

Agenda Item No 6

Executive Board

19 July 2023

**Report of the
Corporate Director - Resources**

External Auditors' Report

1 Summary

- 1.1 This report presents the 2020/21 Draft Annual Audit Letter received from the Council's external auditors, Ernst & Young LLP.

<p>Recommendation to the Council</p> <p>That the report presented as Appendix A be noted.</p>

2 Introduction

- 2.1 The Council's external auditors, Ernst & Young LLP, have summarised the work they have undertaken to date relating to the 2020/21 financial year in an annual audit letter attached as Appendix A.
- 2.2 Work is ongoing on the audit and has not yet started for financial year 2021/22 or 2022/23.

3 Audit Deadlines

- 3.1 In March 2021 new regulations came in force to extend the deadline for publishing audited local authority accounts to 30 September from 31 July for 2020/21. The deadline was also extended for the preparation of draft accounts from 31 May to 31 July.
- 3.2 Secondary legislation was introduced to extend the deadline for publishing audited local authority accounts to 30 November 2022 for the 2021/22 accounts. Following this, the deadline will revert to 30 September for 6 years, until the end of the next appointing period for auditors.
- 3.3 This means that the Council is currently in breach of the secondary legislation in regard to the publication of accounts for 2020/21, 2021/22 and 2022/23. However this applies to a significant number of Councils and is a sector wide problem. North Warwickshire has however experienced a longer delay than most.

3.4 Table of deadlines

Accounts	Draft Accounts Deadline	Draft Accounts Published	Accounts Audited and Signed deadline	Accounts Audited and Signed
2020/21	31 July 2021	16 May 2022	30 September 2021	-
2021/22	31 July 2022	-	30 November 2022	-
2022/23	31 May 2023	-	31 July 2023	-

4 Report Implications

4.1 Finance and Value for Money Implications

4.1.1 Budget provision for external audit costs has been made. The auditors review the financial arrangements of the Council, including an assessment of the value for money achieved by the Council in terms of economy, efficiency and effectiveness.

4.1.2 The ongoing delays in signing the accounts negatively impact decision making by the Council as it is making key decisions on spending and saving without the benefit of audit assurance.

4.2 Risk Management Implications

4.2.1 An external audit process provides some assurance over the Council's internal control system and highlights any areas where improvements could be made.

4.3 Legal Implications

4.3.1 As indicated in the report, there are statutory deadlines for signing off local authority accounts which, as a result of delays by the external auditors appointed for the purpose, have not been met.

The Contact Officer for this report is Jane Heppel (719374).

Relevant Legislation

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Local Audit and Accountability Act 2014

Accounts and Audit Regulations 2015

Accounts and Audit (Amendment) Regulations 2021

Local Audit (Public Access to Documents) Act 2017

Background Paper No	Author	Nature of Background Paper	Date

**North Warwickshire
Borough Council
Audit results report**
Year ended 31 March 2021

7 July 2023



Private and Confidential

7 July 2023

Executive Board
North Warwickshire Borough Council
Council House
South Street
Atherstone CV9 1DE

Dear Executive Board Members

2020/21 Draft Audit Results Report

We are pleased to attach our audit results report for the forthcoming meeting of the Executive Board. This report summarises our progress to date in relation to the audit of North Warwickshire Borough Council for 2020/21.

We have substantially completed a number of areas of our audit of North Warwickshire Borough Council for the year ended 31st March 2021, subject to the outstanding matters listed on our report.

The audit is designed to express an opinion on the 2020/21 financial statements and address current statutory and regulatory requirements.

This report contains our findings related to the areas of audit emphasis, our views on North Warwickshire Borough Council's accounting policies and judgements and material internal control findings. Each year sees further enhancements to the level of audit challenge and the quality of evidence required to achieve the robust professional scepticism that society expects. We thank the management team for supporting this process. We have also included an update on our work on value for money arrangements to secure economy, efficiency and effectiveness in your use of resources.

This report is intended solely for the information and use of the Executive Board, other members of the Council and senior management. It is not intended to be and should not be used by anyone other than these specified parties.

We welcome the opportunity to discuss the contents of this report with you at the Executive Board meeting on 19 July 2023.

Yours faithfully

Maria Grindley

Partner

For and on behalf of Ernst & Young LLP

Encl

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Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website (<https://www.psa.co.uk/audit-quality/statement-of-responsibilities/>). The Statement of responsibilities serves as the formal terms of engagement between appointed auditors and audited bodies. It summarises where the different responsibilities of auditors and audited bodies begin and end, and what is to be expected of the audited body in certain areas.

The "Terms of Appointment and further guidance (updated April 2018)" issued by the PSAA sets out additional requirements that auditors must comply with, over and above those set out in the National Audit Office Code of Audit Practice (the Code) and in legislation, and covers matters of practice and procedure which are of a recurring nature.

This report is made solely to the Executive Board and management of North Warwickshire Borough Council in accordance with the statement of responsibilities. Our work has been undertaken so that we might state to the Executive Board, and management of North Warwickshire Borough Council those matters we are required to state to them in this report and for no other purpose. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Executive Board and management of North Warwickshire Borough Council for this report or for the opinions we have formed. It should not be provided to any third-party without our prior written consent.



01 Executive Summary

Executive Summary

Scope update

In our audit planning report we provided you with an overview of our audit scope and approach for the audit of the financial statements. We carried out our audit in accordance with this plan.

We identified an increased risk around the completeness, accuracy, and appropriateness of information produced by the entity due to the inability of the audit team to verify original documents or re-run reports on-site from the Council's systems. We undertook the following to address this risk:

- Used the screen sharing function of Microsoft Teams to evidence re-running of reports used to generate the IPE we audited; and
- Agreed IPE to scanned documents or other system screenshots.

Status of the audit

Our audit testing in respect of the North Warwickshire Borough Council opinion is substantially complete. The following items relating to the completion of our audit procedures were outstanding at the date of this report:

- ▶ Completion of outstanding audit procedures as per Appendix B at the end of this report
- ▶ Completion of manager and partner quality reviews on items as per Appendix B at the end of this report
- ▶ Completion of subsequent events review
- ▶ Update on going concern assessment
- ▶ Receipt of the signed management representation letter and final updated accounts

Given that the audit process is still ongoing, we will continue to challenge the remaining evidence provided and this may result in additional queries raised to management. This also may result in additional misstatements / variances if assessed to be material.

Audit differences

We have not yet concluded our procedures however there are two main areas containing potential misstatements which we are currently in discussion with management over:

- Potential Impact of the Triennial Valuation over the IAS 19 estimate
- Valuation differences identified over the sampled Property, Plant and Equipment and Investment Properties between EY Internal specialists and management's valuers

Control observations

We have adopted a fully substantive approach, so have not tested the operation of controls. We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements and which is unknown to you.

We have set out our observations at section 7 of the report.

Executive Summary

Auditor responsibilities under the new Code of Audit Practice 2020

Under the Code of Audit Practice 2020 we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. The 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

- Financial sustainability - How the Council plans and manages its resources to ensure it can continue to deliver its services;
- Governance - How the Council ensures that it makes informed decisions and properly manages its risks; and
- Improving economy, efficiency and effectiveness - How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Status of the audit - Value for Money

In the Audit Plan, we reported that we have not completed yet our value for money (VFM) risk assessment against the three reporting criteria we are required to consider under the NAO's 2020 Code. We have now completed, our VFM risk assessment and we have not identified any risks of significant weakness in arrangements. Subject to review process and concluding our work, we anticipate we will have no matters to report by exception in the auditor's report (see Section 5).

We plan to issue the VFM commentary in our Auditor's Annual Report, the NAO has allowed for the Auditor's Annual Report to be provided up to three months after signing the accounts.

Other reporting issues

We have reviewed the information presented in the Annual Governance Statement for consistency with our knowledge of the Council. We have no matters to report as a result of this work.

At the time of writing this report, review of the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts submission are still outstanding. We will be completing it in line with the Council's timeline.

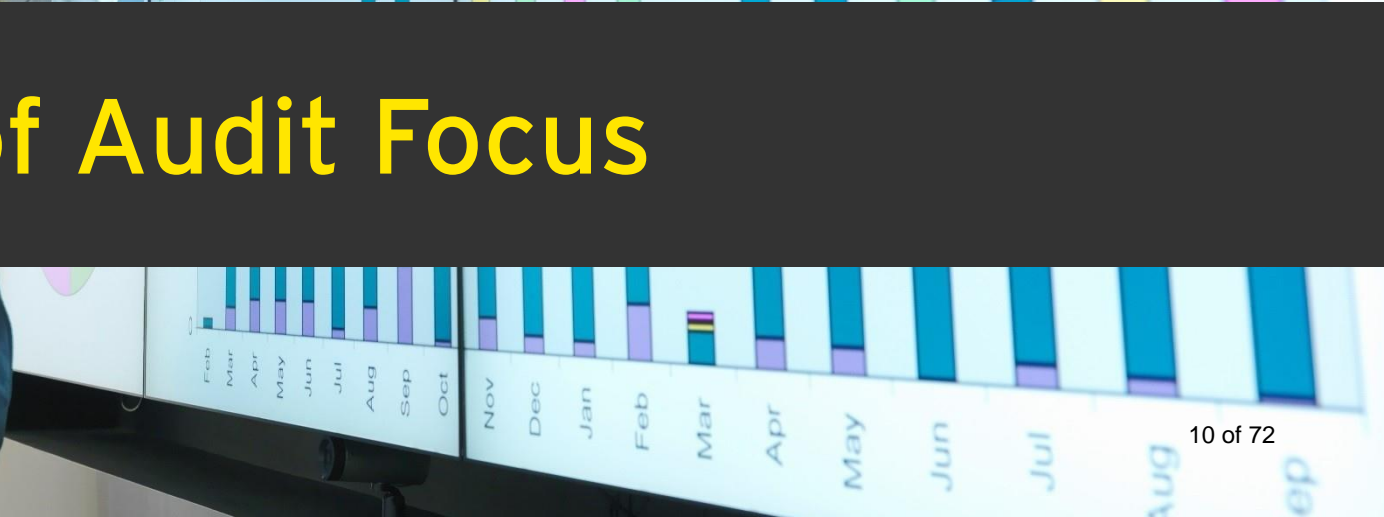
We have no other matters to report.

Independence

Please refer to Section 9 for our update on Independence.



02 Areas of Audit Focus





Areas of Audit Focus

Fraud risk

Misstatements due to fraud and error

What is the risk?

The financial statements as a whole are not free of material misstatements whether caused by fraud or error.

As identified in ISA (UK and Ireland) 240, management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records directly or indirectly and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. We identify and respond to this fraud risk on every audit engagement.

What judgements are we focused on?

We focused on testing key areas that are susceptible to management bias.

What did we do?

- ▶ Inquired of management about risks of fraud and the controls put in place to address those risks.
- ▶ Understood the oversight given by those charged with governance of management's processes over fraud.
- ▶ Considered the effectiveness of management's controls designed to address the risk of fraud.

Performed mandatory procedures regardless of specifically identified fraud risks, including:

- ▶ Tested the appropriateness of journal entries recorded in the general ledger and other adjustments made in the preparation of the financial statements;
- ▶ Assessed accounting estimates for evidence of management bias; and,
- ▶ Evaluated the business rationale for significant unusual transactions.

What are our conclusions?

We have yet to conclude our review of our audit procedures performed, however based on the work performed to date:

- We have not identified any material weaknesses in controls or evidence of material management override.
- Our mandatory procedures did not identify any instances of management override.
- We did not identify any other transactions during our audit which appeared unusual or outside the Council's normal course of business

We will continue to work on these areas and we will update these findings on completion if any issues arise.



Areas of Audit Focus

Fraud risk (continued)

Risk of fraud in revenue and expenditure recognition

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper recognition of revenue. In the public sector, this requirement is modified by Practice Note 10, issued by the Financial Reporting Council, which states that auditors should also consider the risk that material misstatements may occur by the manipulation of expenditure recognition.

For North Warwickshire Borough Council, we consider this risk to be present in:

- Additions to property, plant and equipment; and,
- Inappropriate transfers between the Housing Revenue Account (HRA) and the General Fund.

Linking to our risk of misstatements due to fraud and error above, we have considered the capitalisation of revenue expenditure on property, plant and equipment as a specific area of risk given the extent of the Council's capital programme.

In addition there is a risk where transfers between the HRA and General Fund result in incorrect treatment of HRA revenue expenditure.

What judgements are we focused on?

We consider that the risk impacts on the following account balances:

- ▶ Improper capitalisation of revenue expenditure in order to reduce the impact on the general fund.

What did we do?

We performed the following:

- ▶ Sample tested additions to Property, Plant and Equipment to ensure they have been correctly classified as capital and included at their correct values and to identify any revenue items that have been inappropriately capitalised
- ▶ Tested the transfer between the HRA and General Fund to ensure such transfers are appropriate

What are our conclusions?

We have yet to conclude our review of our audit procedures performed, however based on the work performed to date:

- Our testing has not identified any additions which have been inappropriately capitalised
- Our testing did not identify any inappropriate transfers between the HRA and General Fund.

We will continue to work on these areas and we will update these findings on completion if any issues arise



Areas of Audit Focus

Fraud risk (continued)

Risk of fraud in revenue recognition - Accounting for Covid-19 related government grants

What is the risk?

Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. We consider the risk to be relevant to those significant revenue streams other than taxation receipts and grants, where management is able to apply more judgement. Specifically, our risk is focused on:

- ▶ The recognition and treatment of additional grants received in year for Covid-19. The Council has received a number of grants in 2020/21 as a result of the pandemic and there is a risk that the accounting treatment of these grants will not appropriately reflect the underlying terms and conditions of the grant agreement.

What judgements are we focused on?

We consider that the risk impacts on the following account :

- ▶ Inappropriate recognition of Covid-19 grant income by not appropriately applying the agent vs Principal principle

What did we do?

- ▶ Reviewed and discussed with management judgements applied in their income recognition for evidence of any bias
- ▶ Performed analytical reviews over the data to identify whether there are any unusual movements or trends or monthly trends worth investigating
- ▶ Sample tested the revenue and capital Covid-19 grants received by the Council to ensure the accounting treatment and recognition applied to grant income is appropriate

What are our conclusions?

We have yet to conclude our review of our audit procedures performed, however based on the work performed to date:

- Our testing has not identified any inappropriate treatment and recognition of Covid-19 grant income
- Our testing did not identify any unusual trends or movements that warranted further investigation
- Our testing did not identify any bias in managements estimates

We will continue to work on these areas and we will update these findings on completion if any issues arise



Areas of Audit Focus

Significant risk

Valuation of Council Dwellings, Other land and buildings and Investment Property

What is the risk?

The valuation of Property, Plant and Equipment (specifically other land and buildings) and Investment Property represent significant balances in the Council's accounts.

Management is required to make material judgemental inputs and apply estimation techniques to calculate the year-end balances recorded in the balance sheet.

The valuation process is subject to a number of assumptions and judgements, which if inappropriate could result in a material impact on the financial statements.

The Council has also changed the expert used to value the assets for the year ended 31 March 2021 from an internal valuer to Howkins and Harrison and Bridge House, which adds further risk that the assumptions used in the valuations may not be appropriate and give risk to material misstatement.

ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying the estimated valuation.

What judgements are we focused on?

Our work on valuations focused on assessing the reasonableness of the methodologies adopted by the Council's valuers in undertaking their valuations in 2020/21 and of the key assumptions input into these valuations. We have also considered those assets that were not valued in 2020/21 and the potential for material misstatement in the valuation of those assets.

What did we do?

We have performed the following:

- ▶ Reviewed the valuations performed by the internal valuers
- ▶ Instructed our EY Real Estate to review the valuation provided by the internal valuers
- ▶ Reviewed the specific changes to the new and current investment assets held on the balance sheet
- ▶ Tested accounting entries have been correctly processed in the financial statements
- ▶ Reviewed the income received in relation to the investment properties in year

What are our conclusions?

We have assessed and are satisfied with the competency and objectivity of the Council's internal valuers.

We engaged our internal EY Real Estate specialists to review in detail the valuations of 10 properties. Our specialist team has identified differences in valuation over 4 of the 10 properties and we are in discussion with management regarding the impact of materiality against the differences. We will provide an update to the Executive Board once this process has concluded.

Aside from the matters raised above, and subject to review, in relation to other areas of valuation testing and the remainder of our other procedures and we have determined that the Council has appropriately valued their Council Dwellings, Other land and buildings and Investment Property.

We will update these findings when the above valuation work is concluded.



Areas of Audit Focus

Other risk

Accounting for pension liability

What is the risk?

The Local Authority Accounting Code of Practice and IAS19 require the Council to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme administered by Worcestershire County Council.

The Council's pension fund deficit is a material estimated balance and the Code requires that this liability be disclosed on the Council's balance sheet. At 31 March 2021 this totalled £43.759 million.

The information disclosed is based on the IAS 19 report issued to the Council by the actuary to the County Council.

Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK and Ireland) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

What judgements are we focused on?

We consider that the risk impacts on the following account balances:

- ▶ Incorrect estimation of liabilities of the fund
- ▶ Incorrect estimation of the asset balances of the pension fund allocated to the Council
- ▶ Improper application of the pension estimate adjustments to the yearend financial statements

What did we do?

We have performed the following:

- ▶ Liaised with the auditors of Warwickshire County Council Pension Fund to obtain assurances over the information supplied to the actuary in relation to North Warwickshire Borough Council
- ▶ Assessed the work of the Pension Fund actuary including the assumptions they have used by relying on the work of PwC (Consulting Actuaries commissioned by Public Sector Auditor Appointments for all Local Government sector auditors) and considered any relevant reviews by the EY actuarial team
- ▶ Reviewed and tested the accounting entries and disclosures made within the Council's financial statements in relation to IAS19
- ▶ Determined if decisions made by management are appropriate and if there is a material impact on the pension liabilities and disclosures

What are our conclusions?

We have assessed and are satisfied with the competency and objectivity of the Council's actuaries: Hyman Robertson.

EY pensions team have reviewed the work of the actuaries. We challenged the actuarial valuation and found no indication of management bias in this estimate.

Due to latest triennial valuation, we are required to undertake additional procedures over the impact of this valuation over the IAS 19 estimate as at 31 March 2021. As at the date of this report, we are yet to perform our procedures and will provide an update to the Executive Board once this has been concluded



Areas of Audit Focus

Other risk (continued)

Going concern

What is the risk?

The auditing standard ISA570 has been revised in response to enforcement cases and well-publicised corporate failures where the auditor's report failed to highlight concerns about the prospects of entities which collapsed shortly after. The revised standard increases the work we are required to perform when assessing whether the Council is a going concern. It means UK auditors will follow significantly stronger requirements than those required by current international standards; and we have therefore judged it appropriate to bring this to the attention of the Executive Board.

The CIPFA Guidance Notes for Practitioners 2020/21 accounts states 'The concept of a going concern assumes that an authority's functions and services will continue in operational existence for the foreseeable future. The provisions in the Code in respect of going concern reporting requirements reflect the economic and statutory environment in which local authorities operate. These provisions confirm that, as authorities cannot be created or dissolved without statutory prescription, they must prepare their financial statements on a going concern basis of accounting.'

'If an authority were in financial difficulty, the prospects are thus that alternative arrangements might be made by central government either for the continuation of the services it provides or for assistance with the recovery of a deficit over more than one financial year. As a result of this, it would not therefore be appropriate for local authority financial statements to be provided on anything other than a going concern basis.'

What did we do?

We have performed the following:

- ▶ Challenged management's identification of events or conditions impacting going concern, tested management's resulting assessment of going concern and evaluated supporting evidence obtained which includes consideration of the risk of management bias
- ▶ Challenge management's assessment of going concern, thoroughly tested the adequacy of the supporting evidence obtained and evaluated the risk of management bias, based on our knowledge of the Authority obtained through our audit
- ▶ Ensured that management has complied with any updated reporting requirements
- ▶ Considered all of the evidence obtained, whether corroborative or contradictory, in order to draw our conclusions on going concern
- ▶ Made necessary considerations regarding the appropriateness of financial statement disclosures around going concern.

What are our conclusions?

We have considered the going concern assessments and cashflow forecasts and the scenarios provided by management to understand the impact that different demands on services and delivery of services may have. In each of these scenarios, the Council is in a positive cash position at the end of the review period.

This work is subject to review before completion and we will report on any matters arising before completion.

From our review, we have not identified any events that have occurred or transactions that should be disclosed as an Event After the Balance Sheet Date. Prior to signing the opinion, we will need to obtain a final confirmation from management.



Areas of Audit Focus

Other risk (continued)

Compliance with Accounting Estimates and Related Disclosures ISA540

What is the risk?

ISA 540 (Revised) - Auditing Accounting Estimates and Related Disclosures applies to audits of all accounting estimates in financial statements for periods beginning on or after December 15, 2019.

This revised ISA responds to changes in financial reporting standards and a more complex business environment which together have increased the importance of accounting estimates to the users of financial statements and introduced new challenges for preparers and auditors.

The revised ISA requires auditors to consider inherent risks associated with the production of accounting estimates. These could relate, for example, to the complexity of the method applied, subjectivity in the choice of data or assumptions or a high degree of estimation uncertainty. As part of this, auditors consider risk on a spectrum (from low to high inherent risk) rather than a simplified classification of whether there is a significant risk or not. At the same time, we expect the number of significant risks we report in respect of accounting estimates to increase as a result of the revised guidance in this area.

The changes to the standard may affect the nature and extent of information that we may request and will likely increase the level of audit work required, particularly in cases where an accounting estimate and related disclosures are higher on the spectrum of inherent risk.

What did we do?

We have performed the following:

- ▶ Placed more emphasis on obtaining an understanding of the nature and extent of managements estimation processes and key aspects of related policies and procedures
- ▶ Reviewed whether controls over these processes have been adequately designed and implemented in a greater number of cases
- ▶ Provided increased challenge of aspects of how you derive managements accounting estimates. For example considering both supportive and contradictory evidence
- ▶ Made more focused requests for evidence and carried out more targeted procedures relating to components of accounting estimates, including regarding the methods or models used, assumptions and data chosen and how disclosures (for instance on the level of uncertainty in an estimate) have been made
- ▶ Asked for new or changed management representations compared to prior years
- ▶ We have utilised management specialists in order to form our own estimate to determine whether management's estimates are reasonable.
- ▶ We have also reperformed calculations to assess appropriateness and tested amounts to subsequent third party support when received, e.g. post year-end invoices for accruals testing

What are our conclusions?

We have yet to conclude our review of our audit procedures performed, however based on the work performed to date:

- Our audit testing across management's assumptions over areas of estimation such as PPE, Investment property, Provisions and Pensions were deemed to be reasonable and within our expectations.

We will continue to work on these areas and we will update these findings on completion if any issues arise



03 Audit Report



Audit Report

Draft audit report

Our proposed opinion on the financial statements

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF NORTH WARWICKSHIRE BOROUGH COUNCIL

Opinion

We have audited the financial statements of North Warwickshire Borough Council ('the Council') for the year ended 31 March 2021 under the Local Audit and Accountability Act 2014. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement,
- the related notes 1 to 43,
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement and the related notes 1 to 15, and
- Collection Fund and the related notes 1 and 2

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

In our opinion the financial statements:

- give a true and fair view of the financial position of North Warwickshire Borough Council as at 31 March 2021 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Council in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01, and we have fulfilled our other ethical responsibilities in accordance with these requirements.



Audit Report

Draft audit report (continued)

Our proposed opinion on the financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Corporate Director - Resources' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Council's ability to continue as a going concern for a period of 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Corporate Director - Resources' with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Council's ability to continue as a going concern.

Other information

The other information comprises the information included in the narrative report set out on pages TBC, other than the financial statements and our auditor's report thereon. The Corporate Director - Resources' is responsible for the other information contained within the narrative report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.



Audit Report

Draft audit report (continued)

Our proposed opinion on the financial statements

Matters on which we report by exception

We report to you if:

- ▶ in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council
- ▶ we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014
- ▶ we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014
- ▶ we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014
- ▶ we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014
- ▶ we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014
- ▶ we are not satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.

We have nothing to report in these respects.

Responsibility of the S151 Officer/ Corporate Director - Resources

As explained more fully in the Statement of the Corporate Director - (Resources) Responsibilities set out on pages 137 to 138, the Corporate Director - (Resources) is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022), and for being satisfied that they give a true and fair view and for such internal control as the Corporate Director - (Resources) determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Corporate Director - (Resources) is responsible for assessing the Council's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intends to cease operations, or has no realistic alternative but to do so.

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



Audit Report

Draft audit report (continued)

Our proposed opinion on the financial statements

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Council and determined that the most significant are:

- ▶ Local Government Act 1972,
- ▶ Local Government Finance Act 1988 (as amended by the Local Government Finance Act 1992),
- ▶ Local Government Act 2003,
- ▶ The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- ▶ Business Rate Supplements Act 2009,
- ▶ The Local Government Finance Act 2012,
- ▶ The Local Audit and Accountability Act 2014, and
- ▶ The Accounts and Audit Regulations 2015.

In addition, the Council has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.



Audit Report

Draft audit report (continued)

Our proposed opinion on the financial statements

We understood how North Warwickshire Borough Council is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management, head of internal audit and those charged with governance and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Council's committee minutes, through enquiry of employees to confirm Council policies, and through the inspection of employee handbooks and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures had a focus on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation.

We assessed the susceptibility of the Council's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified manipulation of reported financial performance through improper recognition of expenditure and revenue, inappropriate capitalisation of revenue expenditure and management override of controls to be our fraud risks.

To address our fraud risk around the manipulation of reported financial performance through improper recognition of revenue, we obtained the Council's manual year end income accruals, challenging assumptions and corroborating the income to appropriate evidence.

To address our fraud risk of inappropriate capitalisation of revenue expenditure we tested the Council's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of management override of controls, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in April 2021, as to whether the North Warwickshire Borough Council had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether North Warwickshire Borough Council put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2021.



Audit Report

Draft audit report (continued)

Our proposed opinion on the financial statements

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, North Warwickshire Borough Council had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have issued our Auditor's Annual Report for the year ended 31 March 2021. We have completed our work on the value for money arrangements and will report the outcome of our work in our commentary on those arrangements within the Auditor's Annual Report. Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the members of North Warwickshire Borough Council, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Council and the Council members as a body, for our audit work, for this report, or for the opinions we have formed.

Maria Grindley
Ernst & Young LLP
Reading
Date: XX

The maintenance and integrity of the North Warwickshire Borough Council website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the web site. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.



04 Audit Differences



Audit Differences

In the normal course of any audit, we identify misstatements between amounts we believe should be recorded in the financial statements and the disclosures and amounts actually recorded. These differences are classified as “known” or “judgemental”. Known differences represent items that can be accurately quantified and relate to a definite set of facts or circumstances. Judgemental differences generally involve estimation and relate to facts or circumstances that are uncertain or open to interpretation.

Summary of adjusted differences

We did not identify any misstatements above our threshold of £50,000 that were then corrected.

Summary of unadjusted differences

There are two areas which we are currently in discussion with Management about which we have identified potential misstatements. They relate to:

- The impact of the Triennial valuation on the IAS 19 Pension Estimates made in the Councils financial statements
- Differences identified in the valuation of the sampled Property, Plant and Equipment and Investment Properties between EY's Internal Specialists and Management's Valuers. EY are in the process of determining the impact of these differences over the population.

Disclosure amendments

In addition to the corrected differences above, we identified a few disclosure differences during the course of our audit procedures which were agreed by management and to be corrected in the final statement of accounts



05

Value for Money



Value for money

The Council's responsibilities for value for money (VFM)

The Council is required to maintain an effective system of internal control that supports the achievement of its policies, aims and objectives while safeguarding and securing value for money from the public funds and other resources at its disposal.

As part of the material published with its financial statements, the Council is required to bring together commentary on its governance framework and how this has operated during the period in a governance statement. In preparing its governance statement, the Council tailors the content to reflect its own individual circumstances, consistent with the requirements set out in the Cipfa code of practice on local authority accounting. This includes a requirement to provide commentary on its arrangements for securing value for money from their use of resources.

Auditor responsibilities under the new Code

Under the 2020 Code we are still required to consider whether the Council has put in place 'proper arrangements' to secure economy, efficiency and effectiveness on its use of resources. However, there is no longer overall evaluation criterion which we need to conclude on. Instead the 2020 Code requires the auditor to design their work to provide them with sufficient assurance to enable them to report to the Council a commentary against specified reporting criteria (see below) on the arrangements the Council has in place to secure value for money through economic, efficient and effective use of its resources for the relevant period.

The specified reporting criteria are:

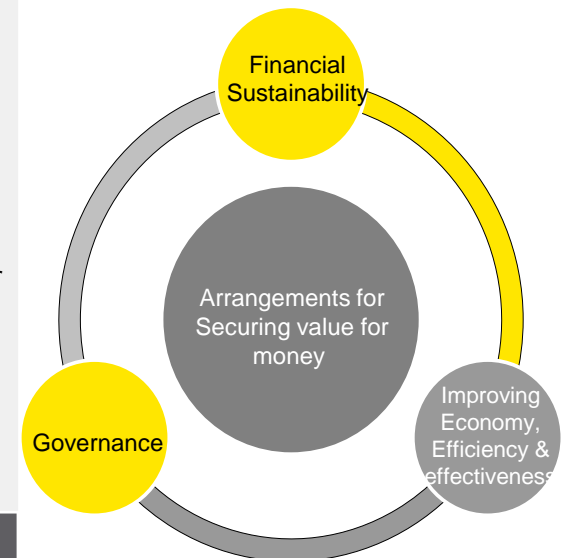
- **Financial sustainability:** How the Council plans and manages its resources to ensure it can continue to deliver its services;
- **Governance:** How the Council ensures that it makes informed decisions and properly manages its risks; and
- **Improving economy, efficiency and effectiveness:** How the Council uses information about its costs and performance to improve the way it manages and delivers its services.

Status of our VFM work

We have completed our planned VFM procedures and have no matters to report by exception in the auditor's report (see Section 3) and have not identified any matters to report by exception.

We did not identify any risks of significant weaknesses in arrangements as part of our planning or any weaknesses in arrangements as a result of our audit procedures.

We plan to issue the VFM commentary within the Auditor's Annual Report.





06 Other reporting issues

Other reporting issues

Consistency of other information published with the financial statements, including the Annual Governance Statement

We must give an opinion on the consistency of the financial and non-financial information in the Statement of Accounts 2020/21 with the audited financial statements.

We must also review the Annual Governance Statement for completeness of disclosures, consistency with other information from our work, and whether it complies with relevant guidance.

Financial information in the Statement of Accounts 2020/21 and published with the financial statements was consistent with the audited financial statements.

We have reviewed the Annual Governance Statement and can confirm it is consistent with other information from our audit of the financial statements and we have no other matters to report.

Whole of Government Accounts

Alongside our work on the financial statements, we also review and report to the National Audit Office on your Whole of Government Accounts return. The extent of our review, and the nature of our report, is specified by the National Audit Office.

We are currently concluding our work in this area and will report any matters arising to the Executive Board.

Other powers and duties

We have a duty under the Local Audit and Accountability Act 2014 to consider whether to report on any matter that comes to our attention in the course of the audit, either for the Authority to consider it or to bring it to the attention of the public (i.e. "a report in the public interest"). We did not identify any issues which required us to issue a report in the public interest.

We also have a duty to make written recommendations to the Authority, copied to the Secretary of State, and take action in accordance with our responsibilities under the Local Audit and Accountability Act 2014. To date, we have not identified any matters requiring a written recommendation.

Other reporting issues (continued)

Other matters

As required by ISA (UK&I) 260 and other ISAs specifying communication requirements, we must tell you significant findings from the audit and other matters if they are significant to your oversight of the Council's financial reporting process. They include the following:

- Significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures;
- Any significant difficulties encountered during the audit;
- Any significant matters arising from the audit that were discussed with management;
- Written representations we have requested;
- Expected modifications to the audit report;
- Any other matters significant to overseeing the financial reporting process;
- Findings and issues around the opening balance on initial audits (if applicable);
- Related parties;
- External confirmations;
- Going concern; and
- Consideration of laws and regulations;

We have yet to conclude management review over our audit procedures, however based on the procedures performed, we do not have any other matters to communicate.



07

Assessment of Control Environment



Assessment of Control Environment

Financial controls

It is the responsibility of the Council to develop and implement systems of internal financial control and to put in place proper arrangements to monitor their adequacy and effectiveness in practice. Our responsibility as your auditor is to consider whether the Council has put adequate arrangements in place to satisfy itself that the systems of internal financial control are both adequate and effective in practice.

As part of our audit of the financial statements, we obtained an understanding of internal control sufficient to plan our audit and determine the nature, timing and extent of testing performed. As we have adopted a fully substantive approach, we have therefore not tested the operation of controls. Although our audit was not designed to express an opinion on the effectiveness of internal control we are required to communicate to you significant deficiencies in internal control.

We have not identified any significant deficiencies in the design or operation of an internal control that might result in a material misstatement in your financial statements of which you are not aware.



08 Data Analytics

Data analytics

Analytics Driven Audit

What is the risk?

We used our data analysers to enable us to capture entire populations of your financial data. These analysers:

- Help identify specific exceptions and anomalies which can then be the focus of our substantive audit tests; and
- Give greater likelihood of identifying errors than traditional, random sampling techniques.

In 2020/21, our use of these analysers in the Council's audit included testing journal entries and employee expenses, to identify and focus our testing on those entries we deem to have the highest inherent risk to the audit.

We capture the data through our formal data requests and the data transfer takes place on a secured EY website. These are in line with our EY data protection policies which are designed to protect the confidentiality, integrity and availability of business and personal information.

Journal Entry Analysis

We obtain downloads of all financial ledger transactions posted in the year. We perform completeness analysis over the data, reconciling the sum of transactions to the movement in the trial balances and financial statements to ensure we have captured all data. Our analysers then review and sort transactions, allowing us to more effectively identify and test journals that we consider to be higher risk, as identified in our audit planning report.

Payroll Analysis using General Ledger Data

We also use our analysers in our payroll testing. We obtain all payroll transactions posted in the year from the general ledger data and perform completeness analysis over the data, including reconciling the total amount to the General Ledger Trial Balance. We then analyse the data against a number of specifically designed procedures. These include analysis of payroll costs by month to identify any variances from established expectations, as well as more detailed transactional interrogation.



09

Independence

Relationships, services and related threats and safeguards

The FRC Ethical Standard requires that we provide details of all relationships between Ernst & Young (EY) and the Council, and its members and senior management and its affiliates, including all services provided by us and our network to the Council, its members and senior management and its affiliates, and other services provided to other known connected parties that we consider may reasonably be thought to bear on the our integrity or objectivity, including those that could compromise independence and the related safeguards that are in place and why they address the threats.

There are no relationships from 01 April 2020 to the date of this report, which we consider may reasonably be thought to bear on our independence and objectivity.

Services provided by Ernst & Young

The next page includes a summary of the fees that you have paid to us in the year ended 31 March 2021 in line with the disclosures set out in FRC Ethical Standard and in statute. We confirm that none of the services listed in the audit fee table on the previous page has been provided on a contingent fee basis.

As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

We confirm that we have not undertaken non-audit work. We have adopted the necessary safeguards in our completion of this work and complied with Auditor Guidance Note 1 issued by the NAO in May 2020.

Confirmation and analysis of Audit fees cont.

	Planned fee 2020/21 (£)	Final Fee 2019/20 (£)
	Note 2	Note 1
Total Fee - Code work	32,618	32,618
Scale fee variation	TBC	52,528
Total fees	TBC	85,146

**All fees exclude VAT*

Note 1 - For 2019/20, the additional fees were determined by the PSAA.

Note 2 - The proposed additional fees for 2020/21 comprise:

- Fees to address the changes in work required to meet changes professional and regulatory requirements and the scope associated with risk profile of the Council since the scale fee was originally set by the PSAA.
- Additional procedures to consider the estimation risk in the valuation of Pension Fund assets disclosed in the Council financial statement.
- Additional fees due to delays in provision of audit evidence in the format needed to support an efficient audit process.
- Additional procedures to audit property, plant and equipment valuations including the engagement of EY Real Estate experts to assess the impact of land and building valuations.
- Additional procedures to consider the Council's going concern assessment.
- Additional procedures relating to assessing the recognition of Covid 19 grants accounting.
- Additional procedures to consider the Council's arrangements for securing Value for Money

We will discuss the additional fees for the 2020/21 audit with management and will provide an update once this process has been finalised. The fees will also be subject to approval and determination by the PSAA.

We confirm that none of the services listed in the above have been provided on a contingent fee basis. As at the date of this report, there are no future services which have been contracted and no written proposal to provide non-audit services has been submitted.

Other communications

EY Transparency Report 2022

Ernst & Young (EY) has policies and procedures that instil professional values as part of firm culture and ensure that the highest standards of objectivity, independence and integrity are maintained.

Details of the key policies and processes in place within EY for maintaining objectivity and independence can be found in our annual Transparency Report which the firm is required to publish by law. The most recent version of this Report is for the year October 2022:

[EY UK 2022 Transparency Report | EY UK](#)






10 Appendices




Appendix A

Required communications with the Executive Board

There are certain communications that we must provide to the those charged with governance of UK entities. We have detailed these here together with a reference of when and where they were covered:

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Terms of engagement	Confirmation by the Executive Board of acceptance of terms of engagement as written in the engagement letter signed by both parties.	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Our responsibilities	Reminder of our responsibilities as set out in the engagement letter.	Audit planning report
Planning and audit approach	Communication of the planned scope and timing of the audit, any limitations and the significant risks identified. When communicating key audit matters this includes the most significant risks of material misstatement (whether or not due to fraud) including those that have the greatest effect on the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.	Audit planning report
Significant findings from the audit	<ul style="list-style-type: none"> ▶ Our view about the significant qualitative aspects of accounting practices including accounting policies, accounting estimates and financial statement disclosures ▶ Significant difficulties, if any, encountered during the audit ▶ Significant matters, if any, arising from the audit that were discussed with management ▶ Written representations that we are seeking ▶ Expected modifications to the audit report ▶ Other matters if any, significant to the oversight of the financial reporting process 	Audit results report





Appendix A

		 Our Reporting to you
Required communications	 What is reported?	 When and where
Going concern	<p>Events or conditions identified that may cast significant doubt on the entity's ability to continue as a going concern, including:</p> <ul style="list-style-type: none"> ▶ Whether the events or conditions constitute a material uncertainty related to going concern ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The appropriateness of related disclosures in the financial statements 	Audit results report
Misstatements	<ul style="list-style-type: none"> ▶ Uncorrected misstatements and their effect on our audit opinion, unless prohibited by law or regulation ▶ The effect of uncorrected misstatements related to prior periods ▶ A request that any uncorrected misstatement be corrected ▶ Material misstatements corrected by management 	Audit results report
Subsequent events	<ul style="list-style-type: none"> ▶ Enquiry of the Executive Board where appropriate regarding whether any subsequent events have occurred that might affect the financial statements. 	Audit results report
Fraud	<ul style="list-style-type: none"> ▶ Enquiries of the Executive Board to determine whether they have knowledge of any actual, suspected or alleged fraud affecting the entity ▶ Any fraud that we have identified or information we have obtained that indicates that a fraud may exist ▶ Unless all of those charged with governance are involved in managing the entity, any identified or suspected fraud involving: <ol style="list-style-type: none"> a. Management; b. Employees who have significant roles in internal control; or c. Others where the fraud results in a material misstatement in the financial statements. ▶ The nature, timing and extent of audit procedures necessary to complete the audit when fraud involving management is suspected ▶ Any other matters related to fraud, relevant to Executive Board responsibility. 	Audit results report

Appendix A

		Our Reporting to you
Required communications	What is reported?	When and where
Related parties	<p>Significant matters arising during the audit in connection with the entity's related parties including, when applicable:</p> <ul style="list-style-type: none"> ▶ Non-disclosure by management ▶ Inappropriate authorisation and approval of transactions ▶ Disagreement over disclosures ▶ Non-compliance with laws and regulations ▶ Difficulty in identifying the party that ultimately controls the entity 	Audit results report
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, objectivity and independence.</p> <p>Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as:</p> <ul style="list-style-type: none"> ▶ The principal threats ▶ Safeguards adopted and their effectiveness ▶ An overall assessment of threats and safeguards ▶ Information about the general policies and process within the firm to maintain objectivity and independence <p>Communications whenever significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place.</p>	<p>Audit planning report</p> <p>Audit results report</p>




Appendix A

		 Our Reporting to you
Required communications	 What is reported?	  When and where
External confirmations	<ul style="list-style-type: none"> ▶ Management's refusal for us to request confirmations ▶ Inability to obtain relevant and reliable audit evidence from other procedures. 	Audit results report
Consideration of laws and regulations	<ul style="list-style-type: none"> ▶ Subject to compliance with applicable regulations, matters involving identified or suspected non-compliance with laws and regulations, other than those which are clearly inconsequential and the implications thereof. Instances of suspected non-compliance may also include those that are brought to our attention that are expected to occur imminently or for which there is reason to believe that they may occur ▶ Enquiry of the Executive Board into possible instances of non-compliance with laws and regulations that may have a material effect on the financial statements and that the Executive Board may be aware of 	Audit results report
Significant deficiencies in internal controls identified during the audit	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit. 	Audit results report
Written representations we are requesting from management and/or those charged with governance	<ul style="list-style-type: none"> ▶ Written representations we are requesting from management and/or those charged with governance 	Audit results report
Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	<ul style="list-style-type: none"> ▶ Material inconsistencies or misstatements of fact identified in other information which management has refused to revise 	Audit results report
Auditors report	<ul style="list-style-type: none"> ▶ Key audit matters that we will include in our auditor's report ▶ Any circumstances identified that affect the form and content of our auditor's report 	Audit results report

Appendix B

Outstanding matters

The following items relating to the completion of our audit procedures are outstanding at the date of the release of this report:




Item 	Actions to resolve 	Responsibility 
Outstanding Investment confirmation	Management have recently provided authority to the investment broker to release the confirmation of the investment balance. We have issued a request for the confirmation and are awaiting a response	Investment broker and EY
Completion of audit procedures over IAS 19 - assessment of Triennial valuation over the IAS 19 Estimate	EY to complete assessment	EY
Conclusion and assessment of differences identified via EY Real Estate specialist over sample of PPE and Investment Property valuations	EY to assess the impact of the differences identified over the valuation of the sample of items of PPE and Investment Property by our Internal specialists	EY
Completion of outstanding queries regarding trade receivables	Management have responded to queries over trade receivables. EY to complete the testing	EY
Final Annual Report and Accounts	Review of the Final Annual Report and associated support for disclosures Incorporation of EY review comments on disclosure notes	EY and Management
Whole of Government Accounts	EY to conclude on WGA procedures once audit is close to completion	EY
Management representation letter	Receipt of signed management representation letter	Management and Executive Board
Subsequent events review	Completion of subsequent events procedures to the date of signing the audit report	EY and Management

...continued on next page

Appendix B

Outstanding matters (continued)

The following items relate to areas which are yet to be reviewed by EY and may be subject to further queries or variances

Area 	Area 	Area 
Cash and Bank & short term investments	Property Plant and Equipment & Investment Valuations	NNDR Appeals Provisions
Covid-19 Grant income	Property, Plant and Equipment Additions and Disposals	Other Income and Expenditure
Government grants (other)	Procedures over completeness of Payables and Provisions	Trade receivables existence & completeness
Journal Entry Testing and estimates	IAS 19 Pension Procedures	Collection Fund expenditure and income
Reserves - Capital Adjustment account, MRP, Capital financing, Revaluation reserve	WGA procedures	Value for Money Procedures
Officers Remuneration	Going Concern Procedures	Related Party Procedures

Until all our audit procedures are complete, we cannot confirm the final form of our audit opinion as new issues may emerge or we may not agree on final detailed disclosures in the Annual Report. At this point no issues have emerged that would cause us to modify our opinion. A draft of the current opinion is included in Section 3.

Management representation letter

Management Rep Letter

Ernst & Young
No.1 Colmore Square
Birmingham
B4 6HQ

This letter of representations is provided in connection with your audit of the financial statements of North Warwickshire Borough Council “the Council” for the year ended 31/03/2021. We recognise that obtaining representations from us concerning the information contained in this letter is a significant procedure in enabling you to form an opinion as to whether the financial statements give a true and fair view of the Council financial position of North Warwickshire Borough Council as of 31/03/2021 and of its income and expenditure for the year then ended in accordance with CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.

We understand that the purpose of your audit of our financial statements is to express an opinion thereon and that your audit was conducted in accordance with International Standards on Auditing (UK), which involves an examination of the accounting system, internal control and related data to the extent you considered necessary in the circumstances, and is not designed to identify - nor necessarily be expected to disclose - all fraud, shortages, errors and other irregularities, should any exist.

Accordingly, we make the following representations, which are true to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

A. Financial Statements and Financial Records

1. We have fulfilled our responsibilities, under the relevant statutory authorities, for the preparation of the financial statements in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
2. We acknowledge, as members of management of the Council, our responsibility for the fair presentation of the financial statements. We believe the financial statements referred to above give a true and fair view of the financial position, financial performance (or results of operations) and cash flows of the Council in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, and are free of material misstatements, including omissions. We have approved the financial statements.
3. The significant accounting policies adopted in the preparation of the financial statements are appropriately described in the financial statements.

Management representation letter (continued)

Management Rep Letter

4. As members of management of the Council, we believe that the Council has a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21, that are free from material misstatement, whether due to fraud or error.
5. There are no unadjusted audit differences identified during the current audit and pertaining to the latest period presented
6. We confirm that the Council does not have securities (debt or equity) listed on a recognized exchange.

B. Non-compliance with law and regulations, including fraud

1. We acknowledge that we are responsible to determine that the Council's activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws and regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud.
3. We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
4. We have no knowledge of any identified or suspected non-compliance with laws or regulations, including fraud that may have affected the Council (regardless of the source or form and including without limitation, any allegations by "whistleblowers"), including non-compliance matters:
 - involving financial improprieties;
 - related to laws and regulations that have a direct effect on the determination of material amounts and disclosures in the Council's financial statements;
 - related to laws and regulations that have an indirect effect on amounts and disclosures in the financial statements, but compliance with which may be fundamental to the operations of the Council's activities, its ability to continue to operate, or to avoid material penalties;
 - involving management, or employees who have significant roles in internal controls, or others; or
 - in relation to any allegations of fraud, suspected fraud or other non-compliance with laws and regulations communicated by employees, former employees, analysts, regulators or others.

C. Information Provided and Completeness of Information and Transactions

1. We have provided you with:
 - Access to all information of which we are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - Additional information that you have requested from us for the purpose of the audit; and
 - Unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.

Management representation letter (continued)

Management Rep Letter

2. All material transactions have been recorded in the accounting records and all material transactions, events and conditions are reflected in the financial statements, including those related to the COVID-19 pandemic.
3. We have made available to you all minutes of the meetings of the Executive Board and Executive Board held through 15/06/2020 to the most recent meeting 20/06/2023.
4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the Council's related parties and all related party relationships and transactions of which we are aware, including sales, purchases, loans, transfers of assets, liabilities and services, leasing arrangements, guarantees, non-monetary transactions and transactions for no consideration for the period ended, as well as related balances due to or from such parties at the 31/03/2021 year end. These transactions have been appropriately accounted for and disclosed in the financial statements.
5. We believe that the methods, significant assumptions and the data we used in making accounting estimates and related disclosures are appropriate and consistently applied to achieve recognition, measurement and disclosure that is in accordance with the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21.
6. We have disclosed to you, and the Council has complied with, all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of the last opinion through the date of this letter we have disclosed to you, to the extent that we are aware, any (1) unauthorized access to our information technology systems that either occurred or to the best of our knowledge is reasonably likely to have occurred based on our investigation, including of reports submitted to us by third parties (including regulatory agencies, law enforcement agencies and security consultants), to the extent that such unauthorized access to our information technology systems is reasonably likely to have a material impact to the financial statements, in each case or in the aggregate, and (2) ransomware attacks when we paid or are contemplating paying a ransom, regardless of the amount.

D. Liabilities and Contingencies

1. All liabilities and contingencies, including those associated with guarantees, whether written or oral, have been disclosed to you and are appropriately reflected in the financial statements.
2. We have informed you of all outstanding and possible litigation and claims, whether or not they have been discussed with legal counsel.
3. We have recorded and/or disclosed, as appropriate, all liabilities related to litigation and claims, both actual and contingent, and have disclosed all guarantees that we have given to third parties.

E. Going Concern

1. Note 41 to the financial statements discloses all the matters of which we are aware that are relevant to the Council's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

Management representation letter (continued)

Management Rep Letter

F. Subsequent Events

1. There have been no events including events related to the COVID-19 pandemic subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto, and including events related to the conflict and related sanctions in Ukraine, Russia and/or Belarus, subsequent to period end which require adjustment of or disclosure in the financial statements or notes thereto.

G. Other information

1. We acknowledge our responsibility for the preparation of the other information. The other information comprises of the Narrative Report.
2. We confirm that the content contained within the other information is consistent with the financial statements.

H. Climate-related matters

1. We confirm that to the best of our knowledge all information that is relevant to the recognition, measurement, presentation and disclosure of climate-related matters has been considered and reflected in the financial statements.
2. The key assumptions used in preparing the financial statements are, to the extent allowable under the requirements of the Accounts and Audit Regulations 2015 and CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom, aligned with the statements we have made in the other information or other public communications made by us (see section G).

I. Reserves

1. We have properly recorded or disclosed in the financial statements the useable and unusable reserves.

J. Use of the Work of a Specialist

1. We agree with the findings of the specialists that we engaged to evaluate the valuation of PPE, Investment and the Pension Liability and have adequately considered the qualifications of the specialists in determining the amounts and disclosures included in the financial statements and the underlying accounting records. We did not give or cause any instructions to be given to the specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an effect on the independence or objectivity of the specialists.

Management representation letter (continued)

Management Rep Letter

K. Estimates

We identified the following estimates as higher risk:

- NNDR Appeals Provision
- Pensions Liability
- PPE and Investment Property Valuations

1. We confirm that the significant judgments made in making the estimates listed above have taken into account all relevant information and the effects of the COVID-19 pandemic of which we are aware.
2. We believe that the selection or application of the methods, assumptions and data used by us have been consistently and appropriately applied or used in making the estimates.
3. We confirm that the significant assumptions used in making the estimates appropriately reflect our intent and ability to carry out procedures on behalf of the entity.
4. We confirm that the disclosures made in the financial statements with respect to the accounting estimate(s), including those describing estimation uncertainty and the effects of the COVID-19 pandemic, are complete and are reasonable in the context of the Code of Practice on Local Authority Accounting 2020/21.
5. We confirm that appropriate specialized skills or expertise has been applied in making the estimates.
6. We confirm that no adjustments are required to the accounting estimate(s) and disclosures in the financial statements including due to the COVID-19 pandemic.

L. Retirement benefits

1. On the basis of the process established by us and having made appropriate enquiries, we are satisfied that the actuarial assumptions underlying the scheme liabilities are consistent with our knowledge of the business. All significant retirement benefits and all settlements and curtailments have been identified and properly accounted for.

Appendix C

Management representation letter (continued)

Management Rep Letter

Approval

This letter of representation was approved by the Council's Executive Board on XX Month XX.

Yours faithfully,

(Corporate Director - Resources)

(Chairman of the Executive Board)

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Agenda Item 8

Executive Board

19 July 2023

**Report of the Corporate Director -
Resources**

**Budgetary Control Report 2023/24
Period Ended 30 June 2023**

1 Summary

- 1.1 The report covers revenue expenditure and income for the period from 1 April 2023 to 30 June 2023. The 2023/24 budget and the actual position for the period, compared with the estimate at that date, are given, together with an estimate of the out-turn position for services reporting to this Board.

Recommendation to Council

To consider if any further information is required.

2 Introduction

- 2.1 Under the Service Reporting Code of Practice (SeRCOP), services should be charged with the total cost of providing the service, which not only includes costs and income directly incurred, but also support costs relating to such areas as finance, office accommodation, telephone costs and IT services. The figures contained within this report are calculated on this basis.

3 Overall Position

- 3.1 Net expenditure for those services that report to the Executive Board as of 30 June 2023 is £138,936 compared with a profiled budgetary position of £138,706; an overspend of £230. Appendix A to this report provides details of the profiled and actual position for each service reporting to this Board, together with the variance for the period.

- 3.2 Where possible, the budget to date figure has been calculated with some allowance for seasonal variations, to enable a better comparison with actual figures.

4 Risks to the Budget

- 4.1 The key risks to the budgetary position of the Council from services under the control of this Board are:-

	Likelihood	Potential impact on Budget
The Local Plan requires regular analysis and updating in line with changing circumstances and changes in national guidance.	High	Medium
The Emergency Planning budget may be insufficient to cover the costs of any major local emergency.	Low	High

5 Estimated Out-turn

- 5.1 Members have requested that Budgetary Control Reports provide details on the likely out-turn position for each of the services reporting to this Board. The anticipated out-turn for this Board for 2023/24 is £655 330, the same as the Original Budget.
- 5.2 The figures provided above are based on information available at this time of the year and are the best available estimates for this Board and may change as the financial year progresses. Members will be updated in future reports of any changes to the forecast out turn.

6 Report Implications

6.1 Finance and Value for Money Implications

- 6.1.1 Income and Expenditure will continue to be closely managed and any issues that arise will be reported to this Board for comment at future meetings.

6.2 Environment and Sustainability Implications

- 6.2.1 The Council must ensure that it adopts and implements robust and comprehensive budgetary monitoring and control, to ensure not only the availability of services within the current financial year, but in future years.

The Contact Officer for this report is Nigel Lane (719371).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Executive Board – Agenda item 10	Corporate Director - Resources	General Fund Revenue Estimates and Setting the Council 2023-24	13 th Feb 2023

North Warwickshire Borough Council

Executive Board

Budgetary Control Report 2023/24 as at 30 June 2023

Cost Centre	Description	Approved Budget 2023/24	Profiled Budget June 2023	Actual June 2023	Variance	Comments
		£	£	£	£	
2000	Housing Strategic Service Review	38,870	9,718	9,718	-	
2001	Outreach and Access to Services	-	-	-	-	
2002	Corporate Communications	71,990	16,906	14,980	(1,926)	
2003	Community Strategy	143,010	35,322	35,323	0	
2007	Emergency Planning	58,370	13,800	15,414	1,614	
2009	N.Warks Local Development Framework	339,960	62,178	62,720	542	
5050	Support to Parishes	3,130	783	783	-	
	Total Expenditure	655,330	138,706	138,936	230	

Agenda Item No 13

Executive Board

19 July 2023

Report of the Chief Executive

Electoral Review – Local
Government Boundary
Commission

1 **Summary**

- 1.1 This is a report to inform members about the Local Government Boundary Commission for England's (LGBCE) review of the Ward Boundaries in North Warwickshire, which will take place from Autumn 2023 until 2025.

Recommendation to the Board

- a That the contents of the report are noted; and
- b That members recommend to Council the appointment of an Advisory Committee in order to consider the Borough Council's response to the consultations undertaken by LGBCE as part of this review, with the proposed terms of reference set out at Appendix 1 to this report

2 **Background**

- 2.1 On a periodic basis, LGBCE undertake reviews of the Ward boundaries of local authorities in England. The last time a review of this type was undertaken in North Warwickshire was in 1999.

- 2.2 This review is compulsory and has been instigated by LGBCE due to the fact that for the following wards, the variance away from the "average ward size" is too great (A map indicating this variance is attached at appendix 2 for illustrative purposes):

- 2.2.1 The following wards are deemed to be too big/too small in terms of electorate:

- Baddesley & Grendon (+21%)
- Coleshill North (-12%)
- Dordon (-19%)
- Polesworth West (-12%)

- 2.3 The remaining 13 wards have an electorate within the +/- 10% tolerance that the LGBCE set for ward sizes.

- 2.4 It is important to note, however that as part of this review, all ward boundaries could change, as the LGBCE effectively start with only the external North Warwickshire Borough Council Boundary and the number and size of wards could change considerably.

3 **The Review process**

- 3.1 The Borough Council is a statutory consultee to the LGBCE review process, however the Council does not control the review or make decisions as part of this exercise. The review operates in 3 stages:
- 3.1.1 **Council Size** – where the Borough Council and others can put forward arguments for the number of councillors that should sit on North Warwickshire Borough Council and officers provide forecasts on what the electorate for each polling district will be in 2030, based on population growth and housing developments;
- 3.1.2 **Draft Ward boundaries** – where the Borough Council and others put forward how many wards there should be, based on the agreed number of councillors and the new “ideal ward size” based on electorate forecasts
- 3.1.3 **Comments on LGBCE ward proposals** – where the Borough Council and others can make comments on the proposed ward boundaries set out by LGBCE.

4 **Implementation and post LGBCE review**

- 4.1 It is anticipated that this review will take place between Autumn 2023 and April 2025, with the first elections on these boundaries to take place in 2027.
- 4.2 It is considered prudent, based on the knock-on effects of changes to ward boundaries and some enquiries from Parish Councils, that a Community Governance Review should be undertaken post LGBCE review, to conclude in time for the Borough and Parish elections in 2027.
- 4.3 A Community Governance Review could review the parish arrangements for the whole borough, just those areas which have requested that boundaries be changed, or to make only consequential amendments following the ward boundary review. This would involve considerable consultation and the terms of reference for any Community Governance Review would be considered by council, post LGBCE review.

5 **Conclusion**

- 5.1 The Borough Council now needs to consider the best mechanism for members to have input into the review process, given the need for officers/members to work collaboratively in response to the LGBCE consultation exercises
- 5.2 Based on the experience of the Head of Elections, who has just completed a similar review of Nuneaton and Bedworth, the proposed way forward is the establishment of an appropriate body to formulate the Borough Council’s response to this review, as per the draft terms of reference at Appendix 1 to this report. It is proposed that any consultation responses would need to be approved by Council before submission.

6 Report Implications

6.1 Finance and Value for Money Implications

6.1.1 There will be a small cost to the Borough Council in responding to the review, which will be managed within existing revenue budgets. There is no external funding available to fund our response to this review.

6.2 Legal Implications

6.2.1 The LGBCE is conducting this review, with the Borough Council being a consultee in the review process. As such, no decisions are made by the Council as part of this process however, the Council needs to ensure that it establishes an appropriate process to consider any such proposals and respond as a consultee.

6.2.2 Due to specific provisions in the Local Government Act 1972 it will be necessary for Full Council to appoint the body which is to undertake this process as it is an Advisory Committee. The Committee may still be 'time limited' i.e., be dissolved once the boundary review is completed.

6.2.3 Any legal implications that arise as part of the Council's submissions on Council size or ward boundaries will be addressed at the appropriate time when reports come forward to Council.

6.3 Environment, Climate Change and Health Implications

6.3.1 There are no foreseen implications

6.4 Risk Management Implications

6.4.1 There are no foreseen implications

6.5 Links to Council's Priorities

6.5.1 Appropriate and equitable arrangements for democratic representation and governance are clearly a very high priority for any Council. The Council's Corporate Plan emphasises the importance of a sense of place for residents, and ensuring our Wards and Parishes reflect that identity and are fair is a key building block in this.

The Contact Officer for this report is Martyn Harris (719222).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
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North Warwickshire Borough Council – Electoral Review

TASK AND FINISH COMMITTEE (the COMMITTEE) - TERMS OF REFERENCE

The Local Government Boundary Commission have requested that an electoral review of North Warwickshire Borough Council be carried out in 2023/2024/2025. The review is required:

- a) as the Council's boundaries have not been reviewed since 1999;
and
- b) to address the poor levels of electoral equality in North Warwickshire

1. Role and Purpose of the Committee

To review the future electoral requirements of North Warwickshire Borough Council by developing proposals for the total number of Councillors required and any necessary revised warding arrangements.

2. Status

The Committee is to be an advisory group, designed to bring together identified members of the Executive Board and others to make suitable recommendations to Executive Board and ultimately Council.

3. Objectives

- a) To formulate and recommend to Executive Board/Council proposed submissions to the Local Government Boundary Commission for England (LGBCE) relating to the total number of Councillors required and the electoral warding arrangements.
- b) To facilitate, coordinate, involve and consult Borough Councillors, community organisations, and any other relevant stakeholders in the review process to ensure effective consultation and participation in the Council's submissions to the LGBCE.
- c) To coordinate the Council's responses to the LGBCE's review of North Warwickshire Borough Council's electoral arrangements.

4. Membership

The Committee will comprise of 8 members, based on the political balance of the Council.

5. Frequency of Meetings/Timeline

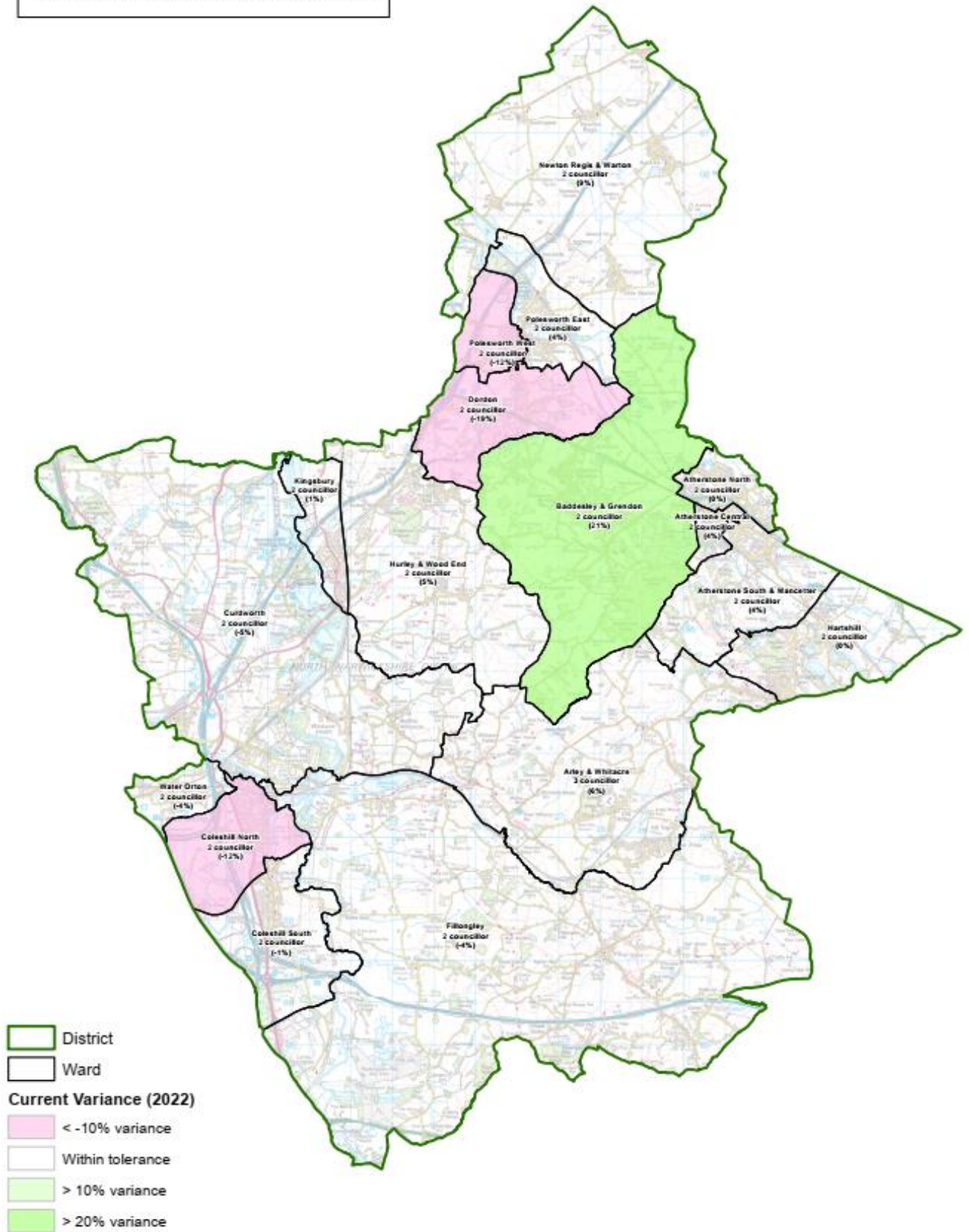
The Committee will meet at dates set out in a timetable. Additional meetings of the Committee may also be required. The Committee will report to Executive Board/Council as required based on the timescales of the LGBCE review.

6. Governance

It is anticipated that the Chair of Executive will be appointed by the Committee at its first meeting and will be supported by the Head of Elections as lead officer.

Appendix 2 – map illustrating electoral variance in North Warwickshire:

North Warwickshire Borough Council: Existing wards by variance
Based on December 2022 ONS electoral data



Agenda Item No 6

Executive Board

18 September 2023

**Report of the Corporate Director -
Resources**

**Capital Programme – 2022/23
Final Position**

1 Summary

- 1.1 The purpose of this report is to update Members on the position of the 2022/23 Capital Programme at the end of March 2023.

Recommendation to the Council:

- a That the Board notes the level of expenditure incurred to the end of March 2023 against the 2022/23 Revised Capital Programme.**
- b That the requests to carry forward schemes identified in column 6 of Appendix A be approved and added to the 2023/24 Capital Programme.**

2 The Current Position

- ... 2.1 The Council's Revised Capital Programme for 2022/23, approved by this Board in February 2023, is set out in Appendix A. The Appendix also shows the expenditure incurred on each scheme at the end of March 2023.

- 2.2 The Appendix shows total expenditure of £13,195,260 within the financial year, with a further £652,002 committed and due to be paid in 2023/24. This gives an under-spend of £2,489,859 against the approved programme of £16,337,122.

3 Outcomes from Capital Expenditure

- 3.1 The £13,195,260 paid on capital schemes in 2022/23 has achieved a number of outcomes, and some of these are highlighted in the following paragraphs.

- 3.2 In terms of housing capital expenditure, the main programmes undertaken in the year related to electrical installations, external wall insulation, heating (including Air Source Heat Pumps) and roofing works. Extensive remedial works were also commenced to the Council's flats at Alexandra Court, St Leonards Court, and Drayton Court. This includes a replacement pitched roof, new windows, and wall insulation as well as internal and external improvements. Following referrals from HEART, adaptations were undertaken to properties which enabled tenants with disabilities to continue living in their current Council property.

- 3.3 Work on new build properties were completed at Long Street whilst Coleshill Road was completed in June 2023.
- 3.4 On the General Fund, works commenced on designing and implementing the new planning, environmental and financial systems, and work on infrastructure development and backing up systems continue to progress.
- 3.5 Work on the Council's car parks was undertaken in line with the introduction of Civil Parking Enforcement and charging. Works to resurface the Cattle Market car park took place at the start of April.
- 3.6 Within the Vehicle Replacement programme, a new fleet of Refuse vehicles, two trailers and a new mower was purchased.
- 3.7 Partner contributions of £1,301,996 have been paid to Sherbourne Recycling Limited for the construction of the sub-regional Materials Recycling Facility, which is scheduled to commence operation in September/October 2023.
- 3.8 Within Leisure Services, work was undertaken at Hollybank, Piccadilly, Abbey Green Park, Hurley, Wood End, and Corley play areas. Works To Grendon Sports Pavilion were also undertaken. Various types of equipment have been purchased across the three leisure centres.

4 **Committed Spend in 2023/24**

- 4.1 Of the capital programme expenditure of £16,337,122, there are commitments of £652,002 which will be required in 2023/24 to fulfil contracts already let or to continue the progress of on-going schemes. These amounts are shown in column (4) of Appendix A.

5 **Requests to Carry Forward Budget Provision**

- 5.1 Officers are requesting to carry forward budget provision of £2,586,802 as shown in column (6) of Appendix A. Capital schemes are often over one or more financial years due to the nature of the project and as such carry forward of the budget will be required to complete the project.
- 5.2 There is a request from the Housing Division to carry forward budget provision of £354,000. Carry forward of £205,190 is required in order to complete the new builds on Coleshill Road. The budget for Drayton Court's Remedial works to flats was put into 22/23 with the works running from December 22 through December 23 so the remaining HRA carry over of £148,810 should be allocated here.
- 5.3 The Leisure Service is requesting to carry forward the unspent budget for general leisure equipment, as well as play area works that were delayed from COVID.

5.4 Information Services are requesting to carry forward the underspends in relation to the Environmental Health, Financial Management System, Replacement Planning System, and a new website are all ongoing projects so work will continue into 2023/24 so therefore the allocated budget needs carrying forward. Delays in developing the infrastructure for hybrid working has occurred due to Covid-19. Corporate services are beginning to investigate more modern, scalable, and flexible ways of working. The replacement backup solution is planned for replacement during 23/24. This will involve a reduction in our current data storage due to the four new systems that are being implemented all being cloud solutions.

5.5 It is requested to carry forward budgetary provision for the underspend relating to both the HRA and General Fund Vehicle Replacement Programme, due to the time needed to procure vehicles.

6 Report Implications

6.1 Finance and Value for Money Implications

6.1.1 Payments made up to the end of March 2023 amount to £13,195,260 with further commitments of £652,002 due for payment in 2023/24. In addition, Members are also requested to carry forward schemes totalling £2,586,802 where expenditure has been delayed into 2023/24. If the carry forwards are not approved projects will not be delivered.

6.2 Sustainability Implications

6.2.1 Expenditure incurred as part of the Council's Capital Programme enables the Council to continue to deliver a range of services to the people of North Warwickshire which contributes towards improving the quality of life for the communities of North Warwickshire.

6.3 Risk Management Implications

6.3.1 If the financial provision requested is not carried forward, the achievement of some of the Council's objectives may be at risk.

6.4 Equalities Implications

6.4.1 The Council must meet the requirements of the Equality Act 2010. The Act brings consolidates and updates previous equality legislation and includes a public sector duty (the equality duty) which extends to those with protected characteristics including race, disability, sex, age, pregnancy and maternity, sexual orientation, gender reassignment and religion or belief.

6.4.2 The capital programme includes some provision for improving accessibility, the extent of previous duties being extended by the Equality Act 2010. The 2010 Act prohibits direct and indirect discrimination, harassment and victimisation, and provides that prescribed requirements to make adjustments must be complied with.

The Contact Officer for this report is Nigel Lane (719374).

Background Papers

Local Government Act 1972 Section 100D, as substituted by the Local Government Act, 2000 Section 97

Background Paper No	Author	Nature of Background Paper	Date
Executive Board – Agenda item 8	Corporate Director of Resources	The Proposed 3 year Capital Programme 2022-23 to 2024-25	14 th February 2022

(1) Cost Centre Description	(2) Total 2022/23 Approved Budget	(3) Payments in 2022/23	(4) Commitments due for Payment in 2023/24	(5) Total Variation to Approved Budget	(6) Requests to c/fwd schemes into 2023/24
	£	£	£	£	£
HRA Assets					
Cap Hsg Disabled Facility Adaptation CH	391,280.00	369,550.48		-21,729.52	
Cap Hsg Windows and Doors	0.00	129,031.62		129,031.62	
Cap Hsg Kitchens and Bathrooms	426,870.00	16,696.95		-410,173.05	
Cap Hsg Insulation	685,580.00	793,334.82		107,754.82	
Cap Hsg Roofing	811,970.00	698,115.52		-113,854.48	
Cap Hsg Heating	1,035,380.00	1,329,293.66		293,913.66	
Cap Hsg Electrics	900,000.00	2,043,656.17		1,143,656.17	
Cap Remedial Work to Flats - Alexandra Court/St Leonards Court	2,209,150.00	2,243,975.36		34,825.36	
Cap Remedial Work to Flats - Drayton Court	2,000,000.00	759,124.45		-1,240,875.55	148,810.00
Cap Multi Trade Contract	600,000.00	534,975.26		-65,024.74	
Cap Replacement DLO Vehicles	0.00			0.00	
Cap Replacement Housing Inspectors Vehicles	0.00			0.00	
Cap - Congrave Way Dordon	400,000.00	400,360.00		360.00	
Cap New Build Church Walk, Mancetter	49,100.00			-49,100.00	
Cap New Build Atherstone	450,000.00	293,550.74		-156,449.26	205,190.00
Cap Hsg General Costs	293,710.00	287,180.00		-6,530.00	

Total HRA	10,253,040.00	9,898,845.03	0.00	-354,194.97	354,000.00
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Cap CCTV Scheme	0.00	17,793.89	-	17,793.89	-
Cap DHS Assistance	20,000.00	-	-	-20,000.00	-
Cap Computer Software	30,000.00	24,583.97	4,140.00	-1,276.03	1,276.03
Cap Infrastructure Development	61,300.00	5,560.53	-	-55,739.47	55,739.47
Cap Network Infrastructure	25,600.00	-	-	-25,600.00	25,600.00
Cap Financial Management System	300,000.00	118,906.50	170,549.50	-10,544.00	10,544.00
Cap Backing Up	10,000.00	-	-	-10,000.00	10,000.00
Cap Environmental Health System	115,000.00	49,506.06		-65,493.94	65,493.94

Cap Mobile Devices	10,000.00	9,153.12	-	-846.88	-
Cap Replacement Planning System	75,850.00	51,540.48	27,920.00	3,610.48	-
Cap Atherstone LUFBid	400,000.00			-400,000.00	400,000.00
Cap Polesworth Leisure Facility	0.00			0.00	-
Cap Parks and Playing Fields	332,040.00	250,101.78		-81,938.22	81,938.22
Cap Playing Pitch Strategy	21,960.47	53,172.20	5,570.00	36,781.73	-
Cap General Leisure Equipment	29,100.00	25,382.55	2,411.37	-1,306.08	1,306.08
Cap ALC Gym Equipment	85,000.00	47,905.06	12,696.05	-24,398.89	24,398.89
Cap DDA	17,310.00	9,253.24	-	-8,056.76	-
Cap Refurbishment of Council Owned Buildings	45,000.00	-	-	-45,000.00	45,000.00
Cap Old Bank House Electrical Upgrade	150,000.00	-	-	-150,000.00	150,000.00
Cap High Street, Coleshill	0.00	8,151.23	-	8,151.23	-
Cap External Works on Industrial Buildings	470,000.00	-	-	-470,000.00	470,000.00
Cap Mobile Care Admin Facility - Innage Park	30,000.00	-	-	-30,000.00	30,000.00
Cap Depot Works	30,600.00	-	-	-30,600.00	30,600.00
Cap Materials Recycling Facility	1,532,901.49	1,301,996.00	-	-230,905.49	230,905.49
Cap Car Parking Pay and Display	12,514.28	12,150.65	-	-363.63	-
Cap Structural Maintenance Car Park Programme	100,000.00	-	100,000.00	0.00	-
Cap Car Parking Coleshill	600,000.00	-	-	-600,000.00	600,000.00
Cap Resurface Car Park Maya Restaurant	30,000.00	28,286.00	-	-1,714.00	-
Cap Transport	1,549,906.00	1,282,972.00	328,715.61	61,781.61	-
Total General Fund	6,084,082.24	3,296,415.26	652,002.53	-2,135,664.45	2,232,802.12
Total HRA & GF	16,337,122.24	13,195,260.29	652,002.53	-2,489,859.42	2,586,802.12

Agenda Item No 7

Executive Board

18 September 2023

**Report of the Corporate Director -
Resources**

**Budgetary Control Report 2023/24
Period Ended 31 August 2023**

1 Summary

- 1.1 The report covers revenue expenditure and income for the period from 1 April 2023 to 31 August 2023. The 2023/24 budget and the actual position for the period, compared with the estimate at that date, are given, together with an estimate of the out-turn position for services reporting to this Board.

Recommendation to Council

To consider if any further information is required.

2 Introduction

- 2.1 Under the Service Reporting Code of Practice (SeRCOP), services should be charged with the total cost of providing the service, which not only includes costs and income directly incurred, but also support costs relating to such areas as finance, office accommodation, telephone costs and IT services. The figures contained within this report are calculated on this basis.

3 Overall Position

- 3.1 Net expenditure for those services that report to the Executive Board as of 31 August 2023 is £217,119 compared with a profiled budgetary position of £218,024 an underspend of £905. Appendix A to this report provides details of the profiled and actual position for each service reporting to this Board, together with the variance for the period.

- 3.2 Where possible, the budget to date figure has been calculated with some allowance for seasonal variations, to enable a better comparison with actual figures.

4 Risks to the Budget

- 4.1 The key risks to the budgetary position of the Council from services under the control of this Board are:-

	Likelihood	Potential impact on Budget
The Local Plan requires regular analysis and updating in line with changing circumstances and changes in national guidance.	High	Medium
The Emergency Planning budget may be insufficient to cover the costs of any major local emergency.	Low	High

5 Estimated Out-turn

- 5.1 Members have requested that Budgetary Control Reports provide details on the likely out-turn position for each of the services reporting to this Board. The anticipated out-turn for this Board for 2023/24 is £620,090. The same as the Original Budget.
- 5.2 The figures provided above are based on information available at this time of the year and are the best available estimates for this Board and may change as the financial year progresses. Members will be updated in future reports of any changes to the forecast out turn.

6 Report Implications

6.1 Finance and Value for Money Implications

- 6.1.1 Income and Expenditure will continue to be closely managed and any issues that arise will be reported to this Board for comment at future meetings.

6.2 Environment and Sustainability Implications

- 6.2.1 The Council must ensure that it adopts and implements robust and comprehensive budgetary monitoring and control, to ensure not only the availability of services within the current financial year, but in future years.

6.3 Legal Implications

- 6.3.1 Regulations have been made under the Local Government Act 2003 which set out the proper accounting practices which the Council must follow. The relevant regulations state that the SeRCOP is a relevant code of practice and therefore the processes contained in it and referred to in this report must be followed.

The Contact Officer for this report is Nigel Lane (719371).

Background Papers

Local Government Act 1972 Section 100D

Background Paper No	Author	Nature of Background Paper	Date

North Warwickshire Borough Council

Executive Board

Budgetary Control Report 2023/24 as at 31 August 2023

Cost Centre	Description	Approved Budget 2023/24	Profiled Budget August 2023	Actual August 2023	Variance	Comments
		£	£	£	£	
2000	Housing Strategic Service Review	38,870	16,196	16,196	-	
2002	Corporate Communications	58,650	24,846	24,470	(376)	
2003	Community Strategy	121,110	49,748	49,748	-	
2007	Emergency Planning	58,370	24,731	24,731	-	
2009	N.Warks Local Development Framework	339,960	101,199	100,670	(529)	
5050	Support to Parishes	3,130	1,304	1,304	-	
	Total Expenditure	620,090	218,024	217,119	(905)	