

Agenda Item No 9**Executive Board****25 November 2024****Report of the
Interim Corporate Director -Resources
(Section 151 Officer)****External Auditors Completion
Report for Those Charged with
Governance 2021/22 & 2022/23****1 Summary**

- 1.1 The Financial Statements for 2021/22 and 2022/23 have been completed and published, they are presented to members in a separate report on this agenda. The accounts had not been presented at the September meeting as we were waiting for clarification from our external auditors Ernst & Young LLP as to whether either year would be audited.
- 1.2 This report attached at Appendix A explains the approach and outcomes of both the 2021/22 and 2022/23 audits. The Government have imposed the backstop date 13 December 2024 for all accounts up to and including 2022/23 to be audited and an opinion on the financial statements issued.
- 1.3 The opinion of EY as detailed in Appendix A is as a result of the system wide implementation of backstop dates they expect to disclaim the opinion on the 2021/22 and 2022/23 financial statements.

Recommendation to the Board

- **To approve the Completion Report presented as Appendix A; and**
- **It is requested that Members give the Section 151 Officer in consultation with the Chair of The Executive Board delegated authority to sign off the Letter of Representation for 2021/22 and 2022/23.**

2 Introduction

- 2.1 The publication of the Financial Statements is a statutory requirement, with a statutory timetable. This Council has not met the statutory deadlines for publishing the accounts or completion of the audit for several years, due to delays in previous years preparation of the annual accounts and then resourcing the audit impacting on the capacity within the finance team.

2.2 The Council’s external auditors have advised that as a result of the system wide implementation of backstop dates they expect to disclaim the opinion on the Authority’s 2021/22 and 2022/23 financial statements, attached at Appendix A.

3 Report Implications

3.1 Finance and Value for Money Implications

3.1.1 Budget provision for external audit costs has been made currently as detailed in the report the fees for 2021/22 and 2022/23 need to be determined as the work to complete the disclaimed opinion will be different to a full audit. 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.

3.1.2 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.

3.2 Risk Management Implications

3.2.1 An external audit process provides some assurance over the Council’s internal control system and highlights any areas where improvements could be made. The 2021/22 and 2022/23 financial statements will not be audited due to meeting the backstop deadline and that does present a risk for the 2023/24 Accounts and audit process.

The Contact Officer for this report is Alison Turner (719374).

Background Papers

Local Government Act 1972 Section 100D

Background Paper No	Author	Nature of Background Paper	Date
Executive Board	Alison Turner	Update on External Audit Backlog	Sept 2024

North Warwickshire Borough Council

Completion Report for Those Charged with Governance

Years ended 31 March 2022 and 31 March 2023

Report issued - 12 November 2024





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

12 November 2024

Dear Executive Board

North Warwickshire Borough Council - Completion Report for Those Charged With Governance - 2021/22 and 2022/23 financial years

Attached is our Completion Report for Those Charged With Governance. The purpose of this report is to provide the Executive Board of North Warwickshire Borough Council (the Council) with a detailed complete report covering our approach and outcomes of both the 2021/22 and 2022/23 audits.

Given that Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024" (the SI) imposes a backstop date of 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the year ended 31 March 2022 and 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

In completing our work for these audit years we have taken into account Statutory Instrument (2024) No. 907 - "The Accounts and Audit (Amendment) Regulations 2024", Local Authority Reset and Recovery Implementation Guidance. We have also taken into account the requirements of the Local Audit and Accountability Act 2014, the National Audit Office's 2020 Code of Audit Practice (including recent 2024 updates), the Statement of Responsibilities issued by Public Sector Audit Appointments (PSAA) Ltd, auditing standards and other professional requirements, against this backdrop we have also considered the Committee's service expectations.

This report considers the impact of Government proposals to clear the backlog in local audit and put the local audit system on a sustainable footing. The joint statement on the update to proposals to clear the backlog and embed timely audit recognises that timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. Not only does it support good decision making by local bodies, by enabling them to plan effectively, make informed decisions and manage their services, it ensures transparency and accountability to local taxpayers. All stakeholders have a critical role to play in addressing the audit backlog.

The Executive Board, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit.

We will consider and report on the adequacy of the Council's external financial reporting arrangements and the effectiveness of the Executive Board in fulfilling its role in those arrangements as part of our assessment of Value for Money arrangements and consider the use of other statutory reporting powers to draw attention to weaknesses in those arrangements where we consider it necessary to do so.

We draw Executive Board members' and officers' attention to the Public Sector Audit Appointment Limited's Statement of Responsibilities (paragraphs 26-28) which clearly set out what is expected of audited bodies in preparing their financial statements (see Appendix A).

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

Yours faithfully

MARK HODGSON

Partner

For and on behalf of Ernst & Young LLP

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Contents



Public Sector Audit Appointments Ltd (PSAA) issued the "Statement of responsibilities of auditors and audited bodies". It is available from the PSAA website. 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 July 2021)" issued by the PSAA (<https://www.psa.co.uk/managing-audit-quality/terms-of-appointment/terms-of-appointment-and-further-guidance-1-july-2021/>) 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. 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 – System wide context

Context for the audit – Department for Housing, Communities and Local Government (MHCLG) and Financial Reporting Council (FRC) measures to address local audit delays


Timely, high-quality financial reporting and audit of local bodies is a vital part of our democratic system. It supports good decision making by local bodies and ensures transparency and accountability to local taxpayers. There is general agreement that the backlog in the publication of audited financial statements by local bodies has grown to an unacceptable level and there is a clear recognition that all stakeholders in the sector will need to work together to address this. The Department for Housing, Communities and Local Government (MHCLG) (initially as DLUHC) has worked collaboratively with the FRC, as incoming shadow system leader, and other system partners, to develop measures to clear the backlog. The proposals, which have been developed to maintain auditor independence and enable compliance with International Standards on Auditing (UK) (ISAs (UK)), consist of three phases:

- ▶ Phase 1: Reset involving clearing the backlog of historic audit opinions up to and including financial year 2022/23 by 13 December 2024.
- ▶ Phase 2: Recovery from Phase 1 in a way that does not cause a recurrence of the backlog by using backstop dates to allow assurance to be rebuilt over multiple audit cycles.
- ▶ Phase 3: Reform involving addressing systemic challenges in the local audit system and embedding timely financial reporting and audit.

To support the further development and testing of the measures, consultations are taking place to receive further feedback and inform the decision on how to proceed. Specifically:

- ▶ MHCLG has enacted through Parliament Statutory Instrument (2024) No. 907 - “The Accounts and Audit (Amendment) Regulations 2024”, to insert statutory backstop dates for historic financial statements and for the financial years 2023/24 to 2027/28.
- ▶ The National Audit Office (NAO) has amended the Code of Audit Practice to:
 - ▶ Require auditors to issue audit opinions according to statutory backstop dates for historic audits, and place specific duties on auditors to co-operate during the handover period for the new PSAA contract for the appointment of local authority auditors covering the years 2023/24 to 2027/28.
 - ▶ Allow auditors to produce a single Value for Money commentary for the period to 2022/23 and use statutory reporting powers to draw significant matters to the attention of Councils and residents.

As a result of the system wide implementation of backstop dates we expect to *disclaim the opinion on the Authority's 2022/23 financial statements*. The proposed disclaimer of the Council's 2021/22 and 2022/23 accounts will impact both the audit procedures to be undertaken to gain assurance on the 2023/24 financial statements and the form of the Audit Report in 2023/24 and subsequent years during the 'Recovery phase' of the Government's proposals.



Executive Summary – Council responsibilities

Responsibilities of Authority management and those charged with governance

For the planned measures to be successful and the current backlog to be addressed it is vital that all stakeholders properly discharge their responsibilities.

The Council's Section 151 Officer is responsible for preparing the statement of accounts in accordance with proper practices and confirming they give a true and fair view of the financial position at the reporting date and of its expenditure and income for the year ended 31 March 2024. To allow the audit to be completed on a timely and efficient basis it is essential that the financial statements are supported by high quality working papers and audit evidence and that Council resources are readily available to support the audit process, within agreed deadlines. The Executive Board, as the Council's body charged with governance, has an essential role in ensuring that it has assurance over both the quality of the draft financial statements prepared by management and the Council's wider arrangements to support the delivery of a timely and efficient audit. Where this is not done, we will:

- ▶ Consider and report on the adequacy of the Council's external financial reporting arrangements as part of our assessment of Value for Money arrangements.
- ▶ Consider the use of other statutory reporting powers to draw attention to weaknesses in Council financial reporting arrangements where we consider it necessary to do so.
- ▶ Seek a fee variation for the cost of additional resources needed to discharge our responsibilities. We have set out this and other factors that will lead to a fee variation at Appendix B of this report together with, at Appendix E, paragraphs 26-28 of PSAA's Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements.
- ▶ Impact the availability of audit resource available to complete the audit work in advance of any applicable backstop dates.

Executive Summary - Local context

Local Background and Context

The position at this Council has developed over the past few years resulting in unaudited financial statements for 31 March 2023.

The main reasons for the Council's financial statements not being prepared, audited and signed to date include:

- ▶ During the pandemic Council staff were required to prioritise the maintenance of key processes and service delivery and therefore had less capacity to respond to the audit requirements, remote working and illness in both the Council and EY audit teams resulted in slower progress with the audit.
- ▶ Following the pandemic the Council teams were working on current year priorities and the EY team were available at times when the finance team were dealing with current priorities e.g. budget preparation.
- ▶ There were a number of new technical issues and challenges to address during this period, including accounting for infrastructure assets and taking into account the updated pension fund valuations.
- ▶ Due to significant issues in staffing in the finance team and issues with the records and information to support the figures within the financial statements, the audit of the Council's 2019/20 financial statements was significantly delayed.
- ▶ A clear plan was agreed with the Council's finance team for delivery of the 2020/21 financial statement audit, however as reported to the Executive Board in our Audit Results Report for 2020/21, the issues around staff capacity, delays in responses to audit queries and poor and incomplete information provided continued.
- ▶ As a result of the above, the 2020/21 audit was only concluded on the 28th November 2023.
- ▶ The Council has subsequently produced their Draft 2021/22 Financial Statements on the 3rd July 2024 almost two years after the statutory publication deadline and 7 months subsequent to the audit opinion on the 2020/21 Statement of Accounts.
- ▶ The Council then produced and published their Draft 2022/23 Financial Statements on the 4th September 2024, over one year after the statutory publication deadline.
- ▶ As a result, and taken together, with acknowledgement of the wider reset proposals to move to the most recent year of audit (which at that point in time was 2023/24), we concluded it was not practical to schedule the 2021/22 audit due to a lack of capacity to be able to commence the 2021/22 or 2022/23 audit year with sufficient time to be able to complete the audit.

Executive Summary - Report structure and work completed

Report structure and work completed

This report covers the work we have completed to meet the requirements of the International Standards on Auditing (UK&I), (ISAs) and the Local Audit Reset and Recovery Implementation Guidance (LARRIGs) along with the National Audit Office Value for Money Code (NAO VFM Code). It has been split into the following sections.

Section 1 - Executive Summary - this section, setting out the national and local context and the structure of our report.

Section 2 - Work Plan - we have completed the following planning tasks

- ▶ Completed required independence procedures.
- ▶ Set a level of materiality.
- ▶ Issued letters of inquiry to Management, Those Charged with Governance, the Head of Internal Audit and the Monitoring Officer.
- ▶ Updated our understanding of the business, including review of responses to inquiry letters, internal team meeting, minute review, etc.
- ▶ Identified significant, inherent and other areas of higher risk or focus.
- ▶ Considered any other matters that may require reporting to regulators, or which may result in a modification to the audit report e.g. Non-compliance with laws and regulations (NOCLAR), Objections, Significant weaknesses in arrangements for Value for Money, or any other matters that may result in the use of the auditor's powers etc.

Section 3 - Results and findings - Work completed to issue the disclaimer, findings and results:

- ▶ Review of the financial statements.
- ▶ Consideration of any matters that came to light during our planning and review procedures in relation to laws and regulations, fraud, related parties, litigation and claims, significant changes to contracts and systems, service organisations, and report as appropriate.
- ▶ Reporting on any other matters that may require the use of the auditor's powers, formal reporting or a modification to the auditor's report e.g. Non-compliance with laws and regulations, (NOCLAR), Objections, Significant weaknesses in arrangements for Value for Money, any matters that may result in the use of the etc.

Section 4 - Audit Report

- ▶ The draft audit opinions.

Section 5 - Value for Money reporting

- ▶ The Value for Money report covering the year to 31 March 2023.

Section 6 - Appendices



02 Work Plan

Work Plan – Audit Scope

Audit scope

This Completion report covers the work that we performed in relation to:

- ▶ Our audit opinion on whether the financial statements of the Council give a true and fair view of the financial position as at 31 March 2023 and of the income and expenditure for the year then ended; and
- ▶ Our commentary on your arrangements to secure value for money in your use of resources for the relevant period. We include further details on Value for Money in Section 4.

We will also review and report to the National Audit Office (NAO), to the extent and in the form required by them, on the Council's Whole of Government Accounts return.

Our audit will also include the mandatory procedures that we are required to perform in accordance with applicable laws and auditing standards.

When planning the audit we take into account several key inputs:

- ▶ Strategic, operational and financial risks relevant to the financial statements;
- ▶ Developments in financial reporting and auditing standards;
- ▶ The quality of systems and processes;
- ▶ Changes in the business and regulatory environment; and,
- ▶ Management's views on all of the above.

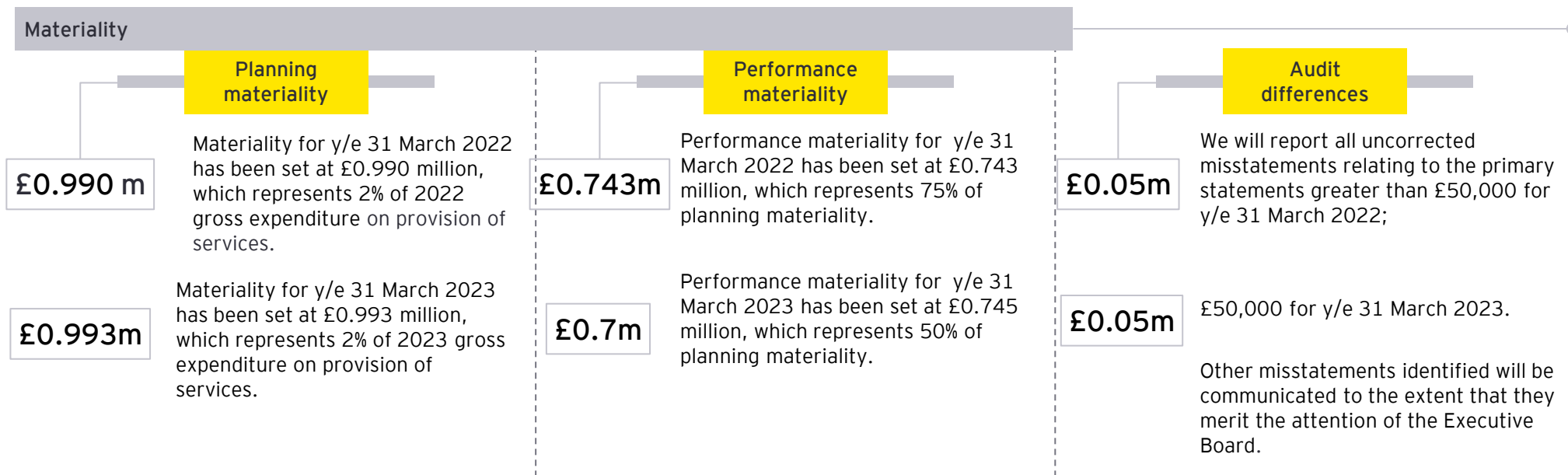
Given that Statutory Instrument (2024) No. 907 - The Accounts and Audit (Amendment) Regulations 2024 imposes a backstop date of the 13 December 2024 by which date we are required to issue our opinion on the financial statements, we have considered whether the time constraints imposed by the backstop date mean that we cannot complete all necessary procedures to obtain sufficient, appropriate audit evidence to support the opinion and fulfil all the objectives of all relevant ISAs (UK).

This decision is in line with ISA 200: Failure to Achieve an Objective 24.

If an objective in a relevant ISA (UK) cannot be achieved, the auditor shall evaluate whether this prevents the auditor from achieving the overall objectives of the auditor and thereby requires the auditor, in accordance with the ISAs (UK), to modify the auditor's opinion or withdraw from the engagement (where withdrawal is possible under applicable law or regulation). Failure to achieve an objective represents a significant matter requiring documentation in accordance with ISA (UK) 230 (Revised June 2016).4 (Ref: Para. A77&A78)

Taking the above into account, for the years ended 31 March 2023 we have determined that we cannot meet the objectives of the ISAs(UK) and we anticipate issuing a disclaimed audit report.

Work Plan - Materiality



In order to ascertain the significance of issues in the draft financial statements we have set materiality based on the respective 2021/22 and 2022/23 audit years. These materiality levels have been set based on the main Council financial statements. These levels are being used to assess our response to any issues identified in the Council's financial statements.

Work Plan – Significant, inherent and other risk areas

The following 'dashboard' summarises the significant accounting and auditing matters identified as part of our planning work. It seeks to provide Those Charged with Governance with an overview of our initial risk identification for the respective audit years.

Audit risks and areas of focus

Risk/area of focus	Applicable years	Risk identified	Change from PY	Details
Misstatement due to fraud or error (management override)	All years covered by this report	Fraud risk	No change in risk or focus	There is a risk that the financial statements as a whole are not free from material misstatement whether caused by fraud or error. We perform mandatory procedures regardless of specifically identified fraud risks.
Risk of fraud in revenue and expenditure recognition, through inappropriate capitalisation of revenue expenditure	All years covered by this report	Fraud Risk	No change in risk or focus	Under ISA 240 there is a presumed risk that revenue may be misstated due to improper revenue recognition. 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. We have assessed the risk is most likely to occur through the inappropriate capitalisation of revenue expenditure.
Valuation of Land and Buildings in Plant Property and Equipment, Investment Properties, and surplus assets	All years covered by this report	Significant risk	No change in risk or focus	Local authorities have a statutory duty to balance their annual budget and are operating in a financially challenged environment with reducing levels of government funding and increasing demand for services. Achievement of budget is critical to minimizing the impact and usage of the Council's usable reserves and provides a basis for the following year's budget. Any deficit outturn against the budget is therefore not a desirable outcome for the council and management, and therefore this desire to achieve budget increases the risk that the financial statements may be materially misstated. As such it is not considered appropriate to rebut the presumed risk as there is an inherent risk of manipulation of revenue and financial performance.
Pension Liability Valuation	All years covered by this report	Inherent risk	No change in risk or focus	The Local Authority Accounting Code of Practice and IAS19 require the Council / Authority to make extensive disclosures within its financial statements regarding its membership of the Local Government Pension Scheme. Accounting for this scheme involves significant estimation and judgement and therefore management engages an actuary to undertake the calculations on their behalf. ISAs (UK) 500 and 540 require us to undertake procedures on the use of management experts and the assumptions underlying fair value estimates.

Work Plan - Independence

The FRC Ethical Standard 2019 and ISA (UK) 260 'Communication of audit matters with those charged with governance', requires us to communicate with you on a timely basis on all significant facts and matters that bear upon our integrity, objectivity and independence. The Ethical Standard, as revised in December 2019, requires that we communicate formally both at the planning stage and at the conclusion of the audit, as well as during the course of the audit if appropriate. The aim of these communications is to ensure full and fair disclosure by us to those charged with your governance on matters in which you have an interest.

Required communications

Planning stage

- ▶ The principal threats, if any, to objectivity and independence identified by Ernst & Young (EY) including consideration of all relationships between you, your affiliates and directors and us;
- ▶ The safeguards adopted and the reasons why they are considered to be effective, including any Engagement Quality review;
- ▶ The overall assessment of threats and safeguards;
- ▶ Information about the general policies and process within EY to maintain objectivity and independence
- ▶ The IESBA Code requires EY to provide an independence assessment of any proposed non-audit service (NAS) to the PIE audit client and will need to obtain and document pre-concurrence from the Executive Board/those charged with governance for the provision of all NAS prior to the commencement of the service (i.e., similar to obtaining a "pre-approval" to provide the service).
- ▶ All proposed NAS for PIE audit clients will be subject to a determination of whether the service might create a self-review threat (SRT), with no allowance for services related to amounts that are immaterial to the audited financial statements.

Final stage

- ▶ In order for you to assess the integrity, objectivity and independence of the firm and each covered person, we are required to provide a written disclosure of relationships (including the provision of non-audit services) that may bear on our integrity, objectivity and independence. This is required to have regard to relationships with the entity, its directors and senior management, its affiliates, and its connected parties and the threats to integrity or objectivity, including those that could compromise independence that these create. We are also required to disclose any safeguards that we have put in place and why they address such threats, together with any other information necessary to enable our objectivity and independence to be assessed;
- ▶ Details of non-audit/additional services provided and the fees charged in relation thereto;
- ▶ Written confirmation that the firm and each covered person is independent and, if applicable, that any non-EY firms used in the group audit or external experts used have confirmed their independence to us;
- ▶ Details of any non-audit/additional services to a UK PIE audit client where there are differences of professional opinion concerning the engagement between the Ethics Partner and Engagement Partner and where the final conclusion differs from the professional opinion of the Ethics Partner
- ▶ Details of any inconsistencies between FRC Ethical Standard and your policy for the supply of non-audit services by EY and any apparent breach of that policy;
- ▶ Details of all breaches of the IESBA Code of Ethics, the FRC Ethical Standard and professional standards, and of any safeguards applied and actions taken by EY to address any threats to independence; and
- ▶ An opportunity to discuss auditor independence issues.

In addition, during the course of the audit, we are required to communicate with you whenever any significant judgements are made about threats to objectivity and independence and the appropriateness of safeguards put in place, for example, when accepting an engagement to provide non-audit services.

We ensure that the total amount of fees that EY and our network firms have charged to you and your affiliates for the provision of services during the reporting period, analysed in appropriate categories, are disclosed.

We highlight the following significant facts and matters that may be reasonably considered to bear upon our objectivity and independence, including the principal threats, if any. We have adopted the safeguards noted below to mitigate these threats along with the reasons why they are considered to be effective. However, we will only perform non-audit services if the service has been pre-approved in accordance with your policy.

Work Plan - Independence

Overall Assessment

Overall, we consider that the safeguards that have been adopted appropriately mitigate the principal threats identified and we therefore confirm that EY is independent and the objectivity and independence of Mark Hodgson, your Audit Engagement Partner and the audit engagement team have not been compromised.

Self interest threats

A self interest threat arises when EY has financial or other interests in your company. Examples include where we have an investment in your company; where we receive significant fees in respect of non-audit services; where we need to recover long outstanding fees; or where we enter into a business relationship with you. At the time of writing, there are no long outstanding fees.

We believe that it is appropriate for us to undertake those permitted non-audit/additional services set out in Section 5.40 of the FRC Ethical Standard 2019 (FRC ES), and we will comply with the policies that you have approved.

None of the services are prohibited under the FRC's ES and the services have been approved in accordance with your policy on pre-approval. In addition, when the ratio of non-audit fees to audit fees exceeds 1:1, we are required to discuss this with our Ethics Partner, as set out by the FRC ES, and if necessary agree additional safeguards or not accept the non-audit engagement. We will also discuss this with you.

At the time of writing, the current ratio of non-audit fees to audit fees is approximately nil:nil. No additional safeguards are required.

Self review threats

A self-interest threat may also arise if members of our audit engagement team have objectives or are rewarded in relation to sales of non-audit services to you. We confirm that no member of our audit engagement team, including those from other service lines, has objectives or is rewarded in relation to sales to you, in compliance with Ethical Standard part 4. There are no other self-interest threats at the date of this report.

Management threats

Partners and employees of EY are prohibited from taking decisions on behalf of management of your company. Management threats may also arise during the provision of a non-audit service in relation to which management is required to make judgements or decision based on that work.

There are no management threats at the date of this report.

Other threats

Other threats, such as advocacy, familiarity or intimidation, may arise.

There are no other threats at the date of this report.

EY Transparency Report 2023

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 period ended 30 June 2023 and can be found here: [EY UK 2023 Transparency Report](#).



03 Results and findings



Results and findings

Status of the audit

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

Final Closing procedures:

- ▶ Completion of subsequent events procedures;
- ▶ Receipt of a signed management representation letter

Given that the audit process is still ongoing, we will continue to consider existing and new information which could influence our final audit opinion, a current draft of which is included later in this section.

Value for Money

Our value for money (VFM) work is complete and reported in Section 5 of this report. We identified one risk of significant weaknesses in arrangements. Having updated and completed the planned procedures in these areas we did identify a significant weakness in the Council's arrangements. See Section 5 of the report for further details.

Audit differences

We have not identified any audit differences, either adjusted or unadjusted, as part of our audit. The Council should ensure that in approving the Statement of Accounts, that all sets cast correctly, all prior year comparatives agree to the final set of prior year Statement of Accounts, or explanations for prior year adjustments have been set out by the Section 151 Officers. The Council should also seek explanations for any material variances between years to fully understand the Statement of 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.

We have completed the procedures required by the National Audit Office (NAO) on the Whole of Government Accounts. We have no matters to report as a result of this work.

We did not receive any questions or objections to the Council's financial statements from any member of the public following the inspection period.

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 Council 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.



Results and findings

Areas of audit focus

In our Audit Plan section we identified a number of key areas of focus for our audit of the financial report of North Warwickshire Borough Council. We concluded we would disclaim the audit and therefore have not completed detailed audit testing on these areas but instead have reported any matters that came to light from the work we did complete.

We request that you review these and other matters set out in this report to ensure:

- ▶ There are no further considerations or matters that could impact these issues;
- ▶ You concur with the resolution of the issue; and
- ▶ There are no further significant issues you are aware of to be considered before the financial report is finalised.

There are no matters, other than those reported by Management or disclosed in this report, which we believe should be brought to the attention of Management, the Executive Board, or full Council.

Control observations

During the audit, we did not identify any significant deficiencies in internal control.

Independence

Further to our review of independence in Section 2 of this report we have not identified any issues to bring to your attention..



Results and findings

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.

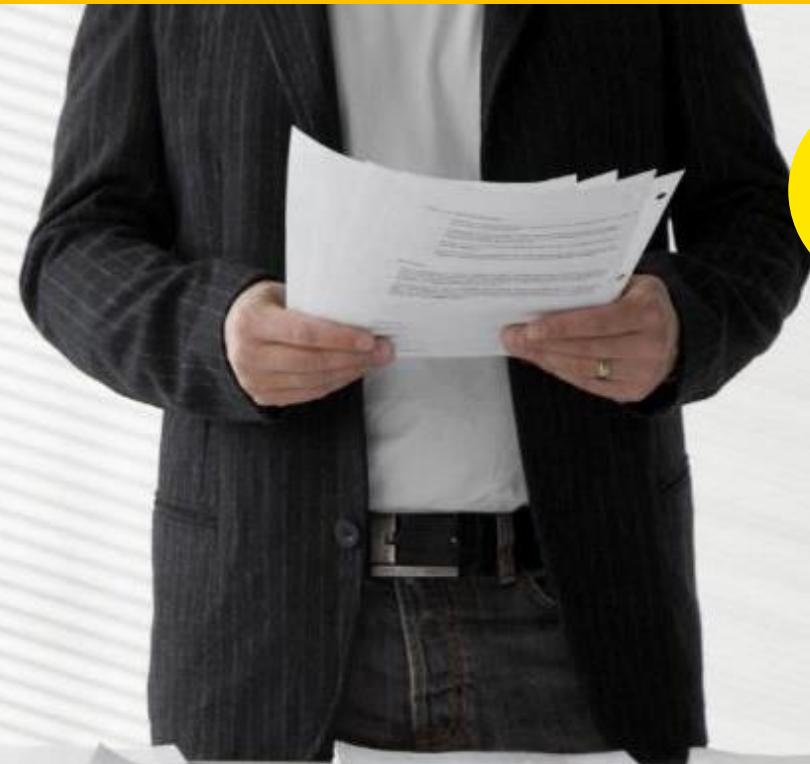


Results and findings

Summary of audit differences

We have not identified any audit differences, either adjusted or unadjusted, as part of our audit.

The Council should ensure that in approving the Statement of Accounts, that all sets cast correctly, all prior year comparatives agree to the final set of prior year Statement of Accounts, or explanations for prior year adjustments have been set out by the Section 151 Officers. The Council should also seek explanations for any material variances between years to fully understand the Statement of Accounts.



04 Audit Reports

DRAFT

Our opinion financial statements

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

Disclaimer of Opinion

We were engaged to audit the financial statements of North Warwickshire Borough Council ('the Council') for the year ended 31 March 2022. 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 including the Statement of Accounting Policies,
- 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 to 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 2021/22 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

We completed the audit of the 2020/21 financial statements and issued our audit opinion on 28 November 2023.

The Council has subsequently produced their 2021/22 on 3rd July 2024, almost three years after the statutory publication deadline and 7 months subsequent to the audit opinion on the 2020/21 Statement of Accounts.

The backstop date and the wider requirements of the local audit system reset, meant we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2021/22 financial statements.

Therefore, we are disclaiming our opinion on the financial statements.

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

Our opinion on the financial statements

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

Report on the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

We report to you, if we are not satisfied that the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have identified the following significant weakness in the Authority's arrangements for the year ended 31 March 2022.

Significant weaknesses in arrangements

In relation to governance

Our judgement on the nature of the weakness identified:

In the 2021/22 financial year the Authority did not publish its statement of accounts by 31 July 2022 as required by the Accounts and Audit Regulations 2015. The unaudited statements were published on 3 July 2024. The Council has experienced capacity issues within the finance team for a number of years, which has impacted their ability to publish the draft financial statements by the target date of July 2022 set by the Accounts and Audit Regulations 2015 and their ability to support the external audit.

The evidence on which our view is based is:

- Publication date of the 2021/22 draft financial statements.
- Executive Board papers from 27th November 2023 setting out continued delays and the impact of these for the Council.

Our opinion on the financial statements

The issues have been discussed by the Executive Board at its meeting on 27 November 2023 where it was reported the delays were caused by staff shortages, issues with obtaining audit evidence in a timely way and the change of s151 officer during this period.

The impact on North Warwickshire Borough Council:

Failure to improve on the Council's processes to report financial information timely will impact its ability to meet statutory financial reporting deadlines, make informed decisions and deploy resources sustainably and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024

The action North Warwickshire Borough Council needs to take to address the weakness:

The Council needs to continue to re-assess roles, responsibilities and resource requirement for financial reporting, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives.

The issues above are evidence of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities.

Responsibility of the Section 151 Officer

As explained more fully in the '*Statement of Responsibilities, Issue and Approval date*' set out on page 11, the Section 151 Officer 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 2021/22 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 Section 151 Officer 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 Section 151 Officer 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 Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

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 Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Our opinion on the financial statements

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 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether 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 2022.

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 (as amended) 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.

Certificate

We certify that we have completed the audit of the accounts of North Warwickshire Borough Council 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 (as amended) 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's members as a body, for our audit work, for this report, or for the opinions we have formed.

Our opinion on the financial statements

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

Disclaimer of opinion

We were engaged to audit the financial statements of North Warwickshire Borough Council ('the Council') for the year ended 31 March 2023. The financial statements comprise the:

- Movement in Reserves Statement,
- Comprehensive Income and Expenditure Statement,
- Balance Sheet,
- Cash Flow Statement
- the related notes 1 to 41 including a summary of significant accounting policies
- Housing Revenue Account Income and Expenditure Statement, the Movement on the Housing Revenue Account Statement, and the related notes 1 to 15,
- Collection Fund and the related notes 1 to 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 2022/23 as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022).

We do not express an opinion on the accompanying financial statements of the Council. Because of the significance of the matter described in the basis for disclaimer of opinion section of our report, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Basis for disclaimer of opinion

The Accounts and Audit (Amendment) Regulations 2024 (Statutory Instrument 2024/907) which came into force on 30 September 2024 requires the accountability statements for this financial year to be approved not later than 13th December 2024.

The audit of the 2021/22 financial statements for North Warwickshire Borough Council was not completed for the reasons set out in our opinion on those financial statements dated X December 2024.

In addition, the Council has subsequently produced their 2022/23 financial statements on 4th September 2024, over one year after the statutory publication deadline.

As a result of the delays to the previous year's audit together with the wider requirements of the local audit system reset, we did not have the required resources available to complete the detailed audit procedures that would be needed to obtain sufficient appropriate audit evidence to issue an unmodified audit report on the 2022/23 financial statements before the 13th December 2024 backstop date.

Therefore, we are disclaiming our opinion on the financial statements.

Our opinion on the financial statements

Matters on which we report by exception

Notwithstanding our disclaimer of opinion on the financial statements, performed subject to the pervasive limitation described above, we have nothing to report in respect of whether the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Council.

We report to you if:

- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- 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 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and Accountability Act 2014 (as amended).

We have nothing to report in these respects.

In respect of the following, we have matters to report by exception:

Report on the Council's proper arrangements for securing economy, efficiency and effectiveness in the use of resources

We report to you, if we are not satisfied that the Authority has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2023.

On the basis of our work, having regard to the guidance issued by the Comptroller and Auditor General in April 2021, we have identified the following significant weakness in the Authority's arrangements for the year ended 31 March 2023.

Significant weaknesses in arrangements

In relation to governance

Our judgement on the nature of the weakness identified:

In the 2022/23 financial year the Authority did not publish its statement of accounts by 31 May 2023. The unaudited statements were published on the 4 September 2024. This is the second year in which the Authority has not met the publication date. The Council has experienced capacity issues within the finance team for a number of years, which has impacted their ability to publish the draft financial statements by the target date of July 2023 set by the Accounts and Audit Regulations 2015 and their ability to support the external audit.

The evidence on which our view is based is:

- Publication date of the 2021/22 and 2022/23 draft financial statements.
- Executive Board papers from 27th November 2023 setting out continued delays and the impact of these for the Council.

Our opinion on the financial statements

The issues have been discussed by the Executive Board at its meeting on 27 November 2023 where it was reported the delays were caused by staff shortages, issues with obtaining audit evidence in a timely way and the change of s151 officer during this period.

The impact on North Warwickshire Borough Council:

Failure to improve on the Council's processes to report financial information timely will impact its ability to meet statutory financial reporting deadlines, make informed decisions and deploy resources sustainably and to restore timely financial reporting in accordance with the requirements of the Accounts and Audit (Amendment) Regulations 2024

The action North Warwickshire Borough Council needs to take to address the weakness:

The Council needs to continue to re-assess roles, responsibilities and resource requirement for financial reporting, including an assessment of the support required from other functions within the organisation for the financial reporting function to meet its objectives.

The issues above are evidence of weaknesses in proper arrangements for reliable and timely financial reporting that supports the delivery of strategic priorities.

Responsibility of the Section 151 Officer

As explained more fully in the '*Statement of Responsibilities, Issue and Approval date*' set out on page 11, the Section 151 Officer 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 2022/23 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 Section 151 Officer 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 Section 151 Officer 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 Council is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our responsibility is to conduct an audit of the Council's financial statements in accordance with International Standards on Auditing (UK) and to issue an auditor's report.

However, because of the matter described in the basis for disclaimer of opinion section of our report, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion on these financial statements.

Our opinion on the financial statements

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 Code of Audit Practice 2024 and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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 2024, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in January 2023, as to whether 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 2023.

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 (as amended) 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.

Certificate

We certify that we have completed the audit of the accounts of North Warwickshire Borough Council 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 (as amended) 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's members as a body, for our audit work, for this report, or for the opinions we have formed.



05 Value for Money



VFM - Executive Summary

Purpose

Auditors are required to be satisfied that the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. We do not issue a 'conclusion' or 'opinion', but where significant weaknesses are identified we will report by exception in the auditor's opinion on the financial statements. In addition, auditor's provide an annual commentary on arrangements, which we have within our Interim VFM Arrangements Report - 4 November 2024. In doing so, we comply with the requirements of the 2020 Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

The purpose of this commentary is to explain the work we have undertaken in respect of the periods - 1 April 2021 to 31 March 2022 and 1 April 2022 to 31 March 2023 and highlight any significant weaknesses identified along with recommendations for improvement. The commentary covers our findings for audit years 2021/22 and 2022/23.

The Department for Levelling Up, Housing and Communities (DLUHC) as it was at the time, worked collaboratively with the Financial Reporting Council (FRC), as incoming shadow system leader, and other system partners, to develop measures to address the delay in local audit. As part of the NAO consultation issued on 8 February 2024, there is a proposal to reduce the scope of the VFM reporting up to and including the 2022/23 financial year. However, the consultation stated that where auditors had begun or already undertaken work that no longer falls under the reduced scope (if agreed once the consultation closes), they may still report on it in accordance with Schedule 4. We are continuing to report Value for Money (VFM) in line with our full responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

The report sets out the following areas which have been assessed up to the point of issuing this report:

- Any identified risks of significant weakness, having regard to the three specified reporting criteria;
- An explanation of the planned responsive audit procedures to the significant risks identified;
- Findings to date from our planned procedures; and

The detailed arrangements and processes underpinning the reporting criteria were reported within our Interim VFM Arrangements Report - 4 November 2024.



Executive Summary (continued)

Risks of Significant Weakness

In undertaking our procedures to understand the body's arrangements against the specified reporting criteria, we identify whether there are risks of significant weakness which require us to complete additional risk-based procedures. AGN 03 sets out considerations for auditors in completing and documenting their work and includes consideration of:

- our cumulative audit knowledge and experience as your auditor;
- reports from internal audit which may provide an indication of arrangements that are not operating effectively;
- our review of Council committee reports;
- meetings with the Chief Executive and Director of Corporate Services;
- information from external sources; and
- evaluation of associated documentation through our regular engagement with Council management and the finance team.

We completed our risk assessment procedures and have identified one significant weaknesses in the Council's VFM arrangements in relation to governance specifically:

- How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed
- How the body ensures it makes properly informed decisions, supported by appropriate evidence and allowing for challenge and transparency. This includes arrangements for effective challenge from those charged with governance/audit committee
- How the body monitors and ensures appropriate standards, such as meeting legislative/regulatory requirements and standards in terms of officer or member behaviour (such as gifts and hospitality or declarations/conflicts of interests)

The risk was identified due to the untimely preparation and submission of the financial statements for the financial years 2021/22 and 2022/23. Please refer to pages 33 for a detailed explanation of this weakness.

Executive Summary (continued)

Reporting

Our commentary for 2021/22 and 2022/23 is set out over pages 34 to 37. The commentary on these pages summarises our understanding of the arrangements at the Council based on our evaluation of the evidence obtained in relation to the three reporting criteria (see table below) throughout 2021/22 and 2022/23.

The detailed arrangements and processes underpinning the reporting criteria were reported within our Interim VFM Arrangements Report - 4 November 2024.

In accordance with the NAO's 2020 Code, we are required to report a commentary against the three specified reporting criteria. The table below sets out the three reporting criteria, whether we identified a risk of significant weakness as part of our planning procedures, and whether, at the time of this report, we have concluded that there is a significant weakness in the body's arrangements.

Reporting Criteria	Risks of significant weaknesses in arrangements identified?	Actual significant weaknesses in arrangements identified?
Financial sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services	No significant risks identified	No significant weakness identified
Governance: How the Council ensures that it makes informed decisions and properly manages its risks	Significant risk and serious weaknesses in final accounts processes leading to failure to meet statutory deadlines.	Yes - Significant weaknesses in final accounts processes leading to failure to meet statutory deadlines.
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	No significant risks identified	No significant weakness identified

We completed our risk assessment procedures and did identify a significant weaknesses in the Council's VFM arrangements for both 2021/22 and 2022/23 financial years.

Value for Money Commentary

Financial Sustainability: How the Council plans and manages its resources to ensure it can continue to deliver its services

No significant weakness identified

By proactively developing the MTFS (Medium Term Financial Strategy) and the General Fund Budget, the Council conducts review meetings with its directors, including the management team, to identify any service-related pressures over the medium term. The MTFS provides the framework for revenue and capital spending decisions over a four-year period, demonstrating our preparedness and commitment to sound financial management.

In the face of potentially significant changes to the Council's financial position, the Section 151 Officer is empowered to assess and implement additional updates to the financial strategy, showcasing our adaptability and commitment to navigating financial challenges.

Specifically, for the Council's review of the 2021/22 to 2024/25 MTFS, pressures stemming from the impact of COVID-19 were identified. Pressures such as additional service costs, reduction in investment income, and increased pay costs were anticipated.

The Council has developed a comprehensive budget sustainability programme. This program aims to identify savings, efficiencies, and income-generation opportunities to address future financial pressures and budget gaps. It includes measures such as reducing unnecessary expenditure, improving operational efficiency, and exploring new revenue streams. For the financial year 2021/22, the savings target was £700k, with further savings of £800k in 2022/23. The actual level of savings achieved through the reduction in expenditure budgets, or the identification of additional income totaled £706k. The Council achieved this by reviewing the budgeted spending across each service area and identifying savings through reducing the respective expenditure budgets or identifying additional income.

Budget monitoring is completed each month and reported to management. Demand data or key performance data support any budget variations, and this information is used as the starting point for the following year's budget. The Council produced out-turn reports detailing the financial performance for FY 2021/22 and FY 2022/23. The Council has considered the ongoing implications of COVID-19 and inflation on future resilience and sustainability through reports on the budgets and whether adequate reserves and balances are in place to support the sustainable delivery of services.

The council carefully monitors its finances with regular reports. The Resource Board reviews these reports with the Executive Board in a timely manner and takes corrective action when necessary to address emerging budget pressures. All cost-saving proposals are also regularly reviewed for feasibility and assessed for risk by management throughout the year.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

Significant weakness identified

The Council operates using a committee system. This structure involves several Service Boards and Committees, each responsible for their specific areas of activity, ultimately reporting back to the Full Council. There is a meeting cycle of Board and Council meetings typically running five times throughout the year. The remit and responsibilities of the Boards and Committees are set out in the Constitution of the Council and include the Executive Board, the Resources Board, the Community and Environment Board, the Planning and Development Board, and the Licencing Committee. The Council ensures that those making decisions, whether for the Council or the partnership, are provided with information that is fit for the purpose-relevant, timely and clearly explaining the technical issues and implications. Also, the Council ensures that professional advice on legal or financial implications is available, recorded well before the decision-making, and used appropriately.

All key decisions are discussed with the executive board during the meetings. These meetings are open to the public unless confidential matters are being discussed, in which case the public is excluded. All decisions are recorded as minutes and posted on the council's website for all to have access to, reaffirming the council's commitment to transparency and ensuring that the public is well-informed and involved in the council's operations.

All reports presented to the members undergo a rigorous review process to ensure that directors sign off before finance reviews, instilling confidence in the thoroughness of the council's operations. This process ensures that reports are appropriately scrutinized and when given to members, all relevant documentation and information is included, further enhancing the transparency and trust in the council's operations.

The Council has several ways in which employees, members of the Council, or the public can raise concerns of any kind. These include Confidential Reporting arrangements and complaint procedures. Trained investigators will follow up on any problems and act in proven cases. The chief executive and the monitoring officer are responsible for the record-keeping system for all the council's decisions. They also ensure that they develop and maintain a practical scrutiny function that encourages constructive challenge and enhances the authority's overall performance and that of any organisation for which it is responsible.

The Council maintains and regularly reviews its Strategic Risk Register and reports to its members for corrective actions. The strategic risk register shows the various risks facing the Council, their likelihood of occurring, impact, score and the responsible officer. The risk management system of the Council involves an annual review of the strategic risks by the Senior Management Team and an annual review by senior managers of the operational risks in their service areas. This proactive approach enables all Senior Managers to complete the Annual Statements of Assurance and identify actions needed to manage risk in the coming year, including identifying new threats, thereby ensuring the security of the council's operations.

Value for Money Commentary (continued)

Governance: How the Council ensures that it makes informed decisions and properly manages its risks

Significant weakness identified

Financial statement preparation and oversight

We completed the 2020/21 financial year audit in November 2023. This was due significant delays in the closure of prior year audits which had a knock-on effect on the following year audits. The finance team at the client is relatively small and struggle to cope with the volume of audit requests, often missing deadlines. Given the capacity constraints of the finance team, management have failed to prepare their financial statements / annual reports and supporting documents on a timely basis which is in breach of the Accounts and Audit regulations 2015, specifically involving preparation of accounts and requirements for public inspection.

During conversations with the client in 2024, we were made aware of further delays in the preparation of the accounts following which the draft 2021/22 financial statements were published on the 3rd July 2024 and the draft 2022/23 financial statements were published on the 4th September 2024. Given the significant delays noted above, which has resulted in a breach of the provisions of the Accounts and Audit Regulations 2015, we have concluded that there is a significant weakness in the Council's arrangements for preparing financial statements.

The issue above is evidence of a weakness in proper arrangements for supporting the statutory reporting requirements of the Council and effective processes and systems for accurate and timely management and financial information.

Our recommendation is that the Council investigates the reasons for these delays and ensures that there is a suitably resourced finance team who can ensure that all legislative requirements regarding financial management and processes are met.

Conclusion: Based on the work performed, we have identified a significant weakness in the Council's arrangements that we will be reporting 'by exception' in relation to Council's governance arrangements 'How the body ensures effective processes and systems are in place to ensure budgetary control; to communicate relevant, accurate and timely management information (including non-financial information where appropriate); supports its statutory financial reporting requirements; and ensures corrective action is taken where needed.

Recommendation : We recommend that the Council re-assesses its arrangements for statutory financial reporting, including an assessment of the adequacy and capacity of the finance support arrangements.

Value for Money Commentary (continued)

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

No significant weakness identified

The Council Committees receive performance-based reports yearly to monitor performance continuously. The Annual Report and Governance Statement set out the performance review for the year. Additionally, the CIPFA resilience index is used to identify themes that the Council should consider concerning its financial sustainability and health.

The Narrative Report sets out a review of achievements against the corporate plan. Furthermore, services continually review performance, which is reported on the annual corporate performance and outturn report. In addition, all services use internal audit reports, external inspections, formal and informal benchmarking.

The Corporate plans are approved before the start of each year and identify the headline targets for the coming year, which are supported in greater detail within individual service plans. Services performance are monitored and discussed monthly at extended management team meetings. All senior management team members contribute actively to cross-organizational issues and corporate decision-making to match resources to the authority's objectives. Usually, progress against corporate plan targets is generally reported to senior managers, management teams, and service boards quarterly along with performance indicators information.

The monthly and quarterly performance monitoring process tracks progress against the Council's priorities and highlights any potential risks and issues in achieving these priorities. Performance management information about key objectives is regularly provided to the Executive Board. Variances are analysed and reasons are provided against each indicator, any resulting actions agreed are then put into place by the respective department responsible for the indications in question. Adverse indicator variances are dealt with promptly by the appropriate officer/service line head before reporting to Members.

As well as monitoring achievement of identified outcomes, the Council wants to ensure that an excellent quality of service is provided. It ensures this in a number of ways: obtaining user feedback, through independent inspection and audit and through system reviews. The Council takes part in Peer Challenge reviews periodically. Peer challenges are improvement focussed and tailored to meet individual councils' needs, to complement and add value to a council's own performance and improvement focus. Targeted feedback on Council activity was obtained in specific areas and general feedback on the Council was obtained on council services during calls to residents. Feedback through the complaints and compliments process was reviewed as normal.

Conclusion: Based on the work performed, the Council had proper arrangements in place in 2021/22 and 2022/23 to enable it to plan and manage its resources to ensure that it can continue to deliver its services.



06 Appendices

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

[To be prepared on the entity's letterhead]

[Date]

Ernst & Young

This letter of representations is provided in connection with your audit of the [consolidated and parent] Authority financial statements of [name of entity] (“the [Group and] authority”) for the year ended [balance sheet date]. 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 consolidated and parent Authority financial statements give a true and fair view of (or ‘present fairly, in all material respects,’) the [Group and] authority financial position of [name of entity] as of [balance sheet date] and of its financial performance (or operations) and its cash flows for the year then ended in accordance with, for the [Group and] the Authority, CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).

We understand that the purpose of your audit of our [consolidated and parent] Authority 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, for the [Group and the parent] Authority, the Accounts and Audit Regulations 2015 and the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)).
2. We acknowledge, as members of management of the [Group and] authority, our responsibility for the fair presentation of the consolidated and parent Authority financial statements. We believe the [consolidated and parent] Authority 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 [Group and parent] Authority in accordance with the CIPFA LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 20xx/xx (as amended by the Update to the Code and Specifications for Future Codes for Infrastructure Assets (November 2022)), 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 [Group and] authority financial statements are appropriately described in the [Group and] authority financial statements.
4. As members of management of the [Group and] authority, we believe that the [Group and] authority have a system of internal controls adequate to enable the preparation of accurate financial statements in accordance with [applicable financial reporting framework] for the Group and [applicable financial reporting framework] for the Authority that are free from material misstatement, whether due to fraud or error.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

5. *[When there are unadjusted audit differences in the current year]* We believe that the effects of any unadjusted audit differences, summarised in the accompanying schedule, accumulated by you during the current audit and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the consolidated and parent Authority financial statements taken as a whole. We have not corrected these differences because *[specify reasons for not correcting misstatement]*.
6. *[When the comparative figures have been restated]* The comparative amounts have been restated to reflect the below matter(s) and appropriate note disclosure of this (these) restatement(s) has (have) also been included in the current year's consolidated and parent Authority financial statements. *[Add a paragraph providing a brief description of each matter giving rise to a restatement and the amount(s) concerned.]* There have been no significant errors or misstatements, or changes in accounting policies, other than the matters described above, that would require a restatement of the comparative amounts in the current year's consolidated and parent Authority financial statements. Other differences in the amounts shown as comparative amounts from the amounts in the consolidated and parent Authority financial statements for the year ended *[date]* are solely the result of reclassifications for comparative purposes.
7. We confirm the *[Group and]* authority does not have securities (debt or equity) listed on a recognized exchange.
8. We have confirmed to you any changes in service organizations within the *[Group and]* authority since the last audited financial year.

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

1. We acknowledge that we are responsible to determine that the *[Group and]* authority's business activities are conducted in accordance with laws and regulations and that we are responsible to identify and address any non-compliance with applicable laws or regulations, including fraud.
2. We acknowledge that we are responsible for the design, implementation and maintenance of a system of internal control to prevent and detect fraud and that we believe we have appropriately fulfilled those responsibilities.
3. We have disclosed to you the results of our assessment of the risk that the *[consolidated and parent]* Authority financial statements may be materially misstated as a result of fraud.
4. *[When management is aware of the occurrence of non-compliance with laws or regulations, or has received allegations of non-compliance with laws and regulations.]* We have disclosed to you, and provided you full access to information and any internal investigations relating to, all instances of identified or suspected non-compliance with laws and regulations, including fraud, known to us that may have affected the *[Group or]* Authority (regardless of the source or form and including, without limitation, allegations by "whistle-blowers"), including non-compliance matters:
 - Involving financial improprieties
 - Related to laws or regulations that have a direct effect on the determination of material amounts and disclosures in the *[consolidated and parent]* Authority financial statements
 - Related to laws or regulations that have an indirect effect on amounts and disclosures in the *[consolidated and parent]* Authority financial statements, but compliance with which may be fundamental to the operations of the *[Group and]* authority's business, its ability to continue in business, or to avoid material penalties

Appendix A – Management representation letter

Management representation letter

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Management Rep Letter

- Involving management, or employees who have significant roles in internal control, or others
- 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.
2. All material transactions have been recorded in the accounting records and are reflected in the [consolidated and parent] Authority financial statements.
3. We have made available to you all minutes of the meetings of shareholders, directors and committees of directors (or summaries of actions of recent meetings for which minutes have not yet been prepared) held through the [period] to the most recent meeting on the following date: [list date].

4. We confirm the completeness of information provided regarding the identification of related parties. We have disclosed to you the identity of the [Group and] authority'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 [period] end. These transactions have been appropriately accounted for and disclosed in the [consolidated and parent] Authority 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 [applicable financial reporting framework].
6. We have disclosed to you, and the [Group and] authority has complied with, all aspects of contractual agreements that could have a material effect on the [consolidated and parent] Authority financial statements in the event of non-compliance, including all covenants, conditions or other requirements of all outstanding debt.
7. From the date of our last management representation letter 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 is reasonably likely to have occurred, 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 effect on the [consolidated and parent] Authority 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.

Appendix A – Management representation letter

Management representation letter

This is the draft management letter template which Management will tailor and send back signed and dated prior to the opinion being issued.

Management Rep Letter

8. We have disclosed to you, and provided you full access to information and any internal investigations relating to, unauthorized access to our information technology systems that has a material effect on the [consolidated and parent] Authority financial statements, including disclosures.

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 [consolidated and parent] Authority 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 in Note [X] to the consolidated and parent Authority financial statements all guarantees that we have given to third parties.

E. Going Concern

1. Note [X] to the consolidated and parent Authority financial statements discloses all the matters of which we are aware that are relevant to the Group and authority's ability to continue as a going concern, including significant conditions and events, our plans for future action, and the feasibility of those plans.

F. Subsequent Events

1. Other than the events described in Note [X] to the [consolidated and parent] Authority financial statements, there have been no events subsequent to period end which require adjustment of or disclosure in the consolidated and parent Authority financial statements or notes thereto.

G. Other information

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

I. 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 the [Group and] authority have reflected these in the consolidated and parent financial statements.

Yours faithfully,

(Chief Financial Officer/Finance Director)

(Chairman of the Executive Board)

Appendix B – Fees

The duty to prescribe fees is a statutory function delegated to Public Sector Audit Appointments Ltd (PSAA) by the Secretary of State for Housing, Communities and Local Government.

This is defined as the fee required by auditors to meet statutory responsibilities under the Local Audit and Accountability Act 2014 in accordance with the requirements of the Code of Audit Practice and supporting guidance published by the National Audit Office, the financial reporting requirements set out in the Code of Practice on Local Authority Accounting published by CIPFA/LASAAC, and the professional standards applicable to auditors' work.

A breakdown of our fees is shown in the table to the right.

The original fees for these years were based on the following assumptions:

- ▶ Officers meeting the agreed timetable of deliverables;
- ▶ Our accounts opinion and value for money conclusion being unqualified;
- ▶ Appropriate quality of documentation is provided by the Council; and
- ▶ The Council has an effective control environment
- ▶ The Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. See <https://www.psa.co.uk/managing-audit-quality/statement-of-responsibilities-of-auditors-and-audited-bodies/statement-of-responsibilities-of-auditors-and-audited-bodies-from-2023-24-audits/>. In particular the Council should have regard to paragraphs 26 - 28 of the Statement of Responsibilities which clearly sets out what is expected of audited bodies in preparing their financial statements. These are set out in full on the previous page.
- ▶ Note 1 - Due to the reset enacted through Statutory Instrument (2024) No. 907 - The Accounts and Audit (Amendment) Regulations 2024, the above approach is not relevant

	2022/23	2021/22	2020/21
	£'s	£'s	£'s
Scale Fee - Code Work	43,782	32,618	32,618
Determined Scale Fee Variation	TBC - Note 1	TBC - Note 1	86,271
Total audit fee	TBC	TBC	118,889

All fees exclude VAT

Note 1 - PSAA Ltd, in line with the joint statement issued DLUHC (as at that date) and the FRC is responsible for the determination of the final audit fee in respect of 2021/22 and 2022/23.

In doing so, PSAA Ltd will apply the principles that where auditors have worked in good faith to meet the requirements of the Code of Audit Practice in place at the time the work was conducted (and have reported on work that is no longer required), then they are due the appropriate fee for the work done, including where their procedures were necessary to conclude the audit by the legislatively imposed backstop date by way of a modified or disclaimed opinion and the body is due to pay the applicable fee.

Appendix C – Required communications with the Executive Board

We have detailed the communications that we must provide to the Executive Board.

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	The statement of responsibilities serves as the formal terms of engagement between the PSAA's appointed auditors and audited bodies.
Planning and audit approach	<p>Communication of:</p> <ul style="list-style-type: none"> ▶ The planned scope and timing of the audit ▶ Any limitations on the planned work to be undertaken ▶ The planned use of internal audit ▶ The significant risks identified <p>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</p>	This Completion report for Those Charged with Governance
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 ▶ Any other matters considered significant. 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Executive Board(cont'd)

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 ▶ Whether the use of the going concern assumption is appropriate in the preparation and presentation of the financial statements ▶ The adequacy of related disclosures in the financial statements 	This Completion report for Those Charged with Governance
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 	This Completion report for Those Charged with Governance
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 ▶ Matters, if any, to communicate regarding management's process for identifying and responding to the risks of fraud in the entity and our assessment of the risks of material misstatement due to fraud ▶ Any other matters related to fraud, relevant to Executive Board responsibility 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Executive Board(cont'd)

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 	This Completion report for Those Charged with Governance
Independence	<p>Communication of all significant facts and matters that bear on EY's, and all individuals involved in the audit, integrity, objectivity and independence</p> <ul style="list-style-type: none"> ▶ Communication of key elements of the audit engagement partner's consideration of independence and objectivity such as: <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>Communication whenever significant judgements are made about threats to integrity, objectivity and independence and the appropriateness of safeguards put in place.</p>	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Executive Board(cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
	<ul style="list-style-type: none"> ▶ A statement of compliance with the Ethical Standard, including any non-EY firms or external experts used in the audit ▶ Details of any inconsistencies between the Ethical Standard and Group's policy for the provision of non-audit services, and any apparent breach of that policy ▶ Where EY has determined it is appropriate to apply more restrictive rules than permitted under the Ethical Standard ▶ The Executive Board should also be provided an opportunity to discuss matters affecting auditor independence 	This Completion report for Those Charged with Governance
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 	This Completion report for Those Charged with Governance
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 	This Completion report for Those Charged with Governance
Internal controls	<ul style="list-style-type: none"> ▶ Significant deficiencies in internal controls identified during the audit 	This Completion report for Those Charged with Governance

Appendix C – Required communications with the Executive Board(cont'd)

Our Reporting to you

Required communications	What is reported?	When and where
Representations	Written representations we are requesting from management and/or those charged with governance	This Completion report for Those Charged with Governance
System of quality management	How the system of quality management (SQM) supports the consistent performance of a quality audit	This Completion report for Those Charged with Governance
Material inconsistencies and misstatements	Material inconsistencies or misstatements of fact identified in other information which management has refused to revise	This Completion report for Those Charged with Governance
Auditors report	Any circumstances identified that affect the form and content of our auditor's report	This Completion report for Those Charged with Governance

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR)

Non-Compliance with Laws and Regulations includes:

Any act or suspected act of omission or commission (intentional or otherwise) by the entity (including any third parties under the control of the entity such as subsidiaries, those charged with governance or management or an employee acting on behalf of the company), either intentional or unintentional, which are contrary to the prevailing laws or regulations

Management Responsibilities:

"It is the responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations, including compliance with the provisions of laws and regulations that determine the reported amounts and disclosures in an entity's financial statements."

ISA 250A, para 3

"The directors' report must contain a statement to the effect that... so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information."

ISA 250A, para 3

"Management is responsible for communicating to us on a timely basis, to the extent that management or those charged with governance are aware, all instances of identified or suspected non-compliance with laws and regulations ..."

Audit Engagement Letter

Management's responsibilities are also set out in the International Ethics Standard Board of Accountants' International Code of Ethics (IESBA Code) Para 360.08

Auditor Responsibilities

[The International Ethics Standard Board of Accountants' International Code of Ethics \(IESBA Code\)](#) section 360 sets out the scope and procedures in relation to responding to actual or suspected non-compliance with laws and regulations.

Professional accountancy organisations who are members of the International Federation of Accountants (IFAC), such as the Institute of Chartered Accountants in England and Wales (ICAEW) are required to adopt the IESBA Code of Ethics.

We as your auditor are required to comply with the Code by virtue of our registration with ICAEW.

"If the auditor becomes aware of information concerning an instance of non-compliance or suspected non-compliance with laws and regulations, the auditor shall obtain:

An understanding of the nature of the act and the circumstances in which it has occurred; and Further information to evaluate the possible effect on the financial statements

The auditor shall evaluate the implications of the identified or suspected non-compliance in relation to other aspects of the audit, including the auditor's risk assessment and the reliability of written representations, and take appropriate action."

ISA 250A, paras 19 and 22

Examples of Non-Compliance with Laws and Regulations (NOCLAR)

Matter

- ▶ Suspected or known fraud or bribery
- ▶ Health and Safety incident
- ▶ Payment of an unlawful dividend
- ▶ Loss of personal data
- ▶ Allegation of discrimination in dismissal
- ▶ HMRC or other regulatory investigation
- ▶ Deliberate journal mis-posting or allegations of financial impropriety
- ▶ Transacting business with sanctioned individuals

Implication

- ▶ Potential fraud/breach of anti-bribery legislation
- ▶ Potential breach of section 2 of the Health and Safety at Work Act 1974
- ▶ Potential breach of Companies Act 2006
- ▶ Potential GDPR breach
- ▶ Potential non-compliance with employment laws
- ▶ Suspicion of non-compliance with laws/regulations
- ▶ Potential fraud / breach of Companies Act 2006
- ▶ Potential breach of sanctions regulations

Appendix D - Non-Compliance with Laws and Regulations (NOCLAR) (cont'd)

What are the implications of NOCLAR matters arising?

Depending on the nature and significance of the NOCLAR matter the following steps are likely to be required, involving additional input from both management and audit.

This can have an impact on overall achievability of audit timeline and fees.

Across our portfolio of audits we have seen a steady increase in NOCLAR matters that need to be addressed as part of the audit over the past 3 years



Management response:

Timely communication of the matter to auditors (within a couple of days)

Determine who will carry out any investigation into the matter - in-house or external specialists or mix of both

Scope the investigation, in discussion with the auditors

Evaluate findings and agree next steps

Determine effect on financial statements including disclosures

Prepare a paper, summarising the outcome of the investigation and management's conclusions

Communicate the outcome to Those Charged With Governance (TCWG) and to us as your auditors. Report to regulators where required.

Key Reminders:

- ▶ Make sure that all areas of the business are aware of what constitutes actual or potential non-compliance and associated requirements
- ▶ Communicate with us as your auditors on a timely basis - do not wait for scheduled audit catch-ups
- ▶ Engage external specialists where needed
- ▶ Ensure that your investigation assesses any wider potential impacts arising from the matter, not just the matter itself.
- ▶ Plan upfront and consider any impact on overall accounts preparation and audit timeline - discuss the implications with us as your auditor

Audit response:

Initial assessment of the NOCLAR matter and its potential impact

Initial consultation with risk team to determine responsive procedures and the involvement of specialists

Understand and agree scope of management's investigation with support from specialists as needed

Evaluate findings and undertake appropriate audit procedures

Determine audit related impact including accounting and disclosure and audit opinion implications

Document and consult on the outcome of our procedures

Communicate the outcome with management, TCWG and where necessary other auditors within the group or regulators

Appendix E – PSAA Statement of Responsibilities

As set out on the next page our fee is based on the assumption that the Council complies with PSAA's Statement of Responsibilities of auditors and audited bodies. In particular the Council should have regard to paragraphs 26-28 of the Statement of Responsibilities which clearly set out what is expected of audited bodies in preparing their financial statements. We set out these paragraphs in full below:

Preparation of the statement of accounts

26. Audited bodies are expected to follow Good Industry Practice and applicable recommendations and guidance from CIPFA and, as applicable, other relevant organisations as to proper accounting procedures and controls, including in the preparation and review of working papers and financial statements.

27. In preparing their statement of accounts, audited bodies are expected to:

- › prepare realistic plans that include clear targets and achievable timetables for the production of the financial statements;*
- › ensure that finance staff have access to appropriate resources to enable compliance with the requirements of the applicable financial framework, including having access to the current copy of the CIPFA/LASAAC Code, applicable disclosure checklists, and any other relevant CIPFA Codes.*
- › assign responsibilities clearly to staff with the appropriate expertise and experience;*
- › provide necessary resources to enable delivery of the plan;*
- › maintain adequate documentation in support of the financial statements and, at the start of the audit, providing a complete set of working papers that provide an adequate explanation of the entries in those financial statements including the appropriateness of the accounting policies used and the judgements and estimates made by management;*
- › ensure that senior management monitors, supervises and reviews work to meet agreed standards and deadlines;*
- › ensure that a senior individual at top management level personally reviews and approves the financial statements before presentation to the auditor; and*
- › during the course of the audit provide responses to auditor queries on a timely basis.*

28. If draft financial statements and supporting working papers of appropriate quality are not available at the agreed start date of the audit, the auditor may be unable to meet the planned audit timetable and the start date of the audit will be delayed.

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Agenda Item No 13**Executive Board****25 November 2024**

**Report of the
Interim Corporate Director – Resources
(Section 151 Officer)**

**Medium Term Financial Strategy
2024 - 2029**

1 Summary

- 1.1 This report summarises the Authority's Medium Term Financial Strategy as attached in Appendix A. It projects forward the Authority's General Fund budgets to 2028/29 and suggests a budget approach for the 2025/26 General Fund Budget.

Recommendation to Council

- a That the Medium Term Financial Strategy (Appendix A) is approved;**
- b That the General Fund budget projections for 2024/25 to 2028/29 be noted;**
- c That the approach for balancing the Medium Term Budget set out in Table 2 of this report, be adopted;**
- d Approval for the budget movements for 2024/25 as detailed in Table 3;**
- e To continue the strategy for increasing the council tax to the maximum level approved by the Government;**
- f To note the high level projects/initiatives for delivering reductions and increased income in Appendix A section 11 and request more detail and financial targets for the Tax Set report; and**
- g That a review of earmarked reserves is carried out with the balance on any funds no longer required being transferred to the general fund balance.**

2 Introduction

- 2.1 The Council has adopted a clear approach to managing its financial position over a number of years, and this is set out in the Medium Term Financial Strategy (MTFS) Appendix A to this report. The plan is updated annually and

...

presented to members with the estimated funding position for the period of the plan.

2.2 This update to the financial strategy has reviewed the Council's position given current economic changes and reflects the main current financial pressures facing the Council. Economic uncertainty still exists, with cost of living pressures, high inflation (although reducing) and high interest rates, this once again makes forecasting difficult.

2.3 The strategy covers:

- How our resources will support the delivery of our priorities and maintenance of current service levels.
- Consideration of financial issues and pressures facing the Council during the period of the plan.
- Review the national position and the impact of central government funding.
- Consider the local issues and how this impacts financially.
- Consider opportunities to maximise income and reduce expenditure.
- Provide parameters for the annual budget process.

2.4 The figures in the plan are intended to indicate the position at a high level only the detail will follow in the budget reports to each board as part of the budget process for 2025/26. Updated forecasts for Capital and the Housing Revenue Account will also be reported separately as part of the budget process.

3 **Summary Position**

3.1 The General Fund Summary figures provide an indication of the level of resources and the projected funding gap over the medium term period. Its important to consider the medium term rather than one year in isolation as illustrated by the figures in Table 1. By 2028/29 if no expenditure reductions /increased income are delivered general fund balances would go into a deficit of £1,143,000. Clearly this needs to be avoided by delivering invest to save projects over the period of the strategy.

Table 1 Summary of Medium Term Financial Position 2024 – 2029

	2023/24 Actual £000	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
Net Service Expenditure	8,684	12,226	12,424	12,201	12,522	12,465
Total Income	13,269	13,893	13,418	8,479	8,761	8,964
Net Expenditure	-4,585	-1,667	-994	3,722	3,761	3,501
Use of/ (Contribution to)Balances	-4,585	-1,667	-994	3,722	3,761	3,501
Balances at the Year End	6,892	8,559	9,553	5,831	2,070	-1,431

3.2 The financial projections have changed since the last MTFs, the main difference in the figures presented in Table 1 and the figures in the Executive Board report February 2024 is the income from business rates. The figures show that the Council is operating from 2026/27 at approximately £3.6m per annum net expenditure relying on balances to fund the difference. The figures do not include expenditure reductions/increased income in future years in this table but they will be required.

4 Balancing the Medium Term Budget

4.1 To deliver a balanced medium term budget targets need to be set for reducing the net expenditure, in Table 2 targets have been included to illustrate the level of savings require to deliver a balanced budget over the period of this strategy, this assumes that balances are retained at £1.2m.

Table 2 Balancing the Medium Term Budget

	2023/24 Actual £000	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
Net Service Expenditure	8,684	12,226	12,424	12,201	12,522	12,465
Total Income	13,269	13,893	13,418	8,479	8,761	8,964
Reductions/Increased Income Target				500	1,000	1,500
Net Expenditure	-4,585	-1,667	-994	3,222	2,761	2,001
Use of/ (Contribution to)Balances	-4,585	-1,667	-994	3,222	2,761	2,001
Balances at the Year End	6,892	8,559	9,553	6,331	3,570	1,569

- 4.2 Table 2 includes the requirement to find budget reductions of £1.5m in its medium term financial strategy a provision of £1m is still available to fund invest to save initiatives. Work is already ongoing to deliver reductions and deliver increased income and these could be delivered before 2026/27. However, whilst unidentified reductions are built into financial projections over the medium term, only identified reductions are included in the detailed budget put forward for approval for the coming financial year. This is part of the management of financial risks, and gives greater assurance around the approved budget, and the medium term position.
- 4.3 As the council looks for specific reductions and increased income in advance of setting the budget for the following year, work on finding savings from projects such as review of refuse and recycling collection rounds, efficiencies from transformation, asset management, commercialisation of leisure services will assist in delivering the target set. The reduction target for 2026/27 is £500k which needs to be ongoing savings. If this target is not found, it will need to be reflected in the financial strategy for future years.
- 4.4 Any proposed changes or reductions in services will be subject to equality impact assessments to identify if there is any scope for adverse impacts

5 Changes Since 2024/25 Tax Set

- 5.1 The detailed budget work is currently in progress and it is expected that overall the changes in expenditure and income will balance out in the current year, excluding the items detailed in Table 3.

Table 3 Movements in the 2024/25 Estimates

	£000
General Fund Net Expenditure 2024/25 (22.2.21 Tax Set Report)	11,524
Planning Appeals Supplementary Estimate	225
Salary Adjustments (Payaward, Vacancies, Agency/Interims)	637
MRF & Loan Repayments	600
Investment Income	(960)
Other including inflation	200
Updated Net Expenditure (Table 1 &2)	12,226
Total Income (Table 1&2)	(13,893)
Use of/(Contribution to) Balances (21.2.24 Tax Set Report)	(2,332)
Use of/(Contribution to) Balances	(1,667)
Year End Balances	8,559

6 Sources of Funding

6.1 Settlement Funding Assessment

6.1.1 The Government decides on the level of funding to be allocated to local authorities for their General Fund activities, and then currently allocates this funding between authorities using a formula calculation called the Settlement Funding Assessment.

6.1.2 The Settlement Funding Assessment is made up of two elements: Revenue Support Grant and Business Rates. As the Business Rates element is fixed, other than for inflationary increases, any reduction in the Settlement Funding Assessment is taken out of Revenue Support Grant.

6.1.3 The provisional settlement for 2025/26 is expected 19 December, figures presented in Table 4 are based on projections from LG Futures. The Fair Funding Review and Business Rates reset have been deferred several times. The new Government have not made any announcements on the future of Local Government funding therefore reset has been assumed from 2026/27 as this is the earliest year it could now be implemented.

Table 4 External Funding Projections

Funding	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Council Tax	4,986	5,155	5,335	5,550	5,773	6,005
National Non Domestic Rates (NDR) – Baseline	7,300	7,636	7,910	2,753	2,808	2,808
New Homes Bonus	519	192	0	0	0	0
Grants	390	923	148	149	151	151
Collection Fund Surplus/(Deficit)	74	(13)	25	27	29	0
TOTAL	13,269	13,893	13,418	8,479	8,761	8,964

Note: The figures are based on Business Rates reset being in 2025/26.

6.2 Business Rates

6.2.1 Business Rates Retention was introduced in April 2013 with Local authorities retaining a proportion of the business rates they collect giving an incentive for growth. North Warwickshire BC like most boroughs and districts is a tariff authority which means a significant amount of the income received from business rates is paid over to the Government. Based on the figures in Table 4 the predicted income is significantly above baseline for 2023/24, 2024/25 and 2025/26 due to the impact of the revaluations on business rates payable. The New Government have not given any information on their approach to Local Government Funding but they will not have time to reset business rates by 1 April 2025 so the plan assumes reset at 2026/27.

6.3 Council Tax Base

- 6.3.1 The tax base on which the Council generates its local tax revenue. The tax base rise is calculated based on the same information used to complete the CTB1 and has to be calculated on 30th November, it takes into account the basic tax base, the reduction due to council tax support, growth in new homes and the expected collection rate.
- 6.3.2 The tax base increase built into the MTFs is 0.5% in 2025/26 and 1% each year after to reflect the anticipated growth in number of properties in the borough. The increased revenue from just the tax base in 2025/26 is £25,773 per annum.

6.4 Council Tax

- 6.4.1 This Council has increased the tax to referendum limits since 2020/21 to minimise the cumulative impact of low council tax rises. The assumption in the plan is that the likely referendum limits for district/borough councils will be the higher of 2.99% or £5. The figures in this plan assume that North Warwickshire will be increasing the council tax in line with government limits (2.99% or £5) each year of the plan. ***It is recommended that members continue the strategy for increasing tax to maximum level approved by government.***

6.5 Fees and Charges

- 6.5.1 The Council has tended to increase fees and charges for inflation, Income Generation is an important part of the MTFs. This Council adopted a Fees & Charges Strategy in November 2023 with the following key guiding principles:
- All fees and Charges should be increased at least by September CPI unless there is a robust reason why this is not appropriate – Planning fees set by Government, requirement to demonstrate break even in terms of cost and charge, increase would have a detrimental impact on demand reducing income overall.
 - The charge should at least cover the cost of providing the service, no subsidy.
 - All services should be reviewed to explore opportunities for new charges.
- 6.5.2 The ability to generate income from other areas continues to be reviewed as part of the ongoing exercise to reduce the Council's required budget.

7 Growth Areas

- 7.1 The figures presented do not include a provision for growth, any additional funding approved will impact on the target reductions required within the plan (Table 2). It is essential that a strong stance is taken with growth areas to reduce pressure on the medium term figures.

8 Potential Risk Areas

8.1 In preparing this forecast, a number of assumptions have been made in this report. Clearly, should these assumptions not materialise, there will be an impact on the figures. The main risk areas for this forecast are:

- **Salary Increases** – the Government are increasing the employers NI and the minimum wage which will impact on the salary scales. Higher pay awards than included in the forecast would have an impact, given the relative size of the payroll. Increasing the provision for pay awards in the forecast should mitigate this risk to some extent.
- **Reduced Income** – the risk of an increased loss of service income is a possibility in the current economic climate.
- **Investment Income** – interest rates have started to stabilise, further changes to the economic position could pose a risk to the investment income assumed.
- **Settlement Funding Assessments** – no indicative figures have been provided for 2025/26 onwards. If the assumptions made in this forecast are materially different to settlements provided, then there will be an impact on the Council's financial position.
- **Business Rates** – the local retention of business rates brought uncertainty around the level of funding to be received on an annual basis. However, it has allowed some additional business rates to be retained by the Council. Although successful rating appeals are an ongoing risk, the greater risk is the expected re-set which is likely to remove the growth the Council has been able to retain.
- **Council Tax Support / Collection** – increases in take up of support will directly increase the costs of the Council. There are also risks around the non-collection of Council Tax, from those who have not previously been required to contribute and generally as a result of the current economic position.
- **Growth in the Borough** – if new homes and estates are delivered in line with expectations, there will be an impact on some Council services. Some funding has been included in the forecast for refuse and recycling, but the impact on services such as grounds maintenance has not yet been considered.
- **Council Tax Income** – a decision to freeze Council Tax will reduce the resources available to the Council on a permanent basis.

9 Conclusion

9.1 The Medium Term Financial position can be managed if members approve the managed use of balances strategy as detailed in this report in section 4 and Table 2, using balances above the minimum to manage delivery of the reductions/increased income over the period of the plan. Target figures have been built in from 2026/27 onwards to ensure that the net expenditure of approximately £3.5m per annum is reduced by 2028/29 with the ultimate target to achieve a break even budget position. This financial position gives time to deliver the reductions in a timely manner with a minimum impact on service provision.

9.2 It is unlikely that all of the main risk areas will materialise at the same time, in any of the years highlighted above. The main areas of concern included in the risks around the financial position of the Council, are those of Business Rates, external funding, and pay awards.

10 Report Implications

10.1 Finance and Value for Money Implications

10.1.1 As detailed in the body of the report.

10.2 Environment and Sustainability Implications

10.2.1 Continuing the budget strategy will allow the Council to manage its expected shortfall in resources, without disruption of essential services.

10.3 Equality Implications

10.3.1 Any proposed changes or reductions in services will be subject to equality impact assessments to identify if there is any scope for adverse impacts.

The Contact Officer for this report is Alison Turner (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
Council	Interim Corporate Director Resources	General Fund Revenue Estimates 2024/25 and Setting the Council Tax 2024/25	21 February 2024

**North Warwickshire Borough Council
MEDIUM TERM FINANCIAL STRATEGY 2024-2029**

1 Introduction

- 1.1 The purpose of the Financial Strategy is to set out the broad financial framework that the Council will operate within for the next medium term period. The period covered by this plan is 2024 to 2029, as for this period reasonably robust financial forecasts can be produced. A longer period would require more speculative forecasts which can be misleading. A new Government from July 2024 has made assumptions regarding changes to the external funding regime very difficult and the challenging economic environment have increased the uncertainty over the resources available to the Council during the strategy period. This needs to be managed with assumptions based on best available information at the time of producing the plan. It is essential that the plan is reviewed regularly and reflects the most accurate financial projections available.
- 1.2 By using a medium term approach, the Council can ensure that financial and service decisions can be taken in a structured and proportionate way. Short-term policies are not adopted without identifying what the medium term implications of those decisions are.
- 1.3 The strategy covers all General Fund revenue and capital activity, but excludes the detailed figures for the HRA as this is covered within the 30 year Business Plan reported to Resources Board in January.
- **General Fund (GF)** – these are the majority of the day to day activities carried out by the Council, such as refuse collection and the payment of benefits
 - **Housing Revenue Account (HRA)**– these relate to the management and maintenance of the Council’s housing portfolio. The HRA is the tenants account and is ringfenced so there is no cross subsidisation between GF and HRA.
 - **Capital Spending** – this is spending that provides benefits over the longer term, such as the purchase of vehicles or equipment, new buildings.

2 Linking Resources With Corporate Priorities

- 2.1 The Council has identified a number of priorities and these are given in its Corporate Plan. In arriving at the priorities, external influences are taken into account, along with feedback from the residents survey and input from partners and stakeholders. Other factors such as legislative changes are also considered where appropriate.
- 2.2 The Corporate Plan was revised following the election in May 2023 and updated and presented to members at the Executive Board in March 2024. The Council completed a residents survey across the borough in

December/January and this feedback was used to inform the key priorities and Financial Strategy over the next four years. The Medium Term Financial Strategy(MTFS) is updated and presented to members annually, but the figures are reviewed regularly to ensure that changing circumstances are taken into account and reflected in the Council's decision making.

- 2.3 As in previous years, the approach is to use the current financial year as a base position, inflate this to the price base of the budget year, and add known unavoidable spending pressures. This is then measured against the projection of available funding to determine affordability. The package of measures required to balance the two form the financial strategy for the budget year and medium term.

3 Economic Forecast

- 3.1 The Country is still experiencing the impact of cost of living pressures which is a considerable challenge on people, with interest rates impacting on the affordability of mortgages and increased cost of food, fuel and energy. Inflation has recently reduced to a reasonable level, CPI at 2.6% in September 2024 but the impact is still being managed. These increases also affect the Councils budgets both directly and indirectly.
- 3.2 There are two main indices for measuring household inflation: the Consumer Price Index (CPI) and the Retail Price Index (RPI). The Council reviews these indices when it is assessing the level of inflation to be included in its financial strategy.
- 3.2 Specific areas of increase are considered separately and individual rates of increase used to reflect prevailing market conditions, where they are significantly different to the general rate of inflation. These are assessed on an annual basis and depending on economic conditions, may include:
- Employee costs – pay awards and pension costs;
 - fuel and energy costs;
 - investment rates.
 - income
- 3.3 The pay award for the current financial year was approved on 23rd October 2024 at 2.5% for all posts above point 43 and £1,290 for all grades below which will be backed dated to 1st April. The figures in the plan include the actual pay award in 24/25, and 3% for the following years of the plan. This is the largest element of expenditure in the Council's budgets.
- 3.4 The CPI for September was 2.6% lower than last year, the rate used in the MTFS is 2.5%. The figures within the strategy do not automatically include inflation increases its only added where increases are unavoidable eg contractual

4 Demographic Factors

4.1 Demographic factors can affect the Council's planning in a number of ways:

- Changes in the number and value of households can affect the tax base used in calculating Council Tax
- The characteristics of the population, and households, influences the type of services provided
- The level of demand for services can be affected by changes in either of the above.

4.2 The Council Tax Base which is the increase in number of properties has assumed an increase of 0.5% in the tax base for 2025/26 and 1% each of the following years, although there will be some movement depending on the number of residents on Council Tax Support. The population of North Warwickshire is due to increase as a result of the 2021 Local Plan, subject to delivery of the allocated housing sites. This will be considered as part of the regular review of this Strategy.

5 Summary Position

5.1 The General Fund Summary figures provide an indication of the level of resources and the projected funding gap over the medium term period. Its important to consider the medium term rather than one year in isolation as illustrated by the figures in Table 1. By 2028/29 if no expenditure reductions /increased income are delivered general fund balances would go into a deficit of £1,143,000. Clearly this needs to be avoided by delivering projects which reduce expenditure or generate additional income over the period of the strategy. The use of balances to fund ongoing expenditure needs to be minimised with the ultimate target to achieve break even.

Table 1 Summary of Medium Term Financial Position 2024 – 2029

	2023/24 Actual £000	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
Net Service Expenditure	8,684	12,226	12,424	12,201	12,522	12,465
Total Income	13,269	13,893	13,418	8,479	8,761	8,964
Net Expenditure	-4,585	-1,667	-994	3,722	3,761	3,501
Use of/ (Contribution to)Balances	-4,585	-1,667	-994	3,722	3,761	3,501
Balances at the Year End	6,892	8,559	9,553	5,831	2,070	-1,431

5.2 The financial projections have changed since the last medium term financial position was presented at the Tax Set meeting in February 2024. The main difference in the figures presented in Table 1 and the figures in the Executive Board report February 2024 is the income from business rates in year 2025/26. The reset will not happen before 2026/27 as the New Government have not announced their future plans for Local Government funding yet and these will take time to implement.

5.3 The figures presented in table 1 show that income decreases significantly in 2026/27 with expenditure increasing annually. Balances will drop below minimum potentially into deficit by 2028/29 because the Council is operating at approximately £3.5m per annum net expenditure which is having a big impact on the level of balances. The figures do not include reductions for savings/increased income in future years at this stage but an appropriate target will need to be identified.

6 Balancing the Medium Term Budget

6.1 The figures presented in Table 1 do not include reductions/increased income targets, although these will need to be delivered to achieve a medium term balanced budget and further reductions will be required in future years to meet the target of a break even budget which does not rely on balances. In Table 2 targets have been included to illustrate the level of savings require to deliver a balanced budget over the period of this strategy, this assumes that balances are retained at £1.2m.

Table 2 Balancing the Medium Term Budget

	2023/24 Actual £000	2024/25 Estimate £000	2025/26 Estimate £000	2026/27 Estimate £000	2027/28 Estimate £000	2028/29 Estimate £000
Net Service Expenditure	8,684	12,226	12,424	12,201	12,522	12,465
Total Income	13,269	13,893	13,418	8,479	8,761	8,964
Reductions/Increased Income Target				500	1,000	1,500
Net Expenditure	-4,585	-1,667	-994	3,222	2,761	2,001
Use of/ (Contribution to)Balances	-4,585	-1,667	-994	3,222	2,761	2,001
Balances at the Year End	6,892	8,559	9,553	6,331	3,570	1,569

6.2 Table 2 includes the requirement to find budget reductions of £1.5m in its medium term financial strategy a provision of £1m is still available to fund invest to save initiatives. Work is already ongoing to deliver reductions

and deliver increased income and these could be delivered before 2026/27. However, whilst unidentified reductions are built into financial projections over the medium term, only identified reductions are included in the detailed budget put forward for approval for the coming financial year. This is part of the management of financial risks, and gives greater assurance around the approved budget, and the medium term position.

- 6.3 As the council looks for specific reductions and increased income in advance of setting the budget for the following year, work on finding savings from projects such as review of refuse and recycling collection, transformation, asset management, commercialisation of leisure services will assist in delivering the target set. The reduction target for 2026/27 is £500k. which needs to be ongoing savings. If this target is not found, it will need to be reflected in the financial strategy for future years.
- 6.4 Any proposed changes or reductions in services will be subject to equality impact assessments to identify if there is any scope for adverse impacts

7 Changes Since 2024/25 Tax Set

- 7.1 In order to update the strategy, some areas of budget pressure currently being experienced have been reviewed. These are:

- Recycling costs – the figures for this service have been reviewed from a zero-base budget approach due to several significant external factors impacting on the operation of the Materials Recycling Facility (MRF) e.g. inflation, delayed construction phase and the current significant changes within the marketplace for recyclables. The MRF became operational in October 2023 later than anticipated. Due to significant changes from the original business plan developed in 2018 the company have carried out a detailed review of the impact of the above factors, the updated figures should be available in December. The current year figures have been adjusted to allow for the impact of the market conditions impacting on the rebate and the company loan repayments.
- Planning Appeals – A supplementary estimate totalling £225k was approved to fund the costs of planning appeals in the current year, it is anticipated that this same level of funding will be required for next year.
- Staff Costs – The salaries have been increased for the impact of the payaward. The vacancy provision of £200k has been taken out as this will along with an additional £50k fund the cost of agency/interim staff.
- Investment Income – the current years performance is exceeding the budget by 100%, increasing the budget from £1m to £2m.

- 7.2 The detailed budget work is currently in progress and it is expected that overall the changes in expenditure and income will balance out in the current year, excluding the items detailed in Table 3.

Table 3 Movements in the 2024/25 Estimates

	£000
General Fund Net Expenditure 2024/25 (22.2.21 Tax Set Report)	11,524
Planning Appeals Supplementary Estimate	225
Salary Adjustments (Payaward, Vacancies, Agency/Interims)	637
MRF & Loan Repayments	600
Investment Income	(960)
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Use of/(Contribution to) Balances (21.2.24 Tax Set Report)	(2,332)
Use of/(Contribution to) Balances	(1,667)
Year End Balances	8,559

8 Budget Projections 2025/26 to 2028/29

8.1 Budget projections for 2024/25 onwards have been updated, using the major variances identified to date in 2024/25:

- It is assumed that pay awards for 2025/26 and all following years will be at 3%. There is likely to be continued pressure on pay rates to ensure compliance with the National Living Wage and from unions as pay restraint in previous years eroded public sector pay against the private sector.
- Any additional impacts from the MRF will be included for 2025/26.
- Interest rates will be reviewed in estimating investment income.

These areas will be revisited in the more detailed work carried out as part of the budget process.

8.3 The significant income in Business Rates income continues in 2025/26 an additional £5 million with the income being brought into the General fund budgets rather than transferring into the specific reserve fund for Business Rates Volatility, this is detailed in Table 4.

9 External Funding

9.1 Settlement Funding Assessment

APPENDIX A

- 9.1.1 The Government decides on the level of funding to be allocated to local authorities for their General Fund activities, and then currently allocates this funding between authorities using a formula calculation called the Settlement Funding Assessment.
- 9.1.2 The Settlement Funding Assessment is made up of two elements: Revenue Support Grant and Business Rates. As the Business Rates element is fixed, other than for inflationary increases, any reduction in the Settlement Funding Assessment is taken out of Revenue Support Grant.
- 9.1.3 The New Government announced an autumn budget and spending review on 30th October 2024 this did not have any detail but did confirm that the settlement would be one year with the ambition to deliver multi year settlements in following years.
- 9.1.3 The provisional settlement for 2025/26 is expected 19th December, figures presented in Table 4 are updated projections based on the original figures from LG Futures, these will be updated when the settlement figures are released. The Fair Funding Review and Business Rates reset have been deferred several times and the New Government have not committed to what their review of Local Government will include or the timescales.

Table 4 External Funding Projections

Funding	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Council Tax	4,986	5,155	5,335	5,550	5,773	6,005
National Non Domestic Rates (NDR) – Baseline	7,300	7,636	7,910	2,753	2,808	2,808
New Homes Bonus	519	192	0	0	0	0
Grants	390	923	148	149	151	151
Collection Fund Surplus/(Deficit)	74	(13)	25	27	29	0
TOTAL	13,269	13,893	13,418	8,479	8,761	8,964

Note: The figures are based on Business Rates reset being in 2025/26.

9.2 Business Rates

- 9.2.1 Business Rates Retention was introduced in April 2013 with Local authorities retaining a proportion of the business rates they collect giving an incentive for growth. North Warwickshire BC like most boroughs and districts is a tariff authority which means a significant amount of the income received from business rates is paid over to the Government. The estimated business rates baseline for 2025/26 is £2.710 million for North Warwickshire BC. Based on the figures in Table 4 the predicted income is significantly above baseline for 2023/24, 2024/25 and 2025/26 due to the impact of the revaluations on business rates payable. The financial impact could not have been predicted as its approximately 40%

increase compared to the average across the county at 4.5%, this will lead to more appeals which needs to be factored into the figures. The previous Government said they would reset the business rates back to baseline and its assumed this will be from 2026/27, but the new Government have been silent on any detail.

- 9.2.2 Business rates, including the tariff payable, will be increased by inflation each year. It is really difficult to accurately predict income from business rates in our area as it can fall due to business closures or rating appeals, and other external factors. The operation of a national safety net system would provide provision when the Authority's baseline funding fell by 7.5%. If additional business rates are collected, they are allocated 50% to the government, 10% to Warwickshire County Council, and 40% to this Council. As a tariff authority we are required to pay a levy of 50% on the additional rates retained by this Council, although being part of a business rates pool reduces the levy significantly.
- 9.2.3 The Council chose to become a member of the Coventry and Warwickshire Business Rates Pool. This Local Pool agreed a safety net provision at a 5% loss of baseline funding, which would benefit the Council in the event that business rates fall. If business rates increase, the Pool will have a lower levy rate than the Council, of around 10%, allowing the Pool to keep more of the increase.
- 9.2.4 With the estimated growth above baseline this Council will continue to benefit from the pool dividend. In 2023/24 the pool dividend was £1.556m with 2024/25 estimated at approx £1.2m. Due to the high level of uncertainty with business rates income a Business Rates specific reserve was set up to assist with smoothing fluctuations, if required. The fund is currently at £8.8m no further contributions are required at this stage. The MTFS in November 2023 agreed to base budget the business rates income above baseline as the specific reserve was at a high level far in excess of the provision needed for fluctuations in the business rates income. This strategy will continue throughout the MTFS presented.

9.3 Council Tax Base

- 9.3.1 The tax base on which the Council generates its local tax revenue. The tax base rise is calculated based on the same information used to complete the CTB1 and has to be calculated on 30th November, it takes into account the basic tax base, the reduction due to council tax support, growth in new homes and the expected collection rate.
- 9.3.2 The tax base increase built into the MTFS is 0.5% for 2025/26 and 1% for each year after to reflect the growth in number of properties in the borough. The increased revenue from just the tax base in 2025/26 is £25,773 per annum.

9.4 Council Tax

9.4.1 This Council has increased the tax to referendum limits since 2020/21 to minimise the cumulative impact of low council tax rises. Decisions to freeze council tax between 2010/11 and 2019/20 had an on going and cumulative effect on the Council's financial position. Grant funding received towards tax freezes have generally been time limited, whereas the council tax increase is reduced permanently.

9.4.2 For the past few years there has been a referendum policy of rising the council tax by a maximum of 2.99% or £5. The assumption in the plan is that the likely referendum limits for district/borough councils will be the higher of 2.99% or £5. The figures in this plan assume that North Warwickshire will be increasing the council tax in line with government limits (2.99% or £5) each year of the plan. The New government have not issued anything on Council Tax rises yet so the figures assume increasing to the Maximum £5.

It is recommended that members continue with the strategy for increasing tax to maximum level approved by government.

9.4.3 The Council attempts to balance the need for retaining an affordable council tax, with the retention of services. This is increasingly difficult with current financial constraints, including the pressures of government funding levels, limited income raising opportunities, economic pressures and rising expectations.

9.5 Fees and Charges

9.5.1 Income from fees and charges is important and it is essential that the Council maximises the income generation opportunities. As part of the MTFS last year members adopted the guiding principles detailed below for setting and reviewing fees and charges:

- All fees and Charges should be increased at least by September CPI unless there is a robust reason why this is not appropriate – Planning fees set by Government, requirement to demonstrate break even in terms of cost and charge, increase would have a detrimental impact on demand reducing income overall.
- The charge should at least cover the cost of providing the service, no subsidy.
- All services should be reviewed to explore opportunities for new charges.

9.5.2 The ability to generate income from other areas continues to be reviewed as part of the ongoing exercise to reduce the Council's required budget.

10 Growth

10.1 Growth Areas

10.1.1 The figures presented do not include a provision for growth, any additional funding approved will impact on the target reductions required within the plan (Table 2). Therefore a strong approach is taken with growth areas. In general terms, growth will be allowed if one of the following conditions is met:

- **Statutory Need.** Where the Council needs to spend resources in order to comply with statutory requirements
- **Invest to Save.** Where services can demonstrate that an initial outlay will generate additional income or reduced costs in the future, an advance from an earmarked reserve held for this purpose will be made. There is already £1m in a specific reserve for Invest to Save projects.
- **External Funding.** Services are encouraged to look for external funding to support service development and enhancement. However the impact of ongoing costs against potential one off funding is always considered.
- **Efficiencies.** The Council looks for efficiencies in service provision, to contribute to savings targets, or reallocate resources to other priorities.
- **Delivering Services.** Where the Council wants to enhance the services its delivering, eg Structure Fit for Purpose to ensure the Council has the correct capacity and expertise to deliver the Corporate Plan priorities and services to the public.

11 Reductions and Increased Income

11.1 To deliver a medium term sustainable budget reductions are required from 2026/27 onwards. The Council has adopted a strategy of a managed use of balances to ensure the projects/initiatives to deliver reductions/increased income can be developed and implemented but it will still be challenging to take £1.5million out of the budgets by 2028/29.

11.2 It was highlighted in the Corporate Peer Challenge that although the Council had a sustainable MTFs the reductions plan had not been developed into a deliverable plan with detail and targets. Therefore it is recommended to members in this strategy that **the high level projects/initiatives for delivering reductions and increased income detailed below are presented in more detail, with timescales and financial targets for the Tax Set report to ensure that delivery can be monitored.**

11.3 Detailed below is the initial list of projects/initiatives:

- Transformation projects – These need individual business cases with target reductions for improved efficiency both cashable and non cashable, these will include new IT systems and processes.
- Invest to save – The fund of £1m can be used to deliver these initiatives such as rationalisation of assets.
- Service redesign – This links with transformation, an example is reviewing the current Waste & Recycling rounds to achieve optimisation.
- Income Generation – Continue with Fees and Charges review, are there areas we are not charging?
- Commercialism – Where appropriate we should be looking to operate services commercially delivering VFM for residents and a high level of service.
- Structure Fit for Purpose – sustainable structure with the capacity and skills to deliver corporate plan priorities and excellent service to customers.
- Treasury Management – Review Investments to ensure income is maximised, this may include assessing the risk appetite.

12 General Fund Balances

- 12.1 One of the Council's aims is to have a balanced budget. However this does not require a balanced budget in each financial year, the aim is to ensure that services are adequately funded over the medium term. The figures presented in tables 1 and 2 assume minimum balances at £1.2m.
- 12.2 The current policy for general balances is to retain minimum working balances of around £1.2 million on the General Fund. The risk assessments, which support these requirements, are updated on an annual basis as part of the budget process. This allows detailed consideration of changing economic conditions and other potential high risks. In addition to general reserves there are also specific reserve funds for high risk areas such as Business Rate fluctuations.

13 Earmarked/Specific Revenue Reserves

- 13.1 The Council holds a number of reserves that have been earmarked for specific revenue and capital purposes. Earmarked reserves are used to hold:
- Funding received in advance for specific initiatives;
 - Funding set aside for specific services, where the timing of demand can vary;
 - Funding set aside for the future replacement of assets or other capital expenditure;
 - Funding held to enable the Council to manage specific risks; and
 - Funding where work has been delayed.

- 13.2 For the majority of earmarked reserves, there is little or no risk to the financial standing of the Council. Reserves set up to manage timing differences or hold funding received in advance match expenditure to the income available. Reserves held to allow risks to the base budget to be managed are estimated using the best available information. ***It is recommended that a review of earmarked reserves is carried out, so that previous priorities can be reassessed in light of the current financial position and if the fund is no longer required the balance will be transferred to the general fund balance.***

14 Treasury Management

- 14.1 This is the management of the Local Authority's cash flows: its banking, money market and capital market transactions. The Council has adopted a Treasury Management and Annual Investment Strategy, which sets out a framework for its activity in these areas. The current Strategy aims to minimise risk by putting greater emphasis on security and liquidity. Once risk has been minimised, the Council will maximise performance wherever possible, within existing controls.

- 14.2 As highlighted in the Treasury Management Strategy, the Council has a borrowing requirement of £64.1 million for 2024/25. The HRA has external borrowing of £49.540 million, whilst the General Fund has internal borrowing of £14.575 million. Internally borrowed funds come from earmarked reserves held for future revenue and capital spending. As these resources are used, there will be a need for further external borrowing.

- 14.3 The government previously imposed a cap on an authority's total housing borrowing, which has now been removed. The Authority was below the cap, so investment and borrowing decisions were based on affordability within the HRA. This approach remains unchanged.

- 14.4 The Council has internal funds in excess of those needed to cover the internal loans. These are invested on the money market and generate investment income for both the General Fund and the Housing Revenue Account. The cash fund portfolio is managed internally, with advice from Link Treasury Services, the Council's treasury management consultants. As part of maximising income generation the investments will be reviewed to ensure they are achieving appropriate returns. In the current year the income from investment interest is 100% above the budget of £1m the updated forecast is £1.960m.

15 Budget Process

- 15.1 The budget process operates throughout the year, with the budget strategy updated in November and reported to members. The financial forecast produced in this strategy provides the context for the more

detailed four year budget approved in February, as part of the Council Tax Setting process.

- 15.2 In the event of potentially significant changes to the Council's financial position, the Section 151 Officer will assess whether additional updates of the financial strategy are needed.

16 Budget Consultation

- 16.1 Last year the Council carried out a comprehensive consultation exercise with the residents. The questionnaire was developed to include a number of questions that informed the Council with regard to the services it delivers. There were a number of questions relating to the services and the cost, and also about income generation. All of the results were presented to members in February 2024 and where relevant the financial decisions were made based on the feedback. There are no plans to deliver this type of consultation this year but the results of last years exercise are impacting on the MTFs and Corporate plan which both cover the medium term rather than annual.

17 Housing Revenue Account

- 17.1 The Housing Revenue Account (HRA) is a separate ring fenced account which holds the income from tenants rent and funds expenditure on managing and maintaining the councils stock. The HRA is required to have a 30 year business plan which estimates the income and expenditure over the life of the plan ensuring that decent homes is maintained and a provision for new build is included. The HRA business plan and budgets will be presented in detail to the January Resources Board.

17.2 General Balances on the Housing Revenue Account

- 17.2.1 The Council aims to have a balanced budget on the Housing Revenue Account. This does not require a balanced budget in each financial year; the aim is to ensure that services are adequately funded over the medium term.
- 17.2.2 The current policy for general balances is to retain minimum working balances of £500,000 - £750,000 on the Housing Revenue Account. The risk assessment, which supports this requirement, is updated annually as part of the budget process. This allows detailed consideration of changing economic conditions and other potential high risks. Given the greater risks that will be faced by the council as a result of welfare reform, an increased requirement to hold general balances may be needed.

17.3 Housing Business Plan

- 17.3.1 To ensure the continued management and maintenance of North Warwickshire's housing stock, both Members and officers need to take decisions on a long term basis. For example, we need to build up surpluses to fund the capital expenditure needed later in the Business Plan. The impact of decisions taken is fundamental to the sustainability of the Business Plan.
- 17.3.2 The Business Plan currently assumes that the authority continues to increase rents in line with government policy. The Government announced in the Autumn budget that the rent policy for the next 5 years would be CPI + 1% per annum which gives clarity for the business plan. They also announced that the Councils could retain 100% of the Right to buy receipts which will have a positive impact on new build as match funding is not required.
- 17.3.3 Further detail around the management and maintenance of the Council's housing stock is given in the Housing Business Plan.

18 Capital Programme

18.1 Capital Funding

- 18.1.1 The Council estimates its expected resources over both a three and ten-year period. These include receipts from the sale of council assets, revenue funding used to support capital expenditure and anticipated contributions from third parties. Funding from the government is also considered. Specific grant is received towards the cost of Disabled Facility Grants. In future years the capital programme does not include many items which is not representative of the possible challenges and projects which will need to be delivered during the medium term. As part of the detailed budget process the capital programme will be updated.
- 18.1.2 Given its restricted resources, the council prioritises capital schemes, to enable it to carry out all essential spending.
- 18.1.3 There are a number of funding issues which need to be addressed moving forward and these will be considered in future updates of the Capital Strategy. The Capital Strategy gives further detail on the allocation of capital funding.

18.2 Interaction between Revenue and Capital Spending

- 18.2.1 Many capital schemes will impact on the revenue budget. This may be due to ongoing maintenance costs which are incurred following the acquisition of an asset or may be related to the cost of repaying loans taken out to finance capital expenditure, or the loss of investment income if internal loans are used.

18.2.2 In assessing bids put forward for inclusion in the capital programme, the impact of capital spending on the revenue budget is considered.

19 Risk Management

- 19.1 The Council has a Risk Management strategy in place which it uses to manage all of its risks, including financial risks. This is currently being updated to ensure it is fit for purpose and the key risks are included.
- 19.2 The whole risk management framework is under review to ensure it is robust, easy to use and embedded into the Council and all services. This will ensure that if there are significant changes in the level of risk to the Council from new legislation, or policy changes, they are considered and reported to Board. Any significant increase in financial risks will therefore be addressed during the year, if this is necessary.
- 19.3 In addition, the financial risks of individual services need to be considered during the budget preparation process by Service Boards, along with the related budgets. Annual risk assessments are undertaken on the level of balances for the General Fund and the Housing Revenue Account and considered at the same time as the budgets. This ensures that all current issues are included. Where required a specific revenue reserve will be set up to mitigate high financial risk areas such as Business Rates Fluctuations, Recycling credits and buildings maintenance.
- 19.4 To assist with highlighting the impact of the potential risks, the major risks are assessed on differing risk levels, and these are included in reports to Board.

Agenda Item No 16**Executive Board****25 November 2024****Report of the Chief Executive****Calendar of Meetings 2025/26****1 Summary**

- 1.1 The purpose of this report is to seek approval for a calendar of meetings for 2025/26.

<p>Recommendation to the Council</p> <p>That the draft calendar of meetings for 2025/26 as submitted at Appendix A to the Chief Executive's report be approved.</p>

2 Report

- ... 2.1 A draft calendar of meetings for 2025/26 is attached at Appendix A

- 2.2 Points to note on the 2025/26 calendar are as follows:-

- a The majority of all main Board meetings will take place on a Monday. Meetings of the Full Council continue to be held on Wednesdays;
- b Planning and Development Board to meet once each month;
- c The Resources Board, the Community and Environment Board and the Executive Board to meet at least once a cycle;
- d A meeting of the Special Sub-Group has been scheduled each month (except for May 2026);
- e A meeting of each Licensing Committee has been set for the end of January 2026 and additional meetings will be arranged on an ad hoc basis;
- f A number of meetings of the Safer Communities Sub-Committee and the Local Development Framework Sub-Committee have been set;
- g A meeting of the Executive Board is scheduled on 16 July 2025. To consider the draft accounts; and
- h The Annual Council meeting will be held at 6.30pm on 14 May 2025 to appoint the Mayor and Deputy Mayor and make appointments to Boards / Committees and Outside Bodies etc for the ensuing year.

3 Report Implications

3.1 Legal Implications

3.1.1 The Local Government Act 1972 requires the Council to hold its Annual Meeting in a non-election year during March, April, or May however, the Act states that if no other time is specified for the Annual meeting to take place, it must begin at 12 noon. Accordingly, the start time should be confirmed now for the avoidance of doubt.

3.1.2 The 1972 Act gives the Council broad discretion in relation to arranging other Council, Board (Committee) and Sub-Committee meetings and the proposals above and in the appendices are within the discretion allowed.

The Contact Officer for this report is Amanda Tonks (719221).

Background Papers

Local Government Act 1972 Section 100D

Background Paper No	Author	Nature of Background Paper	Date
None			

DRAFT MEETINGS TIMETABLE – 2025/26

	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25	Dec-25	Jan-26	Feb-26	Mar-26	Apr-26	May-26
1	Elections		LDF		PLAN			RES	BHOL				
2										PLAN	PLAN		
3							PLAN	COUNCIL			SSG	BHOL	
4				PLAN			SSG						BHOL
5	BHOL								PLAN				
6						PLAN			SSG				BHOL
7			PLAN			SSG							
8					SSG			PLAN					
9		PLAN			LDF			SSG			CEB		
10		EXB								EXB			
11				SSG						SSG			
12									SAC				
13							CEB					PLAN	COUNCIL
14	COUNCIL		SSG									SSG	
15					EXB								
16		SSG	EXB								RES		
17							LDF						
18		COUNCIL								COUNCIL			CEB
19	CEB								CEB				PLAN
20	PLAN					RES			LDF				
21			CEB										
22			RES										
23											EXB		
24					COUNCIL		EXB				SAC		
25				BHOL				BHOL					BHOL
26	BHOL							BHOL	RES				
27									LIC				
28													
29													
30		SAC											
31													

EXB - Executive Board
RES - Resources Board
CEB - Community and Environment Board
PLAN - Planning and Development Board

LIC - Licensing Committee (Alcohol & Gambling Committee & Taxi & General Committee)
SAC - Safer Communities Sub-Committee
SSG - Special Sub-Group
LDF - Local Development Framework Sub-Committee