asked for local authorities with substantial portfolios of investment properties.)
16	For highways authorities – do the movements in the Highways Network Asset represent the transport management/investment decisions of the authority?
17	Has there been any substantial movement in the pension asset or liability? If yes, has the reason for such a movement been explained and the subsequent consequences described in the financial statements or the Narrative Report?
18	Have there been any new provisions or significant movements in provisions in the year? If yes, have the reasons for making these provisions been set out in the financial statements or any material movements been explained?
19	Have there been any significant movements in the authority's borrowings during the year? Are these movements reflected in your council's borrowing strategy and what impact will this have on the prudential indicators or future investment plans?
20	Are there any significant movements in an authority's investment portfolio? Do these agree with the plans in the authority's treasury management strategies and statutory investment plans?
21	Are there any other significant movements in balances in the balance sheet that are not clearly explained?
22	Do the balance sheet reserves agree with the totals in the Movement in Reserves Statement?
Cash Flow Statement	
23	Do the cash balances in the cash flow statement agree with the relevant balances in the balance sheet?
24	Are the council's cash balances reflected adequately in the council's treasury management strategies?

reminders and questions raised on the IFRS-based code

IFRS – what is it?

International Financial Reporting Standards (IFRSs) are a suite of accounting standards used across the world. The Code of Practice on Local Authority Accounting is based on IFRS standards as adapted or interpreted for local authority circumstances.

The pension deficit is meaningless – why do we have to show it?

The deficit doesn't have to be funded from this year's budget, but it's still a true cost estimated by actuaries – it represents the amount that will need to be found from future budgets to pay for pension entitlements already incurred in delivering services. So it's a real call on future funding arising from past activity. Not showing this would hide the liability that the authority has incurred.

This also applies to other reserves. Like the Pension Reserve, the Capital Adjustment Account, the Unequal Pay Back Pay Account and similar reserves all do one thing: they hold expenditure that the authority has incurred but not yet financed. Think of them as being a bit like a credit card balance – these amounts will have to be funded in future, either from taxation or from usable reserves.

Concerns have been expressed that all these reserves make the balance sheet incomprehensible. But all that needs to be shown on the balance sheet itself are 'usable reserves' and 'unusable reserves' – the details can all go in a note. This will help to declutter the balance sheet.

The financial statements do not clearly demonstrate traditional measures of local authority performance ie General Fund and HRA balances

The IFRS-based Code sets out that local authority financial statements are intended to be used for assessing the stewardship of local authority resources and for making economic decisions. Thus the information is intended for two purposes. The Comprehensive Income and Expenditure Statement presents information on the real economic cost of providing services in the year and it does not show the movement in General Fund and HRA balances. This reconciliation is provided in the Movement in Reserves Statement, whose bottom line shows the General Fund and HRA resources available at year end. CIPFA has reviewed options for making this even clearer. The new Expenditure and Funding Analysis brings together both the accounting measures of performance and the performance against General Fund for council tax setting purposes.

The accounts are too long!

Yes, the accounts can be long, but local authorities have a complex story to tell. But notes only need to be produced if they are material – leaving out notes that aren't material or required by legislation is a good start. CIPFA/LASAAC as standard setter is continuously challenging the need to introduce disclosures and reporting requirements for local government.

What changes were made to the 2016/17 Code?

CIPFA and CIPFA/LASAAC consulted widely in preparation for these changes, particularly the Telling the Story consultation in the summer of 2015. CIPFA also engaged a working group to consider a wide range of proposals for change. Following feedback from consultations from local authority accounts preparers and the work of the Working Group, the Telling the Story consultation set out proposals for change that CIPFA/LASAAC considers will reconnect the financial statements of local authorities with the way those authorities are both organised and funded.

The changes to the 2016/17 Code therefore have two main strands:

- to allow local authorities to report on the same basis as they are organised by breaking the formal link between the Service Reporting Code of Practice (SeRCOP) and the Comprehensive Income and Expenditure Statement
- to introduce a new Expenditure and Funding Analysis which provides a direct reconciliation between the way local authorities are funded and prepare their budget and the Comprehensive Income and Expenditure Statement in a way that is accessible to the lay reader. This analysis is supported by a streamlined Movement in Reserves Statement and replaces the current segmental reporting note.

The changes to the Code will for the first time allow local authorities to bring together the funding framework and the accounting framework in one analysis.

further reading

Financial Statements: A Good Practice Guide for Local Authorities (CIPFA, 2013)

Clear out the Clutter (Public Finance, April 2014)

Simplified Accounts: Small Isn't Always Beautiful (Public Finance, September 2015)

Code of Practice on Local Authority Accounting in the United Kingdom (CIPFA, issued annually)

Code of Practice on Local Authority Accounting in the United Kingdom: Guidance Notes for Practitioners
(CIPFA, issued annually)



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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 29 SEPTEMBER 2021
title: PSAA CONSULTATION RESPONSES AUDITOR APPOINTMENTS FOR
PERIOD 2023/24 to 2027/28
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

1.1 To inform members of the report issued by the Public Sector Audit Appointments regarding their consultation responses for the appointment of auditors for the period 2023/24 to 2027/28.

1.2 Relevance to the Council's ambitions and priorities:

- The council aims to be a well-managed council.

2 BACKGROUND

2.1 Public Sector Audit Appointments Limited (PSAA) is an independent company limited by guarantee incorporated by the Local Government Association in August 2014.

2.2 In July 2016, the Secretary of State specified PSAA as an appointing person for principal local government and police bodies for audits from 2018/19, under the provisions of the Local Audit and Accountability Act 2014 and the Local Audit (Appointing Person) Regulations 2015. Acting in accordance with this role PSAA is responsible for appointing auditors and setting scales of fees for relevant principal authorities that have chosen to opt into its national scheme, overseeing issues of auditor independence and monitoring compliance by the auditor with the contracts entered into with the audit firms.

2.3 In 2014 when the Local Audit and Accountability Act received Royal Assent the audit market was relatively stable. In 2017 PSAA benefitted from that continuing stability. Their initial procurement on behalf of more than 480 bodies (98% of those eligible to join the national scheme) was very successful, attracting very competitive bids from firms. As a result they were able to enter into long term contracts with five experienced and respected firms and to make auditor appointments to all bodies.

2.4 As a district council we are therefore eligible to join the appointing person scheme and opted to do so. We were notified in December 2017 that Grant Thornton (UK) were appointed to carry out our audits for the 5 year period 2018/19 to 2022/23. Prior to this, following the abolition of the Audit Commission, audit contracts were awarded for a 5 year period from 2012/13 to 2016/17 with Grant Thornton awarded the contract for bodies in the North West. This was subsequently extended by 1 year for 2017/18.

2.5 2018 proved to be a significant turning point for the audit industry. A series of financial crises and failures in the private sector gave rise to questioning about the role of auditors and the focus and value of their work. In rapid succession four independent reviews were commissioned by Government:

- Sir John Kingman's review of the Financial Reporting Council (FRC), the audit regulator;
- the Competition and Markets Authority review of the audit market;

- Sir Donald Brydon’s review of the quality and effectiveness of audit; and
 - Sir Tony Redmond’s review of local authority financial reporting and external audit.
- 2.6 In total the four reviews set out more than 170 recommendations which are now in various stages of consideration by Government with the clear implication that a series of significant reforms will follow. In some cases where new legislation is not required, significant change is already underway. A particular case in point concerns the FRC, where the Kingman Review has inspired an urgent drive to deliver rapid, measurable improvements in audit quality. This has already created a major pressure for firms and an imperative to ensure full compliance with regulatory requirements and expectations in every audit they undertake.
- 2.7 In order to deliver the necessary improvements in audit quality firms were requiring their audit teams to undertake additional work to gain deeper levels of assurance. However, additional work requires more time, posing a threat to firms’ ability to complete all of their audits by the target date for publication of audited accounts (then 31 July) – a threat accentuated by growing recruitment and retention challenges, the complexity of local government financial statements and increasing levels of technical challenges as bodies explored innovative ways of developing new or enhanced income streams to help fund services for local people.
- 2.8 This risk to the delivery of timely audit opinions first emerged in April 2019 when one of PSAA’s contracted firms flagged the possible delayed completion of approximately 20 audits. Less than four months later, all firms were reporting similar difficulties, resulting in more than 200 delayed audit opinions.
- 2.9 2019/20 audits have presented even greater challenges. With Covid-19 in the mix both finance and audit teams have found themselves in uncharted waters. Even with the benefit of an extended timetable targeting publication of audited accounts by 30 November, more than 260 opinions remained outstanding. Co-ordinated action is needed across the system by all involved in the accounts and audit process to address the current position and achieve sustainable improvement without compromising audit quality. PSAA state they are fully committed to do all it can to contribute to achieving that goal.
- 2.10 Delayed opinions are not the only consequence of the FRC’s drive to improve audit quality. Additional audit work must be paid for. As a result, many more fee variation claims have been received than in prior years.
- 2.11 PSAA state none of these problems are unique to local government audit. Similar challenges have played out throughout other sectors where increased fees and disappointing responses to tender invitations have been experienced during the past two years.
- 2.12 In summary the audit industry is under enormous pressure and the local audit system is experiencing its share of the strain with unavoidable instability as impacts cascade down to the frontline of individual audits.

3 APPOINTMENT OF AUDITORS 2023/24 ONWARDS

- 3.1 During Autumn 2021 all local government and police bodies need to make important decisions about their external audit arrangements for the period commencing from the financial year 2023/24.
- 3.2 Local bodies will have options to arrange their own procurement for auditors and make the appointment themselves or in conjunction with others, or they can join the national collective scheme administered by PSAA

- 3.3 A draft prospectus was issued in summer which provided an introduction to the PSAA national scheme and invited views and comments from local bodies and other interested parties in relation to the aims of the scheme and how it needs to develop going forward ahead of issuing formal invitations to opt in to all eligible bodies in the Autumn.
- 4 SUMMARY OF THE RESPONSE TO PSAA'S CONSULTATIONS ON ITS INITIAL THINKING OF PROPOSED ARRANGEMENTS FOR THE APPOINTING PERIOD STARTING APRIL 2023
- 4.1 The full report issued by PSAA regarding their recent consultation is attached at Annex 1.
- 4.2 On 29 July, PSAA reported the consultation findings and the specific areas requiring urgent action to the new Local Audit Liaison Committee (Liaison Committee) established by MHCLG, which is attended by senior representatives of local audit stakeholders.
- 4.3 PSAA highlighted the need for a range of actions, sometimes by individual organisations but more often collectively across the system, to tackle the identified issues that are essential to support a more stable, more resilient, and more sustainable local audit system. The Liaison Committee will oversee those actions being taken forward.
- 4.4 As might be expected in some areas of the consultation, the responses received from the two constituencies of eligible bodies and suppliers do not fully align. These issues therefore require particularly careful consideration.
- 5 CONCLUSION
- 5.1 PSAA is currently finalising both its prospectus for the national scheme from April 2023 and its procurement strategy. Both documents will be published at www.psa.co.uk in late September 2021 and referenced in the opt-in invitation that will be issued to all eligible bodies at the same time.

DIRECTOR OF RESOURCES

AA12-21/JP/AC
7 September 2021

For further information please ask for Jane Pearson

Summary of the response to PSAA's consultations on its initial thinking of proposed arrangements for the appointing period starting April 2023

1. Executive summary

PSAA has consulted with eligible bodies and other stakeholders on our draft prospectus for the national scheme for local auditor arrangements from April 2023, and with the audit services market on important features of its procurement strategy.

The insight provided through these important consultations will help to shape the arrangements that PSAA will develop by building on and evolving the current scheme, ready for the beginning of the next appointing period which will commence with the audits of accounts for 2023/24.

Having carefully considered all consultation responses, the need for system-wide change remains crystal clear. In many areas, it is not within PSAA's remit to effect the significant change required to address the issues of significance raised. On 29 July, PSAA reported the consultation findings and the specific areas requiring urgent action to the new Local Audit Liaison Committee (Liaison Committee) established by MHCLG, which is attended by senior representatives of local audit stakeholders. PSAA highlighted the need for a range of actions, sometimes by individual organisations but more often collectively across the system, to tackle the identified issues that are essential to support a more stable, more resilient, and more sustainable local audit system. The Liaison Committee will oversee those actions being taken forward.

As might be expected in some areas of the consultation, the responses received from the two constituencies of eligible bodies and suppliers do not fully align. These issues therefore require particularly careful consideration.

PSAA is currently finalising both its prospectus for the national scheme from April 2023 and its procurement strategy. Both documents will be published at www.psa.co.uk in late September 2021 and referenced in the opt-in invitation that will be issued to all eligible bodies at the same time.

2. Introduction

During Autumn 2021 all eligible bodies will need to make important decisions about their external audit arrangements for the period commencing from the financial year 2023/24.

In relation to appointing auditors, local bodies have options to arrange their own procurement and make the appointment themselves or in conjunction with others, or they can join and take advantage of the national collective scheme administered by PSAA.

In June 2021 PSAA consulted all eligible bodies and other stakeholders (Government departments, NAO, FRC, ICAEW, CIPFA and Treasurers' Societies) on the aims of the national scheme and proposals for how it might develop going forward. This provided consultees with the opportunity to help shape some of the important features of the scheme ahead of issuing the formal invitation to opt in to all eligible bodies in the Autumn.

In parallel, PSAA consulted current and potential suppliers on our initial thinking on some of the key characteristics of a potential procurement strategy and provided the opportunity for suppliers to

propose alternative approaches for PSAA to consider. We indicated the intention to initiate a procurement in early 2022 for the delivery of audit services from April 2023.

The consultation took place in the context of the significant current tensions and pressures in the audit market, and the expectation of significant reform following four reviews commissioned by government (the Kingman review of audit regulation, the Competition and Markets Authority review of the audit market, the Brydon review of the quality and effectiveness of audit, and the Redmond review of local audit and financial reporting). MHCLG published its Spring statement on 19 May which provided further detail on its plan to reshape local audit. Then on 28 July it published a further consultation on its proposed response to the recommendations from the independent Redmond Review of local authority financial reporting and external audit.

3. PSAA's role in local audit

PSAA's responsibilities as the appointing person in the local audit framework are specifically to appoint auditors to opted-in bodies, set scales of fees, and manage contracts with audit firms for delivery of external audit services to opted-in bodies.

The local audit framework regulations determine the way in which we carry out many of our functions. For example, they require PSAA to formally invite all eligible bodies to opt into our scheme for each appointing period, they determine the process and timescales through which auditor appointments must be made, the scale fees set and they impose the duty to consider and process every fee variation on a case-by-case basis, irrespective of its value.

Under the current arrangements, the National Audit Office sets the scope of auditors' work in the Code of Audit Practice, published on an up to five-yearly cycle. The Financial Reporting Council determines regulatory requirements, taking into account its latest annual audit quality reviews once an audit year is completed. CIPFA/LASAAC prescribes the financial reporting requirements applicable to local government bodies.

MHCLG's Spring statement proposes changes to the current arrangements. At the time of writing, a formal consultation on the proposals in the Spring statement is underway and is due to close on 22 September 2021. The outcome of MHCLG's recent consultation on changes to the regulations, designed to provide the appointing person with greater flexibility to allow a fee scale to be set during the audit year (rather than before it starts), is also awaited. If implemented, these changes will enable approved recurring fee variations to be baked into the scale fee at an earlier date so the scale fees are more accurate and the volume of fee variations is reduced.

The significant work to reform audit in the wake of the four independent reviews is underway. Further wide-ranging change is almost certain to occur during the next few years, and is very likely to have an impact during the appointing period that will commence in April 2023. Alongside changes to the general and local audit framework, the Government is reviewing the public sector procurement regulations, following the UK's withdrawal from the European Union.

Given this context we intend to publish our procurement strategy in late September but we will keep it under review and may make appropriate revisions as a result of regulation changes, where these might enable all parties to gain increased benefits.

4. Consultation approach and themes

Our two consultations set out proposals for key characteristics of the procurement strategy. The questions used in the two consultation documents deliberately included some slight differences to reflect the differing perspectives of the respective groups but the same core areas were covered. In addition, the consultation with eligible bodies sought their feedback on our proposals for scheme

membership, whilst the consultation with the market sought its feedback on more detailed points of the procurement strategy given its special relevance to that group.

The consultation on the draft prospectus contained 11 questions (the answer format was generally “yes / no / maybe” with the option to provide supporting comments). The market engagement consultation contained 19 questions (the answer format invited comments and opinions). Across both consultations, all questions were optional.

For ease of reference, the question themes are sub-divided into these three groupings:

Themes covered in the consultation with eligible bodies, other stakeholders, and the market

- Prioritisation to award new longer-term contracts
- Duration of audit services contract
- Tender evaluation ratio
- Market sustainability
- Approach to social value within the procurement
- Timeliness of audit opinion delivery

Themes only covered with eligible bodies and other stakeholders

- Duration of scheme membership (duration of the appointing period)
- Potential to introduce minimum audit fees
- Specific benefits of the national scheme
- Key issues which will influence your decision about scheme membership
- Indication of whether or not you anticipate that your organisation is likely to opt into our scheme

Themes only covered in the market engagement consultation

- Procurement aim and objectives
- Procurement route
- Establishment of a Dynamic Purchasing System (DPS) in parallel for future use
- Lot structure, composition, and size
- Basis for pricing and ways to seek to reduce bidder uncertainty
- Indicative procurement timetable
- Key factors most likely to influence your firm's decision to bid
- Other issues

5. Consultation findings - headlines

We received a very encouraging response to both consultations.

There were 113 responses to the consultation on the draft prospectus (of which 106 were from eligible bodies, and 7 were from other stakeholders including representative organisations), and 10

responses to the market engagement questionnaire (of which 8 were from ICAEW registered firms, 1 from a firm currently unaccredited as local auditors and the ICAEW itself).

Responses from eligible bodies covered most body types, including combined authorities, councils, police, fire bodies, and other local government bodies. Responses from councils were from district councils, county councils, metropolitan districts, unitary councils, and London boroughs.

For eligible bodies, the proportion of “yes”, “maybe” and “no” responses to each question were:

Question	% Yes	% Maybe	% No
Is PSAA right to prioritise the awarding of new longer term contracts with firms, based on realistic market bid prices, mitigating the risks of a less than fully successful procurement by holding in reserve the option to extend one or more of the existing audit services contracts for up to two years if required?	83%	14%	2%
Is five years an appropriate term for bodies to sign up to scheme membership?	88%	-	8%
Is five years with the option to extend for up to two years subject to the supplier's agreement an appropriate term for the next audit services contracts?	83%	-	13%
Is PSAA right to evaluate tender submissions on the basis of 80% quality and 20% price to align with market expectations and other recent public sector audit procurements?	57%	-	36%
Is PSAA right to seek to encourage market sustainability within the local audit market by accepting bids from firms that are currently proceeding through the local audit registration process; by accepting consortia bids which may involve an unregistered firm gaining experience by working alongside a registered firm; and by considering the inclusion of one or two lots specifically aimed at seeking to encourage additional capacity into the market?	56%	37%	5%
Is PSAA's proposed approach to social value appropriate given the services to be procured will be delivered across the whole of England? Are there any alternative approaches that should be considered?	81%	-	13%
Is PSAA right to carry out research and to consider setting a minimum audit fee in the next appointing period, recognising the increasing level of audit work now required and the risk that smaller scale fees may not be sufficient to cover the actual cost of the audit? What would be the key issues for PSAA to consider in the event that it opts to set a minimum fee for a Code-compliant audit?	67%	-	25%
In the context of the recent NAO report, should PSAA and other market participants strive to prioritise the timeliness of audit opinions in the next appointing period? What actions should PSAA or other market participants take in order to avoid delayed opinions blighting the next period?	95%	-	4%
Which specific benefits of the national scheme are most valuable to you? Are there other benefits we should strive to develop?	-	-	-
What are the key issues which will influence your decision about scheme membership for the second appointing period?	-	-	-
To inform the further development of our procurement approach, please indicate whether or not you anticipate that your organisation is likely to opt into our scheme?	57%	34%	5%

From the market, the responses to the questions about our proposals are reflected using a coloured scale indicating the degree of support amongst respondents to our proposals, given the small size of the cohort and that the qualitative nature of the response format.

N/A	0-20%	21-40%	41-60%	61-80%	81-100%

Question	% support
What are your views on the draft aim and objectives for the procurement proposed by PSAA?	Green
What are your views on the procurement route proposed by PSAA?	Green
What are your views on the proposal to establish a DPS, in parallel to the main procurement, with a very simple and straightforward entry process?	Green
What are your views on the contract duration proposed by PSAA, in particular the proposal to make the option to extend the contract subject to mutual agreement?	Green
What are your views on PSAA's preference to enter into new long-term contracts with suppliers rather than extending the existing contracts?	Light Green
What are your views on our current thinking about the circumstances in which, and the basis on which, PSAA might, if necessary, make a decision to extend one or more of the current contracts?	Orange
What are your views on our initial thinking about lot structure and the suggestion that bidders identify the maximum annual portfolio value of work they could undertake?	Yellow
We are considering the inclusion of one or more lots targeted at attracting additional capacity into the market, most likely involving some form of joint working/consortia arrangements between more experienced suppliers and new entrants or less experienced suppliers. What are your views on this proposal which would be a new feature of the procurement strategy compared to the current contracts?	Yellow
What could PSAA or other players in the local audit system do to support potential suppliers to enter the market?	Grey
What are your views on the proposed lot composition and potential way in which bidders might reflect geographical preferences within their bids which has been developed in response to previous market feedback? Your views on other potential ways to address this would also be welcomed.	Orange
Please use the box below to add any further commentary to support your responses, or to comment more broadly on matters related to Lot structure, composition, and size that PSAA should consider.	Grey
What are your views on the proposed basis for pricing and the potential options outlined as ways through which to seek to reduce bidder uncertainty which have been developed in response to previous market feedback? Your views on other potential ways in which to seek to reduce bidder uncertainty would be welcomed.	Orange
What are your views on this indicative timetable for the procurement?	Yellow
Our initial thinking is to attach a weighting of 80% for the quality aspects of tender responses, including social value. This reflects the views and expectations of the market as expressed to PSAA over the past 15 months. It is in line with the approach taken in recent similar public audit procurements. What are your views on this proposal which has been developed in response to previous market feedback?	Green
We are considering the inclusion of one or more lots targeted at attracting additional capacity into the market. We are mindful that such lots may require the application of different evaluation criteria to recognise the specific circumstances and deliver the desired outcome. What are your views on the desirability of creating lots with this particular focus and the need for a different evaluation approach to such lots? Are there specific factors that we should consider when developing the evaluation criteria?	Light Green
What action would you recommend PSAA and/or other market participants take in order to avoid delayed opinions becoming a feature of the next appointing period?	Grey
Please use the box below to share with PSAA those key factors that are most likely to influence your firm's decision on whether to participate in a procurement for audit services for opted-in bodies undertaken in the early part of 2022.	Grey
Finally, please use the box below to identify any other issues that you wish to bring to our attention as we progress the development of our procurement strategy. We are also happy to receive comments on other aspects of the local audit system, including any barriers to entry or other constraining factors, which you feel have the potential to inhibit the development of a more stable and sustainable system.	Grey

6. Consultation findings - key themes from topics asked of all stakeholder groups

Many consultation responses provided detailed additional comments for each question and on the consultation in more general terms. While there is clearly overall support for the majority of PSAA's proposals, the comments suggest that some respondents have different views and concerns in a few aspects of the detail.

Prioritisation to award new longer-term contracts, holding in reserve the option to extend one or more of the existing audit services contracts for up to two years if required

There was overwhelming support (83%) for this proposal as respondents at eligible bodies recognised the importance of having contingency arrangements. Some respondents (14%) answered "Maybe", caveating their responses with the need for improved performance management of suppliers – which is a recurring theme across some responses. Less than 2% of respondents stated that the current contracts should not be extended in any circumstances.

Market respondents expressed strong support for our preference to enter into new long-term contracts but were less persuaded (40%) on our thinking about the circumstances in and basis on which we might invoke the option to extend one or more of the current contracts.

PSAA response: Our intention remains to continue to prioritise new longer-term contracts.

Five-year duration of scheme membership

Again, the vast majority (88%) of respondents at eligible bodies supported our proposal, with a few supporting comments which mainly related to the need for improved performance management of suppliers.

A few respondents suggested there should be an exit clause to enable them to leave the scheme. This is not statutorily possible as the appointing person regulations state that an opted-in body cannot exit the scheme until the end of the appointing period for which it has opted in.

PSAA response: No change: adopt a five-year appointing period spanning the audits of 2023/24 to 2027/28.

Contract duration of five years with the option to extend for up to two years subject to PSAA and the supplier's agreement

Again, the vast majority (83%) of respondents at eligible bodies supported our proposal with very few providing supporting commentary. Comments focused on the need for ensuring appropriate contingency arrangements, auditor independence and flexibility to accommodate the possibility of bodies merging during the contract term.

A range of alternative options for the contract duration were suggested by some respondents (14%).

The vast majority of market (90%) respondents were supportive of our proposal, with individual respondents indicating they would also support a longer contract term or some form of staggered approach. Conversely, one respondent felt that the term should be shorter given potential changes to the market.

PSAA response: No change: adopt a contract duration of five years with an option to extend for up to a further two years by mutual agreement. We will seek to use the DPS to support market sustainability and address bodies' concerns regarding independence and the need to accommodate merging bodies during the second appointing period.

Evaluation of tender submissions on the basis of 80% quality and 20% price

Just over half (57%) of respondents at eligible bodies supported our proposal, many commenting on the need for a proportion of the quality score to be focused on delivering the audit on time. Several respondents made the point that public funds are limited, and it is essential that value for money is achieved in agreeing fees. Some respondents (6%) were keen to understand how we will evaluate quality.

Just over one third (36%) of respondents did not support such a ratio commenting that an 80% quality weighting was too high. Within this group, some suggested we consider alternative quality/price ratios of 70:30, 60:40 or 50:50.

There was universal support (100%) from market respondents for our proposal to have an increased weighting on quality in the tender evaluation than in the 2017 audit services procurement. Half of this group commented on the need for careful consideration of the ways in which quality will be evaluated and to ensure that price does not become the distinguishing factor, despite its decreased weighting.

PSAA response: No change: evaluate tender submissions on the basis an 80% weighting for the quality aspects of tender responses, including social value, and 20% weighting for price. PSAA will seek the views of the FRC to inform the development of our approach to the evaluation of quality. In due course we will also consider how we can best share details of our approach with eligible bodies.

Encouraging market sustainability

Over half of respondents (56%) at eligible bodies supported our proposal, with a further 37% answering "Maybe". Three quarters of these respondents commented that encouraging market sustainability should not result in either increased costs (or effort) or a reduced quality of service for local bodies.

Overall market respondents (70%) agreed in principle with our proposal whilst also raising questions about how such arrangements would work in practice.

PSAA response: No change, implement arrangements with a strong focus on market sustainability. PSAA will seek the support of the ICAEW to facilitate the exploratory discussions between interested experienced suppliers and potential new entrants.

Approach to social value in the audit services procurement

The vast majority (81%) of respondents at eligible bodies supported our proposed approach to focus solely on audit apprenticeships which demonstrate a commitment to local audit and are awarded to residents of deprived areas, with around a quarter commenting that it was the most obvious choice for a contract of this nature, especially given the shortage of skills facing the local audit profession.

Other respondents (13%) commented that we should also consider other relevant social value factors in our social value considerations such as equality, diversity and inclusion, sustainability and environmental concerns, and the provision of training for local councillors.

There were also a few comments about how the scheme would work, whether each audit firm should demonstrate how they will deliver proportionate and relevant social value to those bodies they audit and that our proposal value of 5% weighting is less than applied in their own organisations.

Some caution was urged by the market (30%) who commented that criteria should support the delivery of a high-quality audit and that commitments on local social impact/apprenticeships may conflict with changing service provision modes and recruitment necessities.

PSAA response: PSAA will review its proposal including seeking the views of MHCLG and the LGA.

Consideration of setting a minimum audit fee in the next appointing period

A significant majority (69%) of respondents at eligible bodies supported the proposal for a minimum fee. Around one third of these provided comments, which were broad ranging including citing the potential financial impact on smaller authorities, better quality of service and timeliness would be a pre-requisite for a minimum fee, or that the level of additional fees would need to reduce.

One quarter of respondents did not agree that a minimum fee is appropriate, citing reasons such as the market, rather than PSAA, should determine the minimum fee, and that a minimum fee will not in their view secure the best quality at the lowest price.

Some respondents were keen to understand in more detail the potential impact on their organisations of the proposal.

PSAA response: The PSAA Board at its September meeting will consider the potential to introduce a minimum fee based on the outcome of the independent research undertaken. If a minimum fee is to be introduced, the reasoning and arrangements will be explained in the prospectus.

Prioritisation of the timeliness of audit opinions in the next appointing period

Almost all (96%) of respondents at eligible bodies agreed that PSAA and others should prioritise timeliness, with the remainder stating that quality should be the priority.

Most respondents consider that audit resources are the primary cause of delays, although other factors were acknowledged such as the scope of the audit, the timetable and need for audited bodies to deliver on their responsibilities.

More than half (60%) of market respondents called for the audit deadlines to be realistic for the complexity of accounts and modern audit requirements, with two referring to the challenge of the sector being juxtaposed with NHS audits.

Some market respondents (40%) referenced insufficient audit capacity and issues at the audited bodies as being underlying causes of the delays. For example, the limited capacity of finance teams, the limited ability to use the latest audit techniques due to bodies' working practices, and the quality of the accounts and working papers submitted for audit.

There was also a reflection that the Redmond reforms will impact on the medium to long term position, but that the short term may get worse before it starts to improve. There is a concern that new entrants to the market might simply recruit the staff of existing suppliers making no impact upon the overall pool of people with the credibility to deliver the sector's audits.

PSAA response: We will take the feedback on capacity into account when designing the quality evaluation questions and seek the support and advice of the FRC. We recognise that acting alone PSAA can have limited impact on these issues. We will therefore continue to collaborate with partners and to urge a system-wide response aimed at delivering improvements.

Specific benefits of the national scheme

The benefit most frequently cited by respondents of eligible bodies (64%) is that the national scheme is simpler and likely to deliver lower fees than achievable through a local procurement with less administrative cost and less effort.

Other benefits frequently mentioned by respondents were:

- consistency and standardisation (27%);
- ability to hold auditors to account, scrutiny of scale fee variations (15%);
- risk mitigation by having a central body to negotiate on problems or changes to the audit processes on behalf of individual bodies (14%); and
- not having to appoint our own independent Auditor Appointment panel (11%).

When asked whether there are other benefits that PSAA should strive to develop, the most mentioned were:

- provision of more management information around quality metrics and more robust contract management;
- greater consistency, particular in relation to fees; and
- more ongoing engagement with bodies (as was undertaken as part of this consultation).

PSAA response: We will develop a series of short, single topic focused webinars during the Autumn/Winter period aimed at S151 Officers and Audit Committee Chairs with the aim of furthering understanding of PSAA's role and remit, specific areas of its work highlighted by consultation feedback and the wider local audit framework.

Key issues which will influence your decision about scheme membership

The key issues that were mentioned by multiple eligible bodies were:

- improvements to the existing issues related to quality of service, delays in audits and auditors staffing issues, more assurance of contract management, and timely resolution of issues (46%); and
- ensuring value for money (31%).

PSAA response: We will take the feedback into account when developing the detailed terms of the new audit services contracts. Importantly we will continue to communicate that PSAA is unable to address these issues on its own, highlight the challenges to other stakeholders in the local audit system and play an active role in a system-wide response aimed at delivering improvements.

Do you anticipate that your organisation is likely to opt into our scheme?

Over half of eligible bodies (57%) answered “Yes”, with a further third of respondents (34%) answering “Maybe”. Only one respondent from an eligible body answered “No”, other “No” respondents represented stakeholder organisations for whom the question was not relevant.

The most frequently cited supporting comments related to:

- the fact that the decision to accept the opt-in invitation requires members’ approval;
- seeing evidence of the current issues being addressed and/or PSAA responding to the consultation feedback; and
- the outcome of consideration of the option to make local arrangements.

7. Consultation findings – market feedback on proposed procurement characteristics

In addition to the topics covered in section 6 above, the consultation with the market sought feedback on PSAA’s initial thinking on the key characteristics of a potential procurement strategy. The findings are described below.

Procurement aim and objectives

All market respondents (100%) supported our proposals.

PSAA response: No change to the proposed aim and objectives. We will continue to engage with the market until the formal commencement of the procurement to inform the development of and to “road test” various aspects of our approach as it is further developed.

Procurement route

All market respondents (100%) supported our proposals. One respondent noted the requirement for auditors to be registered and commented that “the registration process needs to encompass a wider picture and not focus purely on ‘relevant public sector experience’ as this is a barrier to entry.”

PSAA response: No change to the original proposal to follow the Restricted procurement procedure. We are aware that MHCLG is currently consulting on its proposals for ensuring the supply of appropriately experienced and qualified local authority auditors, including amending guidance related to Key Audit Partners. We will keep our approach under review as we are mindful of the potential for change that might attract additional capacity into the market, which we would want to reflect in our audit services procurement strategy.

Establishment of a DPS in parallel for future use

Again, all market respondents (100%) supported our proposal. One respondent highlighted an advantage of a DPS model could be to stagger future tenders through variability in contract term.

Potential areas of concern were expressed by two respondents (shown below), however, neither are proposed features of our approach.

- the requirement to be delivering work under the main procurement to be considered for any subsequent appointment under a DPS procurement; and

- we would not wish to see contract awards changed once made unless there is a specific requirement to do so.

PSAA response: We will establish a DPS as proposed.

Lot structure, composition, and size

Our consultation posed several questions in relation to our proposals for lot structure, composition, and size, and the collective findings are set out below.

Overall there was a mixed response from the market to our proposals, but this provided us with helpful insights.

There was broad support for an increased number of lots, with some respondents indicating individual preferences about lot sizes, lot composition and maximum volumes of work to be awarded to any one bidder.

Our proposal to accept bids from organisations working as a consortium or in some form of joint working arrangement (rather than joint audit) attracted equal numbers who supported it and those who did not (the latter group expressing concerns of risks to quality and reputation).

Two respondents referenced the risk that our proposed approach could result in a small number of bidders winning the majority of the lots. PSAA is mindful of this risk and is seeking to strike a balance between allowing bidders to win work up to their capacity, and achieving a broader distribution.

Fewer than half (40%) of market respondents were supportive of our proposal to apply a geographical premium where there is no alternative to appointing an auditor to an audit in an area that is least attractive to the audit firm. Three respondents offered differing alternative suggestions.

One respondent suggested that at least some of the lots should exclude any audits designated as Public Interest Entities.

PSAA response: We will re-examine our proposed approach to lot structure, composition, and size in light of the market feedback. We will continue to engage with the market until the formal commencement of the procurement to inform the development and to “road test” various aspects of our approach. Given the potential for change that influences the market over the next six months, we will keep our lotting approach under review, and reference the potential for further change in our procurement strategy.

Support for potential suppliers to enter the market

All market respondents addressed this question, with the vast majority indicating the need for a system-wide approach.

Some respondents commented on individual aspects of our proposals including the basis on which a decision may be made to either enter into new long-term contracts or extend the current contracts, lot composition, and the fee variation process.

PSAA response: We will consider the feedback as we develop proposed contract terms for the next procurement. Fee variations will continue to be processed in accordance with the regulations, which currently require a case-by-case consideration of each proposed variation.

Basis for pricing and ways to seek to reduce bidder uncertainty

The proposal set out five potential ways in which PSAA might seek to reduce uncertainty for bidders.

Overall, the market's view was mixed with some support for some of the individual options we proposed. However, there were a greater number of respondents' who expressed concerns on the proposed basis for pricing and fee variations.

PSAA response: We will re-examine elements of our proposed basis for pricing in response to feedback to see if other viable options exist that can be delivered in accordance with the regulations.

Indicative procurement timetable

Once again, the market's view of the proposed timetable was mixed. Those respondents with NHS audits in their portfolios expressed concern, requesting the tender return date was moved to either before mid-April 2022 or commencing mid-July. The proposed timetable was supported by the remaining respondents.

PSAA response: It is not feasible to bring forward the date of tender return as the deadline for eligible bodies to accept the opt-in invitation is not until 11 March 2022, and information on opted-in bodies will need to be provided in the ITT documents. The option to delay the tender return date until mid-July 2022 is possible, although it would compress the available time in which to consult with both audit firms and eligible bodies on proposed auditor appointments for the appointing period from April 2023. The regulations require the appointing person (PSAA) to confirm all auditor appointments by 31 December 2022. MHCLG officials have informed PSAA that they would be unable to amend the regulations within the required timeframe. We will review the auditor appointment process to assess the potential to compress the consultation process without detriment to conducting a meaningful process.

Key factors most likely to influence your firm's decision to bid

Market respondents outlined the factors that they will take into account when considering whether to participate in the audit services procurement. This feedback aligned with responses received to other areas of the consultation.

PSAA response: We will consider the feedback as we develop the strategy and proposed contract terms for the next procurement.

Other issues that you wish to raise

More than half (60%) of respondents did not answer this question. The issues highlighted by respondents reiterated points covered in responses received to other areas of the consultation, namely the fee variation process and the basis for pricing. Several issues raised are directed at the wider local audit system, such as the need for early clarity on the future direction of local audit in the wake of the various government reviews, greater coordination across public sector relevant bodies of timetabling and supporting new entrants into the market.

PSAA response: We will we share the issues raised with MHCLG's Local Audit Liaison Committee.

8. Next steps

The PSAA Board has carefully considered the outcome of the consultations on its plans to develop the national scheme for local auditor appointments from April 2023 and agreed to move forward with many of the proposals in the light of the largely positive response.

In those areas where consultation feedback suggested that PSAA needs to revisit its proposed approach work is progressing to explore ways in which to evolve the proposals. PSAA will complete this work by mid-September 2021, and the outcomes will be set out in the prospectus for the national scheme from April 2023 and/or the procurement strategy. Both of these documents will be published at www.psa.co.uk in late September 2021 and referenced in the formal opt-in invitation to be issued to all eligible bodies around the same time.

Given the potential for change over the next six months in relation to both audit-related and procurement regulations, the detail of the procurement strategy will be kept under review to retain flexibility to evolve in response to external factors. In early 2022 PSAA intends to initiate a procurement for the delivery of audit services from April 2023.

Following the positive response to the webinars held to support the consultation process, PSAA will be holding a series of free single-topic webinars during the Autumn/Winter. They will provide an opportunity for eligible bodies to ask questions about the preparations for the second appointing period including the opt-in process and auditor appointment process, as well as seeking to increase awareness of PSAA's role and remit and understanding of key aspects of our work.

We will continue to work closely with MHCLG and the other bodies represented at the Local Audit Liaison Committee to respond to the challenges of a fragile system, and work with other local audit stakeholders to help design and implement a system for local audit which is more stable, more resilient, and more sustainable.

RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

meeting date: 29 SEPTEMBER 2021
title: COMMUNITY GRANTS
submitted by: DIRECTOR OF RESOURCES
principal author: JANE PEARSON

1 PURPOSE

1.1 To inform members of the various grant schemes operated by this council

1.2 Relevance to the Council's ambitions and priorities:

- The council aims to be a well-managed council.

1.3 The Chairman of this committee has requested this report and asked

- How are we deciding who gets what, is this efficient and fair. How do we monitor the monies given out?

1.4 Listed below are the various grant schemes with a concise summary of how each scheme operates and who decides how grants are allocated,

2 VOLUNTARY ORGANISATION GRANTS

2.1 The parent committee for this grant scheme is Policy and Finance Committee

2.2 Applications are invited usually around December time each year. The criteria is published on our website.

2.3 A working group considers the grant applications and makes recommendations usually early in March in time to report the Committee meeting which takes place later that month

2.4 The available budget for these grants was £115,810.

2.5 The scheme will not normally fund the following:

- Capital projects on which work has already started or in aid of expenditure already committed or paid.
- Commercial organisations / businesses
- Any activity designed to promote political party politics or influence government policies
- Applications from the County Council or other government agencies
- Applications from religious organisations unless there is a clear broad community benefit.
- Schemes that can be funded by the Councils' other grant aid schemes.

2.6 This year it was found that several applications would better fall under the remit of Recreation & Culture grants, and it was agreed that the closing dates for both sets of applications should be aligned in future so that applications could be easily transferred for consideration.

2.7 Annex 1 shows further information for this scheme

3 RECREATION AND CULTURE GRANTS

3.1 This grant scheme invests in the development of recreational and cultural activity in the Borough. Supporting the future health and wellbeing of the Ribble Valley community through arts, sports & community projects.

3.2 The parent committee for this scheme is Community Services Committee.

3.3 Full information is available on our website and the closing date for applications is usually 31 January each year. A working group of Community Services Committee then meet and consider the applications against the scheme criteria and make recommendations to the March meeting of that committee.

3.4 The available budget for 2021/22 was £31,140 plus £10,552 from the earmarked reserve for that grant scheme.

3.5 Annex 2 shows further information form for this scheme.

4 SPORTING EXCELLENCE GRANTS

4.1 Sporting Excellence Grants are designed to assist talented young performers progress in their chosen sport.

4.2 The parent Committee is Community Services.

4.3 The Outdoor Pitches and Sports Development Officer liaises with schools and sports clubs to make them aware of this grant scheme.

4.4 On online application form is available on our website

4.5 A working group of Community Services Committee considers the applications and makes recommendations on the allocation of that year's grant pot.

4.6 The total available for 2021/22 was £3,720 plus £220 from the earmarked reserve for this grant scheme.

4.7 Annex 3 shows the application form for this scheme.

5 ARTS EXCELLENCE GRANTS

5.1 Arts Excellence Awards are designed to assist young talented performer's progress in their chosen activity. The main aim of the scheme is to help with the cost of tuition, travel and equipment associated with your activity. 2022/23 Annual deadline, end of January for activity to begin 1 of April the following financial year. Full details are available on the Council's website and the Arts Development Officer makes local artists aware of the scheme.

5.2 The parent committee for this grant scheme is Community Services. A working group of Community Services Committee then meet and consider the applications against the scheme criteria and make recommendations to Committee.

5.3 The available budget for 2021/22 was £4,280 plus £1,500 from the earmarked reserve for that grant scheme.

5.4 It has been approved that there will be a second round of Arts Excellence Grant applications in 2021/22. Due to the Covid pandemic children were limited in what arts activity they could

attend, now as restrictions are being lifted young people have been able to begin some arts activity. The new deadline for applications is the 30th July 2021.

5.5 Annex 4 shows the application form for this scheme

6 ART DEVELOPMENT GRANTS

6.1 The grant supports the future health and wellbeing of the Ribble Valley community through developing Arts projects.

6.2 Full information and application criteria are available on our website.

6.3 The parent committee for this grant scheme is Community Services. A working group of Community Services Committee then meet and consider the applications against the scheme criteria and make recommendations to Committee.

6.4 The available budget for 2021/22 was £3,000 plus £1,620 from the earmarked reserve for that grant scheme.

6.5 It was approved that would be a second round to apply for grants to support Arts based projects in 2021/22. Due to the Covid pandemic it was hard to plan for events by the first deadline of January 2021. With new government guidance it is possible to begin planning for events / projects. The new deadline for applications was 30 July 2021, for the possibility of funding projects that could take place from September 2021.

6.6 Annex 5 shows the application form for this scheme

7 OTHER GRANT SCHEMES

7.1 The Council operate a number of other grant schemes:

- Ribble Valley in Bloom – a small pot of money is available annually to help parishes with their floral displays. This can be in the form of bulbs or a contribution towards planters. These must be external and on public display. An application form is available on our website and the deadline is 30 April each year. The decision to allocate these grants is delegated to the Director of Community Services in conjunction with a working group for these grants.
- Christmas Lights - a small pot of money is available annually to help parishes/town councils provide Christmas lights in their area. The grants are for outdoor lights only and must be on public display for the good of the community. An application form is available on our website and the deadline is 31 October each year. The decision to allocate these grants is delegated to the Director of Community Services in conjunction with a working group for these grants.
- Luncheon Club Grants - The aims of this project are to provide services to support older and more vulnerable people in the community and provide a point of contact for those residents with other partner agencies This grant can support new or existing groups offering a regular lunch club or meeting. An application form is available on our website
- Concurrent Functions Grants for Parish and Town Councils - Concurrent functions are services provided in some parts of the borough by the borough or county council and in others by a parish or town council. The council's concurrent functions grant scheme supports 25% of parish and town council's net revenue expenditure on the following concurrent functions

- Burial Grounds
 - Bus Shelters
 - Footpaths
 - Footway Lighting
 - Litter Collection
 - Dog waste bins
 - Parks and play areas
 - Parish lengthsman from 2017
 - CCTV from 2021
- Disabled Facility grants
 - Landlord Tenant Grants

8 MONITORING

- 8.1 Grants are only awarded to applicants if their application meets the grant scheme criteria. Voluntary Organisation Grants tend to assist the running costs of that organisation.
- 8.2 Some of the organisations have Ribble Valley Councillor representation.
- 8.3 The Citizens Advice Bureau is required to provide monitoring information as it is considerably the largest grant awarded by this Council
- 8.4 When Committees agree grants to organisations within the Ribble Valley members declare interest accordingly.

9 CONCLUSION

- 9.1 Each grant scheme has set criteria, an open application process and Committees/working groups make the final decision regarding allocation of the grant monies.

DIRECTOR OF RESOURCES

For further information please ask for Jane Pearson

AA13-21/JP/AC
17 September 2021



Ribble Valley
Borough Council
www.ribblevalley.gov.uk

Voluntary Organisation Grant Application Form

Please note that your application will be considered alongside applications from grant received from other organisations.

The Council will base its decision solely on the information that you provide within your completed application. Canvassing of Officers or Members to support your grant request may result in your application being declined.

Voluntary Organisations can use this form to apply for grant support towards their revenue or capital expenditure.

(Please read the grant criteria on the reverse of this form before answering the questions)

Organisation details
Name of Organisation
Charity number (If applicable)
Contact name
Contact address
Daytime telephone number
E-mail address
Please state the aims and objectives of your organisation.
Please give a brief description and history of your organisation.

How does the work of your organisation benefit the residents of Ribble Valley?

Size of organisation (i.e. number of paid employees and volunteers)

Justification for application

Purpose for which the grant is requested

Please note that the Council will not normally fund schemes that can be funded from the Council's other grant aid schemes. Please visit <https://www.ribbonvalley.gov.uk/grants> for details of other schemes available

Is this a new application or have we supported you previously?

If previously supported please give details.

Please describe who will benefit from this grant

How many people will the grant benefit?

Please give an indication of the number of Ribble Valley residents that will specifically be supported.

Financial Information				
What level of financial support are you requesting from this council?				
£				
Is the financial support for revenue or capital expenditure? <i>Capital grants refers to buildings infrastructure or equipment with a life expectancy of not less than two years and a purchase value of not less than £1,000.</i>				
Please supply details of any other applications for grant aid that has been made to any other organisations.				
Organisation	Amount requested	Approved	Refused	Pending
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
		<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Name of auditors				
Address of auditors				

Supporting Information
<p>Please attach the following documents in addition to your completed application form:</p> <ul style="list-style-type: none"> <input type="checkbox"/> A copy of your latest audited accounts <input type="checkbox"/> Your organisation's most recent bank statements for all bank accounts <input type="checkbox"/> A 3-year financial plan – <i>A 3-year financial plan will be required if the amount requested is greater than £10,000</i> <input type="checkbox"/> A valid constitution or memorandum which clearly indicates the voluntary / charitable status of your organisation <input type="checkbox"/> Any other supporting document/s you feel will be relevant in supporting your application
Please give us any information you feel is important.
Declaration: please sign this application and state your position in the organisation
Signature
Name (print)
Position
Date

POLICY AND FINANCE VOLUNTARY ORGANISATION GRANT CRITERIA

- | | | | |
|-------|--|--------|--|
| 1 | <p>The Overall Aim</p> <p>Through the awarding of a voluntary organisation grant the Council wishes to ensure that the purpose of the grant sought is to provide services or facilities that will meet the needs of communities in the Ribble Valley or directly benefit our residents.</p> | (vii) | <p>Applications should not contravene the policies and principles of this Council. Organisations receiving grant support will have to provide details as to how they will publicise the Council's support.</p> |
| | | (viii) | <p>Applicants who have received funding from the Council should provide, if required, a year-end report to the Council showing how the grant has been used.</p> |
| 2 | <p>General</p> | | |
| (i) | <p>Applicants must demonstrate that they support or develop community action in a way that is sustainable and contributes to local community life.</p> | (ix) | <p>Applicants who receive funding from the Council agree to notify and repay the Council any unspent grant balances.</p> |
| (ii) | <p>Applications will only be accepted from parish/town councils and properly constituted organisations operating on a non-profit making basis. A valid constitution or memorandum and articles or association, which clearly indicates the voluntary or charitable status of the organisation, must accompany all applications.</p> | 3 | <p>Capital Grants</p> <p>Note: Capital grants refers to buildings infrastructure or equipment with a life expectancy of not less than two years and a purchase value of not less than £1,000.</p> |
| (iii) | <p>Applicants should demonstrate that they abide by the rules of their constitution, they are democratic and make efforts to involve users in a significant way in the decision making process of their organisation. The organisation must be able to demonstrate that membership of their organisation is open to all members of the community and that the organisation does not discriminate unfairly against anyone on the grounds of race, gender, creed, ethnic origin, sexual orientation, age or disability.</p> | (i) | <p>The level of grant awarded from the fund for any individual capital project will not normally exceed 50% of the approved costs up to a maximum of £5,000. The Council may review these limits under exceptional circumstances.</p> |
| (iv) | <p>Applicants should demonstrate that their organisation is financially sound and well managed and that any project or proposed project is properly planned and organised. Applicants must demonstrate value for money and evidence of their own fund raising activity and ability to attract funds from other sources. Applicants should demonstrate that they have planned for the longer-term financial sustainability of their organisation as a whole and for any specific activity or project that they are applying for, i.e. they should have a business plan.</p> | (ii) | <p>Premises, land or equipment in respect of which a grant is given must either be in the ownership of the applicant or secured by a long-term lease (not less than 10 years).</p> |
| (v) | <p>Applications will only be considered if they include a statement showing how much an organisation has in all its bank accounts. If the organisation has significant balances and/or generates significant surpluses then a full justification for the amount of grant being sought will be required. Applicants seeking grants of over £100 will be required to submit their most recent set of accounts. Applicants seeking grants of over £1,000 will be required to submit audited accounts.</p> | (iii) | <p>Applicants must demonstrate that all licences and consents have been obtained, including planning and building control approvals, and that the balance of funding is in place (or soon will be).</p> |
| (vi) | <p>The Council's grants scheme will not normally fund the following:</p> <ul style="list-style-type: none"> ❖ Capital projects on which work has already started or in aid of expenditure already committed or paid. ❖ Commercial organisations/businesses. ❖ Any activity that is designed to promote political party politics or influence government policies. ❖ Applications from the County Council or other government agencies. ❖ Applications from religious organisations unless there is a clear broad community benefit. ❖ Schemes that can be funded by the Council's other grant aid schemes. | (iv) | <p>Applicants must demonstrate that provision has been made for ongoing running and maintenance costs once the project has been completed.</p> |
| | | (v) | <p>Applicants will need to provide three written estimates of building and/or purchase costs.</p> |
| | | (vi) | <p>Capital grants will be paid in arrears, either in full or part, following the submission of receipts or invoices relating to the equipment purchased or services provided.</p> |
| | | 4 | <p>Revenue Grants</p> |
| | | (i) | <p>Revenue grants will be available for items of expenditure providing the applicant demonstrates that any such scheme is sustainable.</p> |
| | | (ii) | <p>Where possible, applications should give evidence of partnership with the local community and, where appropriate, with relevant sections of the Council and other agencies, demonstrating links to other relevant initiatives.</p> |
| | | | <p>For further information please contact:
 Financial Services
 Ribble Valley Borough Council
 Council Offices, Church Walk, Clitheroe
 BB7 2RA</p> <p><u>Telephone: 01200 414494</u></p> |

Recreation & Culture Grant

Purpose

The aim of the Recreation & Culture Grant scheme is for Ribble Valley Borough Council to invest in the development of cultural and recreational activity throughout the borough. Supporting and the future health and wellbeing of the Ribble Valley community through arts, sports & community projects.

Criteria

The Applicant		
1	Must live in Ribble Valley or provide a service / business which is based within the borough.	
2	Must be an organisation not run for profit.	
3	Membership of your organisation should be open to all members of the community.	
4	Must not be seeking funding for a charitable cause or third party which is a different organisation to the applicant.	
The Project		
5	Must provide a high quality cultural / recreational experience.	
6	Priority will be given to a project which targets a section of the community who may be disadvantaged in accessing and experiencing culture and recreation.	
7	Must demonstrate a clear need in terms of how it will benefit the Ribble Valley community.	
8	Must have clear targets in what it is trying to achieve and how it will be evaluated.	
9	Priority will be given to projects that seek match funding bringing external funding into the area. The council will support up to 50% of the cost of the scheme.	
10	The scheme is not intended to contribute to the revenue / running costs of any organisation, non-maintenance projects will be given priority.	
11	Projects should not start before grant allocation has been confirmed in writing and normally should be completed within 12 months of receiving the grant.	
12	Partnership working will be given priority.	
13	Projects will be assessed on their level of sustainability. Evidence should be provided as to how it will continue and grow in future years without council funding support.	
14	Projects will not receive repeat funding unless stating clearly how this contribution will be developing a new aspect.	
Grant Terms		
Should the applicant cease to use the grant for the use for which it was awarded, the council may wish to retain all or a proportion of the grant offered.		
Grant aid cannot be expected every year. Each scheme will be considered on its merit and in line with the Council's culture and leisure priorities.		
Grant payments will be released on the production of invoices and receipts of the project & completion of the evaluation form (supplied on the grant approval).		
The Authority will not commission any grants to organisations and individuals who are in breach of the principles of the Social Value Act 2012, or reserve the right to withdraw funding if it becomes apparent that they are in breach.		

If you need any advice on submitting this application contact;
Olwen Heap 01200 414408 (Administrator)
Mark Beveridge (Head of Cultural & Leisure Services)
Katherine Rodgers 01200 425566 (Arts)
Peter Fletcher 01200 414435 (Sports)

Recreation & Culture Grant



Application Form

Name Of Organisation			
Type of Organisation e.g. Not for profit, charity, social interest company, constituted group.			
Name payment should be made to (If different from above)			
Main Contact Name			
Position			
Address			
Phone Number		Email Address	
Mobile Number		Website Address	
Brief description of your organisation, its aims and objectives			
Have you received support from R.V.B.C previously? If yes please give details.			
Project Name			
Description of your project 200 words max			
Project Start Date		Project End Date	
Where will this project take place?			

What do you want to achieve with this project? State clear targets and how you will measure your success

How will you ensure your project is of a high quality?

How will your project continue in future years without council funding support?

Why is this project important to Ribble Valley's future development? Please give evidence of the need for this project e.g. why, who and how will Ribble Valley residents benefit.

How do you plan to promote your project?

Estimated Numbers of people that will benefit	Number
Employees (please state in what capacity e.g. Artist, Coach)	
Participants (including volunteers)	
Audience – Live	
Audience – online, broadcast	
Total	

How will your project support diversity?, e.g. are you working with tough to reach groups, disabled, black & minority ethnic community.

Partners involved in your project

Budget	
Income (including support in kind)	£ Expected / Confirmed
Amount requested from R.V.B.C.	
Your Contribution	
Other Income	
TOTAL INCOME	
Expenditure (including support in kind)	
TOTAL EXPENDITURE (Must be the same total as your total income)	
Please sign this declaration, I declare that all information provided on this application form is true and correct to the best of my knowledge.	
NAME (print):	
SIGNATURE:	
DATE:	

Supporting Information:

Please enclose the following documents in addition to the completed application form.

1. A constitution of your organisation (if relevant)
2. A set of documents or proof of your current financial position
3. Supporting documents you feel are relevant to your application (not returnable, send copies only)
4. Any letters of support for your project

Please return this application to:

Ribble Valley Borough Council
 Recreation & Culture Grant
 c/o Olwen Heap
 Church Walk
 Clitheroe, BB7 2RA



RIBBLE VALLEY BOROUGH COUNCIL SPORTING EXCELLENCE GRANT APPLICATION

Sporting Excellence Grants are made by Ribble Valley Borough Council's Community Committee and are designed to assist talented young performers progress in their chosen sport.

Before completing this application, please refer to the notes on the rear of this form to check your eligibility.

1 Name

Address

Date of Birth

2 School / College attended

Name of P.E. teacher

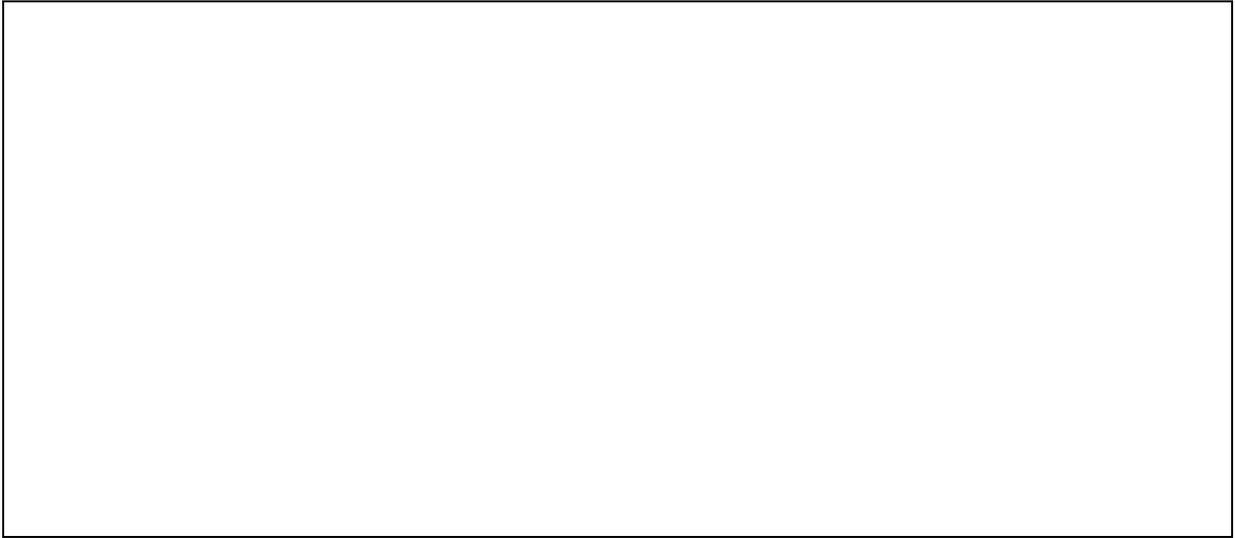
3 What is your main sport(s)?

Which Governing Body are you/your club affiliated to?

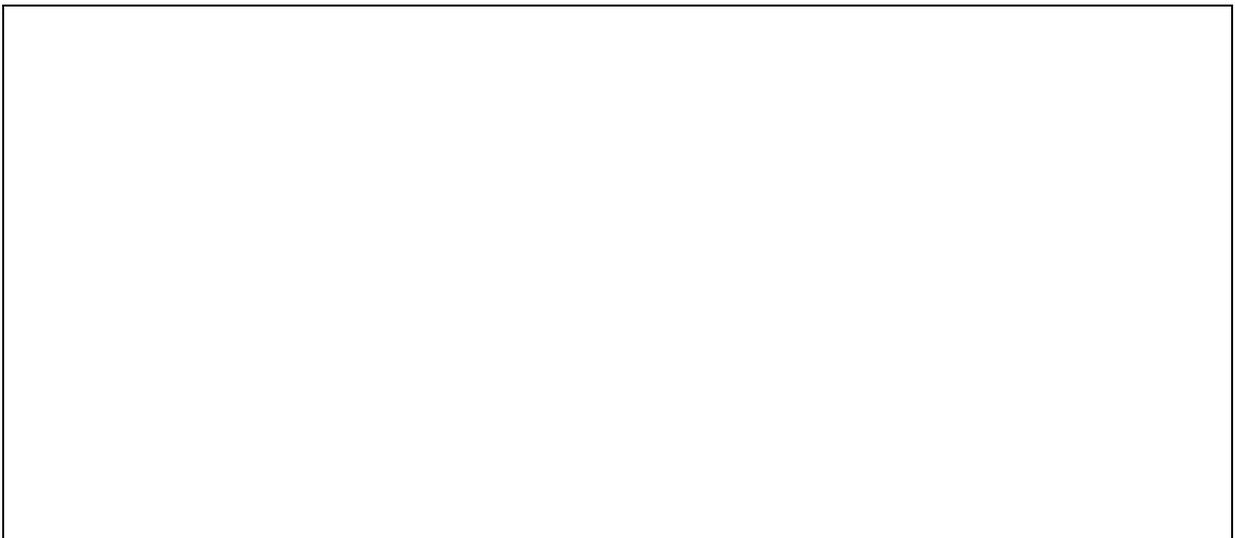
4 Please give details of the level at which you compete (e.g. do you represent your county, region or country or hold a recognised ranking within your sport? and in what age group(s)?)

- 5 Tell us about your achievements over the past 12 months and any particular improvements in your performance over the previous year. (eg. A high ranking, placed at a county/regional/national event, best time in your age group etc.)

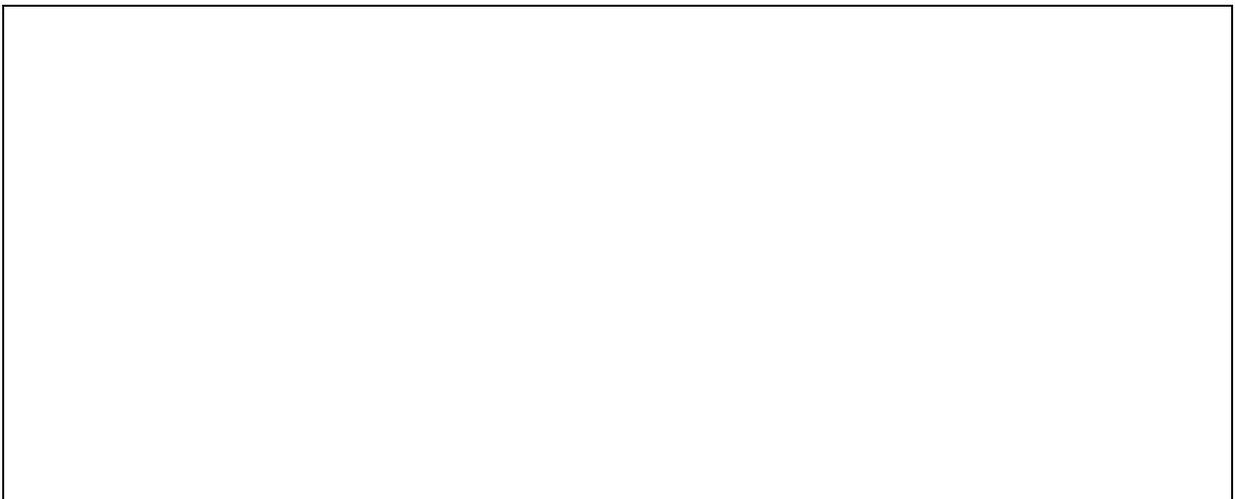
|



- 6 Please give an indication of the amount of time you spend each week training (hours) and where the training takes place (number of miles travelled)



- 7 On average how much does it cost you / your parents to pursue your sport during a typical year (e.g. coaching costs, travel, equipment, accommodation)



- 8 Have you applied for / received any other source of grant aid over the last 12 months?

- 9 Please supply the name and contact details of someone, other than your parents, who knows of your achievements and would be willing to supply any additional information we might need in order to assess your application. (This could be your coach, teacher etc.)

Name

Position

Address

Tel.No.

- 10 Please use the space below to provide any further information you feel would be useful to us in assessing your application such as overcoming a particular barrier to participation, recovery from a major injury etc.

RIBBLE VALLEY BOROUGH COUNCIL
SPORTING EXCELLENCE GRANTS

GUIDANCE NOTES

Please ensure you meet the following criteria before completing this application form:

- Applicants should achieve a minimum of county level e.g. representing Lancashire or be included in a county squad (or the equivalent if this is not relevant for your sport)

- | | |
|--|--|
| • I am a resident of the Ribble Valley | <i>please tick</i>
<input type="checkbox"/> |
| • I am in full time education | <input type="checkbox"/> |
| • I/my club are affiliated to a recognised National Governing Body | <input type="checkbox"/> |
| • I have completed every section of the application form | <input type="checkbox"/> |

If you are unsure about any aspect of the form, please contact Peter Fletcher on 01200 414435 or email peter.fletcher@ribblevalley.gov.uk

Please return your completed form to:

Olwen.heap@ribblevalley.gov.uk

OR post to;

Chief Executive's Department
Ribble Valley Borough Council
Church Walk
Clitheroe
Lancashire
BB7 2RA



RIBBLE VALLEY

ARTS EXCELLENCE AWARDS

SCHEME

Arts Excellence grants are awarded by Ribble Valley Borough Council and are designed to assist young talented performer's progress in their chosen activity. The main aim of the scheme is to help with the cost of tuition, travel and equipment associated with your activity. They are available for the following performance arts activities:

- Dance
- Drama
- Instrumental Music
- Singing

Grants are available to all young people over the age of 9 and upwards whilst in full time education.

You must also live in the Ribble Valley to be eligible.

Please ensure you complete all parts of the application

Name	
Address	
Date of Birth	

Which area of the performing arts categories are you applying for?

Please tick the appropriate box

Dance	
Drama	
Music	
Singing	

Please answer the following questions as accurately and honestly as possible?

Does your performance/art require you to travel outside of the borough? YES NO

In your current performing art school/class/club/group - is there a defined selection process? YES NO

In your chosen performance art do you perform in front of people you DON'T know more than twice a year? YES NO

Does your performance art have a recognised governing body? (e.g. Trinity College London) YES NO

Do you intend to pursue a career in performing arts? YES NO

Please give details of your activity and, in particular, the level at which you perform, including any qualifications/accreditations

Tell us about any special achievements/competitions you have accomplished/performed in over the last 12 months? What was the audience for this performance - local/regional/national?

Please indicate the amount of time you spend each week either practicing or performing?

Please tell us about the costs associated in pursuing your activity and what you would use the grant for?

Have you received /applied for any other source of grant aid over the last 12 months?
If yes, please give details

Please use the space below to provide any further information you feel would be useful in assessing your application

--

Please supply the name and contact details of someone, other than your parents, who know of your achievements and would be willing to supply any additional information we might need in order to assess your application (e.g. teacher, coach)

Name	
Position	
Address	
Phone Number	
E-Mail	

Please return this form to:

**Olwen Heap
Ribble Valley Borough Council
Council Offices
Church Walk
Clitheroe
Lancashire BB7 2RA**

e-mail olwen.heap@ribblevalley.gov.uk

The aim of Arts Development Grant is for Ribble Valley Borough Council to invest in the development and improvement of arts activity throughout the borough. Supporting and promoting the future health and wellbeing of the Ribble Valley community through arts projects.

Criteria

The Applicant

1. Must live in Ribble Valley or provide a service / business which is based within the borough.
2. Must be an organisation not run for profit.
3. Must not be seeking funding for a charitable cause or third party which is a different organisation to the applicant.

The Project

1. Must provide a high-quality arts experience.
2. Priority will be given to a project which targets a section of the community who may be disadvantaged in accessing and experiencing arts.
3. Must demonstrate a clear need in terms of how it will benefit the Ribble Valley community.
4. Must have clear targets in what it is trying to achieve and how it will be evaluated.
5. Priority will be given to projects that seek match funding bringing external funding into the area. The Council will support up to 50% of the cost of the scheme.
6. The scheme is not intended to contribute to the revenue/running costs of any organisation, non-maintenance projects will be given priority.
7. Projects should not start before RVBC Arts Development Funding Support has been confirmed in writing and normally should be completed within 12 months of it being confirmed.
8. Partnership working will be given priority.
9. Projects will be assessed on their level of sustainability. Evidence should be provided as to how it will continue and grow in future years without council funding support.
10. Projects will not receive repeat funding unless stating clearly how this contribution will be developing a new aspect.

Grant Terms

Should the applicant cease to use the contribution for the use for which it was awarded, the council may wish to retain all or a proportion of the contribution to be paid.

Grant aid cannot be expected every year. Each scheme will be considered on its merit and in line with the Council's culture and leisure priorities.

Grant payments will be released on the production of invoices and receipts of the project and completion of the evaluation form (supplied on the grant approval).

The Authority will not commission any grants to organisations and individuals who are in breach of the principles of Social Value Act 2012, or reserve the right to withdraw funding if it becomes apparent that they are in breach.

If you need advice on submitting this application contact RVBC Arts Development Katherine Rodgers 01200 414553 or email arts.development@ribblevalley.gov.uk

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RIBBLE VALLEY BOROUGH COUNCIL REPORT TO ACCOUNTS AND AUDIT COMMITTEE

INFORMATION

meeting date: 29 SEPTEMBER 2021
 title: INTERNAL AUDIT PROGRESS REPORT 2021/22
 submitted by: DIRECTOR OF RESOURCES
 principal author: LAWSON ODDIE

1 PURPOSE

1.1 To report to Committee internal audit work progress to the end of August 2021.

1.2 Relevance to the Council’s ambitions and priorities:

- Corporate priorities – the Council seeks to maintain critical financial management and controls, and provide efficient and effective services.
- Other considerations – the Council has a statutory duty to maintain an adequate and effective system of internal audit.

2 BACKGROUND

2.1 Internal audit ensures that sound internal controls are inherent in all the Council’s systems. All services are identified into auditable areas and then subjected to a risk assessment process looking at factors such as financial value and audit experience. A risk score is then calculated for each area.

2.2 An operational audit plan is then produced to prioritise resources allocation based on the risk score.

3 PROGRESS TO THE END OF AUGUST 2021

3.1 The full internal audit plan for 2021/22 is attached as Annex 1 alongside progress to date. In summary resources for the year are detailed below, together with progress to the end of August 2021:

Audit Area	2020/21 Planned Days	Actual Days to end of August 2021
Fundamental Systems	232	17
Corporate Systems	65	0
Support Systems	57	7.5
Operational	101	23.5
Facilities	10	0
Other Items	315	279
	780	327

3.2 As you will see from Annex 1, the ‘Other Items’ category actual days are largely in respect of staff training and staff vacancies. It also includes work on administering the council’s insurances and work conducted in respect of the annual governance review 2020/21.

3.3 The service continues to be adversely affected by staffing issues and this is discussed in further detail in the report on Internal Audit Team Staffing included elsewhere on the agenda. As members will be aware from past reports, due to the staffing issues that are being experienced we have engaged the services of Mersey Internal Audit Agency (MIAA) to ensure adequate audit plan coverage.

3.4 The time allocations above and at Annex 1 do not take account of work being undertaken by Mersey Internal Audit Agency (MIAA). The work undertaken by MIAA is referred to in the next section of the report.

3.5 It is anticipated at this stage that all originally planned audits will not be able to be covered this financial year, but there will be adequate coverage together with the work of MIAA to be able to provide Members with an informed Audit Opinion at the end of the year.

4 MERSEY INTERNAL AUDIT AGENCY (MIAA)

4.1 Work undertaken to date by Mersey Internal Audit Agency has been focused on ensuring adequate audit coverage in respect of the 2020/21 financial year. This has been in respect of the following areas:

- Treasury Management
- General Ledger
- Council Tax
- Debtors
- Payroll
- Business Rates
- Cash and Bank

4.2 This has helped to ensure that audit work on all Financial Systems will have been undertaken in respect of 2020/21. This work has yet to be fully completed, but good progress has been made, with draft reports issued for most areas.

4.3 We are satisfied with the work that has been completed to date and as such there have been discussions in respect of taking up their services for the Financial Systems audit work for 2021/22 whilst there continues to be vacancy issues and additional audit coverage needed. By the nature of this work, it is not normally undertaken until the latter end of the financial year in order to ensure audit samples are sound. It is anticipated that this work can start over the next few months

5 UPDATE ON RED RISKS

5.1 All Heads of Services are required to ensure that a review of the risks that fall in their service areas is undertaken. As members will be aware, risks are graded on a red, amber and green rating, with any red risk requiring to be reported to CMT and also to this committee.

5.2 This requirement is in respect of risks that are scored as red after all mitigating action and controls have been put in place.

5.3 At the time of writing this report there are no net red risks identified for reporting to members. In respect of Covid-19 this is on the basis that government financial support continues where needed and that other current and future local and national controls are adhered to.

6 CONCLUSION

- 6.1 Audit coverage is unfortunately lower than that originally planned and as a result additional external resources have been engaged and will continue whilst needed.
- 6.2 Staff vacancies have had an impact on coverage and there is a separate report on Internal Audit Team Staffing on the agenda. To this same end, the services of Mersey Internal Audit Agency (MIAA) have been used to help ensure adequate audit coverage, and this is planned to continue in the current financial year.
- 6.3 It is anticipated at this stage that all originally planned audits will not be able to be covered this financial year, but there will be adequate coverage together with the work of MIAA to be able to provide Members with an informed Audit Opinion at the end of the year.

HEAD OF FINANCIAL SERVICES

DIRECTOR OF RESOURCES

AA14-21/LO/AC
17 September 2021

INTERNAL AUDIT PROGRESS TO END OF AUGUST 2021

Total Planned Days for the Year 2021/22	Actual Days to end of August 2021	Audit Areas	Status as at end of August 2021
Financial Systems - required to be covered annually			
25		General Ledger	In discussions with MIAA
20		Sundry Debtors	In discussions with MIAA
0	2	Sundry Creditors (<i>Completion of 2020/21 Audit Plan</i>)	Work completed
20		Sundry Creditors	In discussions with MIAA
30		Payroll	In discussions with MIAA
0	14	Council Tax (<i>Completion of 2020/21 Audit Plan</i>)	Work now being finalised by MIAA
35		Council Tax	In discussions with MIAA
0	1	Benefits (<i>Completion of 2020/21 Audit Plan</i>)	Work completed
40		Benefits	In discussions with MIAA
35		Business Rates	In discussions with MIAA
15		Cash Receipting	In discussions with MIAA
12		Treasury Management	In discussions with MIAA
232	17	Subtotal	

Corporate			
20		Business Continuity	Not yet started
20		Civil Emergencies	Not yet started
10		Sustainability	Not yet started
10		Data Protection	Not yet started
5		Risk Management	Not yet started
65	0	Subtotal	

Support			
5		Customer Services	Not yet started

Total Planned Days for the Year 2021/22	Actual Days to end of August 2021	Audit Areas	Status as at end of August 2021
15		Information Technology	Not yet started
10	7.5	Health and Safety	Testing Underway
3		Inventories	Not yet started
3		Records Management	Not yet started
3		Corporate Communications	Not yet started
3		Printing Services	Not yet started
15		Procurement	Not yet started
57	7.5	Subtotal	

Operational			
0	3.5	Building Control (<i>Completion of 2020/21 Audit Plan</i>)	Report Issued
10		Fleet and Plant Management	Not yet started
10	17	Car Parking	Draft Report Stage
0	3	Planning (Abortive work from 2020/21)	Work not continued as not in 2021/22 plan
5		CCTV	Not yet started
10		Outdoor Facilities (includes Concessions)	Not yet started
7		Property Maintenance	Not yet started
7		Tourism and Events	Not yet started
7		Healthy Lifestyles and Sports Development	Not yet started
5		Grounds Maintenance	Not yet started
5		Amenity Cleansing	Not yet started
5		Arts Development	Not yet started
10		Environmental Health	Not yet started
5		Economic and Community Development	Not yet started
5		Development Policy	Not yet started
10		Grants Payable and Receivable	Not yet started
101	23.5	Subtotal	

Total Planned Days for the Year 2021/22	Actual Days to end of August 2021	Audit Areas	Status as at end of August 2021
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Facilities			
10		Ribblesdale Pool	Not yet started
10	0	Subtotal	

465	34.5	TOTAL FOR AUDIT WORK	
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Other Items			
25		Contingencies	Not yet started
15	7	Risk Management System	Continuous and ongoing work
25	23	Corporate Governance Review	Completion of the review for the 2020/21 Financial Year
40	24	Insurance Administration	Continuous and ongoing work
4	2	Controlled Stationery	Continuous and ongoing work
100	35	Training	Professional qualification training
36	9	Bank Holidays	
70	24.5	Annual Leave	
0	8.5	Working on Elections	Unbudgeted work on elections
0	146	Post Vacancy	Principal Auditor post and Internal Audit Assistant post is vacant from 10 July 2021 (but filled Sept)
315	279	Subtotal for Other Items	

780	327	OVERALL TOTAL DAYS	
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Ribble Valley Borough Council Audit Progress Report and Sector Update

Year ending 31 March 2021

15 September 2021

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The contents of this report relate only to the matters which have come to our attention, which we believe need to be reported to you as part of our audit planning process. It is not a comprehensive record of all the relevant matters, which may be subject to change, and in particular we cannot be held responsible to you for reporting all of the risks which may affect the Authority or all weaknesses in your internal controls. This report has been prepared solely for your benefit and should not be quoted in whole or in part without our prior written consent. We do not accept any responsibility for any loss occasioned to any third party acting, or refraining from acting on the basis of the content of this report, as this report was not prepared for, nor intended for, any other purpose.

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Introduction

Your key Grant Thornton team members are:

Georgia Jones

Key Audit Partner

E Georgia.s.jones@uk.gt.com

Sophia Iqbal

Manager

E sophia.s.iqbal@uk.gt.com

This paper provides the Audit Committee with a report on progress in delivering our responsibilities as your external auditors.

The paper also includes:

- a summary of emerging national issues and developments that may be relevant to you as a local authority; and
- includes a number of challenge questions in respect of these emerging issues which the Committee may wish to consider (these are a tool to use, if helpful, rather than formal questions requiring responses for audit purposes)

Members of the Audit Committee can find further useful material on our website, where we have a section dedicated to our work in the public sector. Here you can download copies of our publications www.grantthornton.co.uk..

If you would like further information on any items in this briefing, or would like to register with Grant Thornton to receive regular email updates on issues that are of interest to you, please contact either your Engagement Lead or Engagement Manager.

Progress at September 2021

Financial Statements Audit

We undertook our initial planning for the 2020/21 audit in February 2021 and we will began our work on your draft financial statements in September 2021.

In July we issued a detailed audit plan, setting out our proposed approach to the audit of the Authority's 2020/21 financial statements.

The Accounts and Audit (Amendment) Regulations 2021 push back the date by which principal authorities need to publish their draft financial statements to the first working day of August. The date by which authorities are required to publish audited financial statements is 30 September. In 2020 this date was pushed back to 30 November.

We originally agreed with officers that they would submit the draft accounts for audit at the beginning of July. Because of other pressures on Council officers the accounts have not yet been received for audit. A revised date of mid September for receipts of accounts has been agreed. We will report our work in the Audit Findings Report and aim to give our opinion on the financial statements by the end of November 2021.

Value for Money

The new Code of Audit Practice (the "Code") came into force on 1 April 2020 for audit years 2020/21 and onwards. The most significant change under the new Code is the introduction of an Auditor's Annual Report, containing a commentary on arrangements to secure value for money and any associated recommendations, if required.

The new approach is more complex, more involved and is planned to make more impact.

Under the 2020 Code of Audit Practice, for relevant authorities other than local NHS bodies auditors are required to issue our Auditor's Annual Report no later than 30 September or, where this is not possible, issue an audit letter setting out the reasons for delay.

As a result of the ongoing pandemic, and the impact it has had on both preparers and auditors of accounts to complete their work as quickly as would normally be expected, the National Audit Office has updated its guidance to auditors to allow us to postpone completion of our work on arrangements to secure value for money and focus our resources firstly on the delivery of our opinions on the financial statements. This is intended to help ensure as many as possible could be issued in line with national timetables and legislation. The extended deadline is now no more than three months after the date of the opinion on the financial statements. We plan to issue our Auditor's Annual Report within 3 months of the date of our accounts opinion.

Progress at September 2021 (cont.)

Other areas

Certification of claims and returns

We certify the Authority's annual Housing Benefit Subsidy claim in accordance with procedures agreed with the Department for Work and Pensions (DWP). The certification work for the 2019/20 claim was completed on 1st February 2021, we had no issues to report to DWP. The certification work for the 2020/21 claim is due to begin in January.

Meetings

We have met with the Director of Resources and Head of Financial Services, and will continue to be in discussions with finance staff regarding emerging developments and to ensure the audit process is smooth and effective. We will also meet with your Chief Executive to discuss the Authority's position, strategic priorities and plans.

Audit Deliverables

2020/21 Deliverables	Planned Date	Status
<p data-bbox="120 408 264 437">Audit Plan</p> <p data-bbox="120 456 1346 560">We are required to issue a detailed audit plan to the Audit Committee setting out our proposed approach in order to give an opinion on the Authority's 2020/21 financial statements and the Auditor's Annual Report on the Authority's Value for Money arrangements.</p>	July 2021	Complete
<p data-bbox="120 584 421 612">Interim Audit Findings</p> <p data-bbox="120 632 1290 699">We will report to you the findings from our interim audit and our initial value for money risk assessment within our Progress Report.</p>	September 2021	Complete
<p data-bbox="120 722 421 751">Audit Findings Report</p> <p data-bbox="120 770 1088 802">The Audit Findings Report will be reported to the October Audit Committee.</p>	November 2021	Not yet due
<p data-bbox="120 839 338 868">Auditors Report</p> <p data-bbox="120 887 734 919">This is the opinion on your financial statements.</p>	November 2021	Not yet due
<p data-bbox="120 959 450 987">Auditor's Annual Report</p> <p data-bbox="120 1007 1155 1038">This Report communicates the key issues arising from our Value for Money work.</p> <p data-bbox="120 1054 1218 1082">* This is due 3 months after the issue of the audit opinion on the financial statements.</p>	TBC*	TBC

Results of Interim Audit Work

The findings of our interim audit work, and the impact of our findings on the accounts audit approach, are summarised in the table below:

	Work performed	Conclusions and recommendations
Internal audit	We have reviewed internal audit's work to date on the Authority's key financial systems to date. We have not identified any significant weaknesses impacting on our responsibilities.	Our review of internal audit work has not identified any weaknesses which impact on our audit approach.
Entity level controls	<p>We have obtained an understanding of the overall control environment relevant to the preparation of the financial statements including:</p> <ul style="list-style-type: none"> • Communication and enforcement of integrity and ethical values • Commitment to competence • Participation by those charged with governance • Management's philosophy and operating style • Organisational structure • Assignment of authority and responsibility • Human resource policies and practices 	Our work has identified no material weaknesses which are likely to adversely impact on the Authority's financial statements.
Review of information technology controls	<p>We will perform a high level review of the general IT control environment, as part of the overall review of the internal controls system.</p> <p>IT (information technology) controls will be observed to have been implemented in accordance with our documented understanding.</p>	Our work in this area is still outstanding we have queries with the relevant staff member and will update the Accounts and Audit Committee has these are resolved.

	Work performed	Conclusions and recommendations
Walkthrough testing	<p>We have documented the systems and for significant risk completed walkthrough tests of the Authority's controls operating in areas where we consider that there is a significant risk of material misstatement to the financial statements. These systems included revenue, employer remuneration, housing benefits, council tax, NDR , cash, operating expenses as well as pensions and property plant and equipment.</p> <p>Our work has not identified any issues which we wish to bring to your attention. Internal controls have been implemented by the Authority in accordance with our documented understanding.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>
Journal entry controls	<p>We have reviewed the Authority's journal entry policies and procedures as part of determining our journal entry testing strategy and have not identified any material weaknesses which are likely to adversely impact on the Authority's control environment or financial statements.</p>	<p>Our work has not identified any weaknesses which impact on our audit approach.</p>

Sector Update

Authorities continue to try to achieve greater efficiency in the delivery of public services, whilst facing the challenges to address rising demand, ongoing budget pressures and social inequality.

Our sector update provides you with an up to date summary of emerging national issues and developments to support you. We cover areas which may have an impact on your organisation, the wider local government sector and the public sector as a whole. Links are provided to the detailed report/briefing to allow you to delve further and find out more.

Our public sector team at Grant Thornton also undertake research on service and technical issues. We will bring you the latest research publications in this update. We also include areas of potential interest to start conversations within the organisation and with audit committee members, as well as any accounting and regulatory updates.

- [Grant Thornton Publications](#)
- [Insights from local government sector specialists](#)
- [Reports of interest](#)
- [Accounting and regulatory updates](#)

More information can be found on our dedicated public sector and local government sections on the Grant Thornton website by clicking on the logos below:

Public Sector

Local
government

What can be learned from Public Interest Reports? – Grant Thornton

2020 will be remembered as a tumultuous year in local government, with the pandemic creating unprecedented pressure on the sector. It also saw the appearance of two Public Interest Reports (PIRs), followed by another in January this year – the first to be issued in the sector since 2016. PIR's can be issued by local auditors if there are significant concerns around council activity, such as major failings in finance and governance.

The recent PIRs have made headlines because, up to this point, very few have ever been issued. But, as our latest report “Lessons from recent Public Interest Reports” explores, all three illustrate some of the fundamental issues facing the wider sector and provide a lesson for all local authorities around: weaknesses in financial management; governance and scrutiny practices; and council culture and leadership; which, when combined, can provide fertile ground for the kind of significant issues we might see in a PIR.

The COVID-19 pandemic highlighted four essential factors we probably always knew about local government, have often said, but which are now much better evidenced:

- 1) Local government has provided fantastic support to its communities in working with the NHS and other partners to deal with the multifaceted challenges of the pandemic.
- 2) Britain's long centralised approach to government has been exposed to some degree in terms of its agility to tailor pandemic responses to regional and local bodies. This is recognised by the current government who continue to pursue the options for devolution of powers to local bodies. Track and Trace delivered centrally has not been as successful as anticipated and, according to government figures, local interventions have had more impact.

- 3) Years of reduced funding from central government have exposed the underlying flaws in the local authority business model, with too much reliance on generating additional income.
- 4) Not all authorities exercise appropriate care with public money; not all authorities exercise appropriate governance; and not all authorities have the capability of managing risk, both short and long term. Optimism bias has been baked into too many councils' medium-term plans.

The PIRs at Nottingham City Council (August 2020), the London Borough of Croydon (October 2020), and Northampton Borough Council (January 2021) are clear illustrations of some of the local government issues identified above. The audit reports are comprehensive and wide-ranging and a lesson for all local authorities. Local authorities have a variety of different governance models. These range from elected mayor to the cabinet and a scrutiny system approach, while others have moved back to committee systems. Arguments can be made both for and against all of these models. However, in the recent PIR cases, and for many other local authorities, it's less about the system of governance and more about how it operates, who operates it and how willing they are to accept scrutiny and challenge.

There are a number of lessons to be learned from the recent PIR reports and these can be broken down into three key areas which are explored further in our report:

- 1) The context of local government in a COVID-19 world
- 2) Governance, scrutiny, and culture
- 3) Local authority leadership.

The full report is available here:

[Lessons from recent Public Interest Reports | Grant Thornton](#)

Annual Transparency Report – Grant Thornton

As auditors of several listed entities as well as nearly one hundred major local audits, we are required as a firm to publish an annual transparency report.

The report contains a variety of information which we believe is helpful to audit committees as well as wider stakeholders. The Financial Reporting Council (FRC) in their thematic review of transparency reporting noted that they are keen to see more Audit Committee Chairs actively engaging and challenging their auditors on audit quality based on the information produced in Transparency reports on a regular basis. We agree with the FRC and are keen to share our transparency report and discuss audit quality with you more widely.

Page 101

The transparency report provides details of our:

- Leadership and governance structures
- Principle risks and Key Performance Indicators
- Quality, risk management and internal control structure
- Independence and ethics processes
- People and culture
- Compliance with the Audit Firm Governance code and EU Audit directive requirements

We have made significant developments in the year as part of our Local Audit Investment Plan to improve our audit quality. We welcome an opportunity to discuss these developments and our transparency report should you wish.



The full report is available here:

[Transparency report 2020 \[grantthornton.co.uk\]](https://www.grantthornton.co.uk/transparency-report-2020)

Local authority Covid-19 pressures – MHCLG

Outturn figures from the Ministry for Housing, Communities and Local Government (MHCLG) show that local authorities in England reported additional cost pressures of £12.8bn relating to Covid-19 in 2020-21. Overall, local authorities spent £7.2bn responding to the pandemic last year, with the largest share of additional expenditure going on adult social care services at £3.2bn.

Additional expenditure due to COVID-19 by class and service area (£ millions) (2020-21)

	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Adult Social Care – total	0.473	1,254.880	848.656	663.404	413.842	3,181.254
Children's social care - total (excluding SEND)	0.000	94.933	131.127	89.799	62.987	378.846
Housing - total (including homelessness services) excluding HRA	63.129	5.254	74.949	42.281	112.971	298.584
Environmental and regulatory services - total	33.564	68.097	67.512	66.704	63.556	299.433
Finance & corporate services - total	48.222	53.445	83.984	76.923	78.284	340.858
All other service areas not listed in rows above	184.550	634.578	584.924	564.737	395.137	2,363.926
Total	329.937	2,111.187	1,791.153	1,503.848	1,126.777	6,862.902



The figures are available in full here: <https://www.gov.uk/government/publications/local-authority-covid-19-financial-impact-monitoring-information>

Income losses due to COVID-19 by class and source of income (£ millions) (2020-21)

	Shire District	Shire County	Unitary Authority	Metropolitan District	London Borough	Total
Business rates	276.498	0.000	194.192	207.351	537.667	1,215.708
Council tax	399.037	0.000	217.633	191.219	232.727	1,040.616
Sales fees and charges	516.426	194.923	553.907	396.745	475.728	2,137.728
Commercial income	82.448	24.159	120.629	204.211	52.154	483.600
Other	33.494	39.947	27.163	53.664	45.166	199.435
Total	1,307.903	259.029	1,113.524	1,053.190	1,343.441	5,077.087

Government response to Redmond review – MHCLG

Government has published an update on the Ministry of Housing, Communities & Local Government response to Sir Tony Redmond’s independent review into the effectiveness of external audit and transparency of financial reporting in local authorities.

The MHCLG press release states “The Audit, Reporting and Governance Authority (ARGA) – the new regulator being established to replace the Financial Reporting Council (FRC) – will be strengthened with new powers over local government audit, protecting public funds and ensuring councils are best serving taxpayers.

The new regulator, which will contain a standalone local audit unit, will bring all regulatory functions into one place, to better coordinate a new, simplified local audit framework.

ARGA will continue to act as regulator and carry out audit quality reviews as the FRC does now. It will now also provide annual reports on the state of local audit and take over responsibility for the updated Code of Local Audit Practice – the guidelines councils are required to follow.

The government has confirmed that the Public Sector Audit Appointments (PSAA) will continue as the appointing body for local audit, in charge of procurement and contract management for local government auditors.

In the immediate term, MHCLG will set up and chair a Liaison Committee, which will comprise senior stakeholders across the sector that will oversee the governance of the new audit arrangements and ensure they are operating effectively.”

The press release goes on to state the “measures finalise the government’s response to Sir Tony Redmond’s independent review into local audit, carried out last year.

The government has already announced £15 million to support councils with additional costs in audit fees, and recently consulted on the distribution of this funding. Government is also consulting on improving flexibility on audit fee setting and has extended the deadline for when councils must publish their audited accounts.



The press release can be found here:

<https://www.gov.uk/government/news/government-publishes-update-to-audit-review-response>

2019/20 audited accounts – Public Sector Audit Appointments

In December 2020 Public Sector Audit Appointments (PSAA) published figures relating to the audit of 2019/20 local authority financial statements.

PSAA report “Audit arrangements in local councils, police, fire and other local government bodies are continuing to exhibit signs of stress and difficulty. In the latest audit round, focusing on 2019/20 financial statements and value for money arrangements, fewer than 50% of bodies’ audits were completed by the revised target of 30 November.

Figures compiled by PSAA, the organisation responsible for appointing auditors to 478 local bodies, reveal that 55% (265) of audit opinions were not issued by 30 November. This is a further deterioration on 2018/19 audits when 43% of opinions (210 out of 486) were delayed beyond the then target timetable of 31 July.”

By 30 November, Grant Thornton had signed 113/208 audits (a 55% completion rate), meaning that only 45% of audit opinions were not signed by 30 November, compared to the 55% all firms average.

PSAA go on to note “This year’s timetable has been deliberately eased by Ministers in recognition of the underlying pressures on the audit process and the significant added complications arising from the Covid-19 pandemic. The pandemic has posed practical challenges for bodies in producing accounts and working papers, and for auditors to carry out their testing. Both sets of staff have had to work remotely throughout the period, and the second national lockdown came at a critical point in the cycle.

Questions and concerns about the potential implications of the pandemic for some bodies have meant that both finance staff and auditors have needed to pay particular attention to the financial position of each entity. Additionally, following a series of increasingly challenging regulatory reviews, auditors have arguably been more focused than ever on their professional duty to give their opinion only when they are satisfied that they have sufficient assurance.”



The news article can be found here:

[News release: 2019/20 audited accounts – PSAA](#)

Councils given power to build more homes for first time buyers and for social rent – MHCLG

The Ministry of Housing, Communities & Local Government (MHCLG) has announced that councils in England will have more freedom on how they spend the money from homes sold through Right to Buy to help them build the homes needed in their communities.

The MHCLG press release states the “package will make it easier for councils to fund homes using Right to Buy receipts, including homes for social rent, and give them greater flexibility over the types of homes they provide to reflect the needs of their communities.

It will also give councils more time to use receipts and to develop ambitious building programmes. The government wants homes supplied using Right to Buy receipts to be the best value for money, and to add to overall housing supply, to help towards delivering 300,000 new homes a year across England by the mid-2020s.”

The press release goes on to note “New measures include:

- extending the time councils have to spend Right to Buy receipts from 3 years to 5 years
- increased cap on the percentage cost of new homes councils can fund from Right to Buy receipts raised from 30% to 40% per home, making it easier to build replacement homes
- allowing receipts to be used for shared ownership, First Homes, as well as affordable and social housing, to help councils build the homes their communities need
- introducing a cap on the use of Right to Buy receipts for acquisitions to help drive new supply.”



The press release can be found here:

<https://www.gov.uk/government/news/councils-given-power-to-build-more-homes-for-first-time-buyers-and-for-social-rent>



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