

# BROMSGROVE DISTRICT COUNCIL

## Audit, Standards and Performance Committee 10<sup>th</sup> October 2024

### Accounting Policies Report

Relevant Portfolio Holder	Councillor Steve Colella Finance and Enabling Portfolio Holder
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Author	Job Title: Interim Head of Finance & Customer Services Contact email: Debra.Goodall@bromsgroveandredditch.gov.uk Contact Tel:
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Key Decision / Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	

#### 1. RECOMMENDATIONS

The Audit, Standards and Governance and Committee **RECOMMEND** that:

- 1) **Progress on the 2020/21, 2021/22, 2022/23 and 2023/24 Audit processes be noted.**
- 2) **Any areas of concern within this key compliance report are raised with Cabinet.**

#### 2. BACKGROUND

2.1 From a Governance point of view, the financial framework under which the Council works is set out in the Constitution. In addition to this there are legislative reporting requirements which set out what needs to be done and by when. The Accounting Policies report which was tabled at the Audit, Standards and Governance Committee on the 1<sup>st</sup> June set out the Financial Governance Framework, and associated references to key documentation, that the Council, it's Member and Officers work to. These are (in summary):

- **The Budget and Policy Framework Procedure Rules.** These set out: The framework for Cabinet Decisions, Decisions outside the budget or policy framework, Urgent Decisions outside of the Budget or Policy Framework, Virement rules, In-year changes to policy framework and, Call-in of decisions outside the budget or policy framework. These rules set out how decisions can be made, by whom and how they can be challenged.
- **Financial Procedure Rules** which are set out in Part 15 of the Constitution. These "operational policies" run to 36 pages and set out how the organisation financially runs it's "day to day" business.

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- **Finance Protocols** which set out requirements and expectations of the Finance Team and Services in terms of financial administration and demarcation of duties.
- 2.2 One of the legislative reporting requirements the Council has not achieved is the delivery of the 2020/21 Statement of Accounts. As such, the Council was issued with a Section 24 Statement. Redditch Borough Council (RBC) were also issued with a Section 24 Statement for the same non delivery of the 2020/21 accounts which is understandable given that officers support both Councils via a shared service.
- 2.3 Draft 2020/21 accounts have been presented to Audit Committee for comment in May and are open for Public Inspection. 2021/22 to 2023/4 are being worked on in sequence with 21/22 and 22/23 being in draft by August.
- 2.4 The 2024/5 budget was approved at Council on the 21<sup>st</sup> February 2024.

### **Legislative Requirements**

- 2.5 The previous section sets out how the Council works, however equally important are the Central Government Legislative Requirements to which we deliver to and are compared to other Councils across the Council. This section lists those key deliverables.
- 2.6 The following are key legislative deliverables, which were circulated by the Government in December 2023 for the period December 2023, through the 2024/5 financial year. Delivery against these requirements will be set out in the final column of the table.
- 2.7 In wider sets of deliverables (outside the 2024/5 DLUHC Listing) we have the following returns that have been delivered:

Form	Code	Description	Proposed Dispatch	Deadline	Proposed Publication	Position
Capital Payments & Receipts - Q3	CPR3	Cumulative capital expenditure and receipts for Q1, Q2 and Q3 2023-24	15-Dec-23	19-Jan-24	15-Feb-24	Delivered 26/1/24
Non-Domestic Rates Forecast	NNDR1	Billing authority forecasts of the amount of non-domestic rates to be collected in the 2024-25	15-Dec-23	31-Jan-24	21-Feb-24	Delivered 9/2/24 (Civica issue)
Council Tax & NDR Collection - Q3	QRC3	Quarterly return of how much council tax and non-domestic rates are collected in Q3 2023-24	15-Dec-23	12-Jan-24	14-Feb-24	Delivered 15/2/24 (Civica issue)
Quarterly Borrowing & Lending - Q3	QB3	Local authority borrowing and investments from all local authorities to the end of Q3 2023-24	15-Dec-23	08-Jan-24	15-Feb-24	Delivered 17/1/24

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Quarterly Revenue Update - Quarters 3 & 4	QRU3	Quarter 1 to 3 2023-24 data and forecast end year local authority revenue expenditure update.	15-Dec-23	26-Jan-24	07-Mar-24	Delivered 19/2/24
Council Tax Requirement/ Parish Council Tax	CTR1/2/3/4	Information on council tax levels set by local authorities in 2024-25 and Council tax levels for 2024-25 set by parishes.	02/02/2024 (tbc)	11-Mar-24	21-Mar-24	Delivered 26/2/24
of which: Parish council tax	-	-	-	11-Mar-24	08-May-24	Delivered 26/2/24
Revenue Account Budget	RA	Local authority revenue expenditure and financing for 2024-25 Budget	16-Feb-24	05-Apr-24	20-Jun-24	Draft completed. 8/4/24
Capital Estimates Return	CER	Capital forecast for 2024-25	23-Feb-24	22-Mar-24	13-Jun-24	Delivered 22/3/24
Non-Domestic Rates Outturn-unaudited	NNDR3	Collects information from all billing authority on the amount of non-domestic rates collected in 2023-24- provisional data	28-Mar-24	30-Apr-24	10-Jul-24	Draft delivered to Pool 14/4/24
Non-Domestic Rates Outturn-audited	NNDR3	Collects information from all billing authority on the amount of non-domestic rates collected in 2023-24- final data	n/a	30-Sep-24	15-Nov-24	
Quarterly Borrowing & Lending - Q4	QB4	Local authority borrowing and investments from all local authorities to the end of Q4 2023-24	22-Mar-24	05-Apr-24	13-Jun-24	Delivered 5/4/24
Capital payments & receipts Q4 and provisional outturn	CPR4	Cumulative capital expenditure and receipts for Q1, Q2, Q3, and Q4 2023-24. Expanded collection, used as provisional outturn.	22-Mar-24	19-Apr-24	13-Jun-24	Delivered 29/4/24
Council Tax & NDR Collection - Q4	QRC4	Annual data of levels of council tax and non-domestic rates collected by local authorities in 2023-24 and Q4 2023-24	12-Apr-24	03-May-24	19-Jun-24	Delivered 7/5/24
Capital Outturn Return	COR	Final capital outturn figures for 2023-24	26-Apr-24	26-Jul-24	10-Oct-24	Delivered 29/07/24
Revenue Outturn suite - provisional	RO	Local authority revenue expenditure and financing for 2023-24 Outturn (provisional)	26-Apr-24	28-Jun-24	29-Aug-24	Delivered 19/7/24
Revenue Outturn suite - certified	RO	Local authority revenue expenditure and	n/a	11-Oct-24	12-Dec-24	

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		financing for 2023-24 Outturn (final)				
Exit payments	-	Local authority exit payments 2023-24	03-May-24	07-Jun-24	18-Jul-24	Delivered 30/06/2024
Quarterly Borrowing & Lending - Q1	QB1	Local authority borrowing and investments from all local authorities to the end of Q1 2024-25	24-Jun-24	05-Jul-24	08-Aug-24	Delivered 05/07/24
Quarterly Revenue Update - Q1	QRU1	Q1 2024-25 data and forecast end year local authority revenue expenditure update	28-Jun-24	02-Aug-24	12-Sep-24	Delivered 2/08/24
Capital Payments & Receipts - Q1	CPR1	Cumulative capital expenditure and receipts for Q1 2024-25	21-Jun-24	19-Jul-24	08-Aug-24	Delivered 19/07/24
Council Tax & NDR Collection - Q1	QRC1	Quarterly return of how much council tax and non-domestic rates are collected in Q1 2024-25	21-Jun-24	12-Jul-24	14-Aug-24	Delivered 01/07/24
Local Government Pension Funds	SF3	Collect information on income and expenditure on local government pension schemes for 2023-24	05-Jul-24	13-Sep-24	23-Oct-24	
Council Tax Base/ Supplementary	CTB	Information about the 2024 council tax base for each billing authority.	20-Sep-24	11-Oct-24	06-Nov-24	
Quarterly Borrowing & Lending - Q2	QB2	Local authority borrowing and investments from all local authorities to the end of Q2 2024-25	23-Sep-24	04-Oct-24	14-Nov-24	
Quarterly Revenue Update - Q2	QRU2	Quarter 1 & 2 2024-25 data and forecast end year local authority revenue expenditure update	20-Sep-24	25-Oct-24	05-Dec-24	
Capital Payments & Receipts - Q2	CPR2	Cumulative capital expenditure and receipts for Q1 and Q2 2024-25	20-Sep-24	20-Oct-24	14-Nov-24	
Council Tax & NDR Collection - Q2	QRC2	Quarterly return of how much council tax and non-domestic rates are collected in Q2 2024-25	20-Sep-24	04-Oct-24	20-Nov-24	
Capital Payments & Receipts - Q3	CPR3	Cumulative capital expenditure and receipts for Q1, Q2 and Q3 2024-25	13-Dec-24	17-Jan-25	13-Feb-25	
Non-Domestic Rates Forecast	NNDR1	Billing authority forecasts of the amount of non-domestic rates to be collected in the 2025- 26	13-Dec-24	31-Jan-25	19-Feb-25	

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Quarterly Revenue Update - Quarters 3 & 4	QRU3	Quarter 1 to 3 2024-25 data and forecast end year local authority revenue expenditure update.	13-Dec-24	24-Jan-25	06-Mar-25	
Quarterly Borrowing & Lending - Q3	QB3	Local authority borrowing and investments from all local authorities to the end of Q3 2024-25	13-Dec-24	06-Jan-25	13-Feb-25	
Council Tax & NDR Collection - Q3	QRC3	Quarterly return of how much council tax and non-domestic rates are collected in Q3 2024-25	13-Dec-24	10-Jan-25	12-Feb-25	
Council Tax Requirement/ Parish Council Tax	CTR1/2/3/4	Information on council tax levels set by local authorities in 2025-26. Council tax levels for 2025-26 set by parishes	Early Feb 2025	12-Mar-25	20-Mar-25	
of which: Parish council tax	-	-	Early Feb 2025	12-Mar-25	07-May-25	
Revenue Account Budget	RA	Local authority revenue expenditure and financing for 2025-26 Budget	14-Feb-25	04-Apr-25	19-Jun-25	
Capital Estimates Return	CER	Capital forecast for 2025-26	21-Feb-25	21-Mar-25	12-Jun-25	
Monthly Borrowing & Lending	MB	Monthly sample used to provide an estimate of the level of net borrowing by local authorities to go into the ONS/HMT monthly publication Public Sector Finance Statistics	5 working days before 1st working day of the month	Day 5 of each month	for quarter months only, see QB1, QB2, QB3, QB4 dates	Delivered to date
Local Government Finance Statistics	LGFS33	Annual compilation of finance data collected from local authorities covering out-turn data for 2022-23	N/A	N/A	Spring 2024	

This data for Sept 24 to March 25 is set out in **Appendix A** in Calendar format.

### **Budget**

- Delivered by 11<sup>th</sup> March in preceding financial year – **2024/5 Budget and MTFP delivered 21<sup>st</sup> Feb 2024**
- Council Tax Base – Yearly – **2024/25 delivered in 17<sup>th</sup> January 2024**
- Council Tax Resolution – **Yearly 2024/5 delivered in 21<sup>st</sup> February 2024**
- Council Tax Billing – Yearly (2 weeks before 1<sup>st</sup> DD is due to be taken) – **Bills distributed in March 2024**
- **Policies**

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- Treasury and Asset Management Strategies
  - 24/25 Strategy Approved **delivered 21<sup>st</sup> Feb 2024**
  - 23/24 Half Yearly Report **delivered November 23.**
  - 23/24 Draft Outturn Report **delivered September 24**
- 24/5 Council Tax Support Scheme **approved on 24<sup>th</sup> January 2024.**
- Minimum Revenue Provision – yearly – **Approved as part of the 2024/5 MTFP.**
- Financial Monitoring – **2024/5 Q1 Finance and Performance Report delivered to Cabinet Sept 24**
- Risk Management – **Q1 2024/5 delivered July 2024.**
- Savings Report – **23/4 Outturn Report delivered in May 2024.**
- Financial Controls (still in development)
  - Clearance of suspense accounts – See the chart at the end of this Report for progress.
  - Bank Reconciliation - **linked to above point although a separate stream assessing/clearing 2023/4 and prior year items.**
- Over £500 spending.
  - **Updated to August 2024.**

The following deliverables, prior to December 2023 are still to be delivered:

- **Closure**
  - Draft Accounts for 2021/22 and 2022/23.
  - 2020/21 Audit **see the later section.**
- Government Returns
  - VAT – Monthly
    - **Still to be delivered for 20/21 – dependent on closure of accounts, discussions ongoing with HMRC.**
  - Revenue Outturn Reports
    - **Still to be delivered for 21/22 – dependent on closure of accounts**
  - Whole of Government Accounts Returns – August
    - **Still to be delivered for 20/21, 21/22 and 22/23 – dependent on closure of accounts**

2.8 The key returns that have still not been delivered are the Revenue and Capital Outturn forms for 2020/21 and 2021/22 and the VAT returns. These will now be completed over the summer as draft accounts are compiled.

#### **Update on the Statement of Accounts**

2.9 The key Closure deliverables for each financial year are set out below:

- Closure 2020/21
  - Following agreement of opening balance positions the 2020/21 Accounts were opened to Public Inspection following the May Audit, Standards and Governance Committee.
  - Sign off of 20/21 Accounts – to be confirmed with the External Auditors.
- Closure 2021/22

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- Updated Outturn position – still to be provided following the full closure of these accounts.
- Draft Accounts planned to be presented to this Committee today (without any 2020/21 Audit Adjustments) and then put out for Public Inspection. These Accounts can be found at **Appendix B**.
- Audit of Accounts following Audit of 2020/21 Accounts.
- Sign off of the Accounts – to be confirmed with External Auditors.
- **Closure 2022/23**
  - Draft Provisional Outturn Report – Cabinet Report delivered in September 2023. This will be updated following the draft closure of the accounts.
  - Draft Accounts planned to be presented in late October to allow a month for Public Inspection to comply with the new Audit backstop requirements (without any 2020/21 or 2021/22 Audit Adjustments).
  - Audit of Accounts following Audit of 2020/21 and 2021/22 Accounts.
- **Closure 2023/24**
  - Draft provisional Outturn Report presented to Cabinet in July 2024.
  - RO/CO Returns have been provided to Government.
  - Draft Accounts planned to be presented to the November Audit, Standards and Governance Committee (without any 2020/21, 2021/22, 2022/23 Audit Adjustments) and then put out to public consultation as per the updated backstop requirements.
  - Audit of Accounts for 23/24 is dependent on the recently approved changes to legislation and Public Sector Audit Appointments (PSAA) changes to External Auditor allocations for the next 5 years. Given that the Council's External Auditors will change from Grant Thornton this handover period, including due diligence and handover arrangements, will need to be carefully managed,
- **Closure Process being undertaken (high level view)**
  - The Council have been closing 3 years in parallel and concurrently.
  - DG has updated the 21/2 and future years formats so easier to manipulate and complete.
  - IAS19 Pension Reports have been received and will be addressed on a concurrent basis.
  - Initial PPE valuations have been received and updates to these are being made following discussions with the valuers. All three years are being provided at the same time and will be combined into a single document.
  - NNDR/Council Tax (Collection Fund) – Journals awaiting actioning.
  - Reconciliations – significant team of 5 now working on these over all the open financial years.
  - Bank Reconciliation – Banks have been reconciled.
  - VAT working plan required in order to move from central assessment in Q2 2024/5.
- **Value for Money Opinions for 2021/22 and 2022/23**
  - External Auditors delivered their joint Value for Money Opinions in November 2023:
  - S24 Recommendation still in place and extended for 2021/2 and 2022/3 Accounts.

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- 5 of the 6 2020/21 Key Recommendations either delivered or now linked to Improvement Recommendations.
- 9 of 13 2020/21 Improvement Recommendations either fully or partially delivered.
- One new Key Recommendation – linked to Workforce Strategy.
- Ten updated Improvement Recommendations.

2.10 Following the General Election in July 2024, the New Minister of State for Housing, Communities and Local Government Jim McMahon OBE MP wrote to Councils on the 30<sup>th</sup> July. In this letter the minister notes that the significant and unacceptable backlog of unaudited accounts, which will likely rise again to around 1,000 later this year. This situation undermines trust and transparency in the way taxpayers' money is being spent and auditors cannot focus on up-to-date accounts, where assurance is most valuable.

2.11 To tackle the backlog, The Minister intends to lay secondary legislation when parliamentary time allows to provide for an initial backstop date of 13 December 2024 for financial years (FYs) up to and including 2022/23 and five subsequent backstop dates: 2015/16 through to 2019/20 must be signed off by the 30th December 2023.

<b>Financial Year</b>	<b>Backstop date</b>
2023/24	28 February 2025
2024/25	27 February 2026
2025/26	31 January 2027
2026/27	30 November 2027
2027/28	30 November 2028

2.12 Parliamentary approval was given on the 9<sup>th</sup> September, for financial years 2024/25 to 2027/28, the date by which local bodies should publish 'draft' (unaudited) accounts will change from 31 May to 30 June following the financial year to which they relate. This will give those preparing accounts more time to ensure they are high-quality accounts. A new suite of guidance is planned by the NAO and Financial Reporting Council (FRC) on these measures, and we continue to work with other organisations to consider what guidance would be most constructive and helpful for local bodies.

2.13 The Minister expects that there will be full assurance, with "clean" opinions for many bodies by the first backstop date of 13 December 2024. However, due to the time constraints, auditors are likely to issue 'disclaimed' audit opinions (no assurance) on many accounts – early indications are that this could be several hundred in this first phase which may, in the short term, cause additional concern. I recognise that aspects of these proposals are uncomfortable. Without this action by the Government, audits would continue to be delayed and the system will move even further away from timely assurance. The Minister's guidance is set out in **Appendix C**.



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- 2.14 Our present External Auditors have responded to this statutory change. This has been discussed as an earlier items and their letter is set out in **Appendix D**. The National Audit Office as also commented on the change on the 20<sup>th</sup> September and their letter is attached as **Appendix E**.
- 2.15 Bishop Fleming, our Auditors for 23/4 onwards, are still waiting for the formal outcomes following the approval of the financial instrument. Their view is that it is better for them to pause issuing any audit plans for now. When they have the outcomes, they will be in a better position to set out what work they as auditors need to do on disclaimed audits.
- 2.16 We are on the 23a version on TechOne and expect to upgrade to 24b in the Autumn. This upgrade has given access to more functionality. However, Redditch and Bromsgrove are still the only Councils on Cash Receipting, when the weekly updates come in they have do additional checks to ensure the functionality is working as expected.

#### **Update On 2024/25 Budget**

- 2.17 The Councils 2024/25 Budget was approved on the 21<sup>st</sup> February 2024 at Council. Budgets will be loaded onto TechOne in March.
- 2.18 Quarter One 2024/5 Financial and Performance monitoring went to Cabinet in September 2024.

#### **Compliance Items**

- 2.19 In their meeting in January 2024, Members requested further training to ensure they were informed in their decision making in this committee. The first of these training sessions has been set up in advance of the May Audit, Standards and Governance Meeting and the second before the July Audit Standards and Governance Meeting.
- 2.20 There are a number of areas where compliance will be measured going forwards. Compliance to process and timetable is a key underlying theme of the Draft External Audit Report 2020/21 and the Combined 2021/22 & 2022/23. These items are being measured to improve how we work and change behaviours. This will lead to an improved financial health/knowledge across both Councils. Not all these measures can be put in place instantly but there should be the full suite by the middle of the summer (Debt indicators depend on the clearing of suspense and the updating of the bank reconciliations).

#### **Training:**

- Closure Training took place in March with 83 attending.
- Mandatory Budget Manager Training (including the use of TechOne) took place in September 2023 – upskilling budget managers with the tools to input their forecasts directly onto TechOne.
- Mandatory Financial Awareness Training for managers took place in August and September.

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- Payments Purchase Order Training takes place monthly.

New tranches of training are being organised

### **Treasury Management**

- The Half Yearly Treasury Management Report was presented to Cabinet on the 22<sup>nd</sup> November.
- The 2024/5 Strategies were approved by Council in February.
- The 2023/4 Outturn Report was approved by Cabinet in September (Council in October).

### **Audit VFM Report Requirements**

- More Budget Consultation.
- Wider savings monitoring will be undertaken by this Committee quarterly.
- Capital and its deliverability will be reviewed as part of the Budget Tranche 2.
- Benchmarking is now incorporated into the budget process (using LG Futures data).
- The Internal Audit Service will be externally assessed in early 2024.
- The Council will seek an independent Audit Committee member and ensure the Committee remains apolitical in nature.
- The whistleblowing policy will be updated before the end of the financial year.
- Procurement and contract rules will be updated by the end of the financial year (to reflect changes to legislation happening in April 2024).
- Performance Indicators will be reviewed and updated following Strategic Priority setting sessions.

The Council is still to run sessions to assess its “risk appetite”.

### **Errors:**

- Non delivery of GPC Card Data (monthly basis) – still to be started.
- Miscoding on TechOne per month – by Service Area - will begin once the cash receipting suspense has been cleared.

### **Procurement:**

- The new ‘No Compliance No Order’ process has been live since April 2023.
- The number of contracts in place is growing regularly and we are confident that this process is having a positive effect. We hope that eventually we get to the place where the number of orders coming to procurement for approval as contracts are not in place are minimal.
- Council in February approved an increase of the Key Decision Level from £50k to £200k. The Q1, Q2 and Q3 Finance and Performance Monitoring Reports now set out:
  - All contracts requiring renewal over the next year that are over the present £200k threshold and these are placed on the forward plan.
  - All contracts requiring renewal over the next year that are between £50k and £200k for reference.

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- All contracts that are being procured by Redditch over this period that relate to Bromsgrove Services.
- 2.21 Work is ongoing on the clearance of the Cash Receipting suspense accounts. The Council now has processes in place for the different types of error that have taken place since the implementation of the TechOne system. Corrections will be actioned by journal although conversations are taking place with TechOne to ensure as much as possible can be automated. As reported earlier in this report, this will ensure the delivery of accounts from 2021/2 to 2023/4 to the timescales set out. One of the processes is the clearance of Treasury transactions which by their nature are a manual process but of significant size.

### **Summary**

- 2.22 This report sets out the policies (local and national) that underpins the Council finances and the key deliverables. The 20/21 Accounts have now been submitted for Audit and the report sets out the Plan for the delivery of other years accounts. This report is now up to date as at the middle of September and is delivered to each Audit, Standards and Governance Committee at Bromsgrove to updates it on progress against targets and also alert them to any issues and risks.

### **3. FINANCIAL IMPLICATIONS**

- 3.1 This paper sets out the financial frameworks within which the Council works.

### **4. LEGAL IMPLICATIONS**

- 4.1 There are no direct legal implications arising as a result of this report, however the frameworks are generally linked to statute or the Council's Constitution.

### **5. STRATEGIC PURPOSES - IMPLICATIONS**

#### **Relevant Strategic Purpose**

- 5.1 The Strategic purposes are included in the Council's Corporate Plan and guides the Council's approach to budget making ensuring we focus on the issues and what are most important for the District and our communities. Our Financial monitoring and strategies are integrated within all our Strategic Purposes.

#### **Climate Change Implications**

- 5.2 There are no direct climate change implications arising as a result of this report.

### **6. OTHER IMPLICATIONS**

#### **Equalities and Diversity Implications**

- 6.1 There are no direct equalities implications arising as a result of this report.

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### **Operational Implications**

- 6.2 Operational implications have been dealt with as part of the 2023/24 MTFP and 2024/25 MTFP, quarterly monitoring and the Closedown process.

### **7. RISK MANAGEMENT**

- 7.1 The financial stability and sustainability of the Council is a core underlying theme of the Council's Risk Management Strategy.

### **8. BACKGROUND PAPERS**

Interim Auditors Annual Report on Bromsgrove District Council 2021/22 & 2/22/23 – Audit Standards and Governance Committee November 2023, Council December 2023.  
Section 24 Report to Audit and Council – November/December 2022.  
Accounting Policies Report – March, July, September and November 2023, January, March, May and July 2024 – Audit, Standards and Governance Committee  
Finance Recovery Report – July 2023, October 2023 – Cabinet  
Programme Management Office Requirements – June 2023 – Cabinet  
Approvals to Spend Report - July 2023 – Cabinet

### **9. Appendices**

**Appendix A – Calander of Financial Requirements – Sept 24 – March 25**  
**Appendix B – Draft 2021/22 Statement of Accounts**  
**Appendix B – Letter from Minister on Closure Timetables**  
**Appendix C – Letter from Grant Thornton on Closure Timetable**  
**Appendix D - Letter from the National Audit Office on Closure Timetable**

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#### Appendix A – Calendar of Financial Requirements

<b>SEPTEMBER 2024</b>						
<b>MONDA</b>	<b>TUESDA</b>	<b>WEDNES</b>	<b>THURSD</b>	<b>FRIDAY</b>	<b>SATURD</b>	<b>SUNDAY</b>
26	27	28	29	30	31	1
2	3	4	5	6	7	8
9	10	11	12	13 <small>Local Government Pension Funds</small>	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30 <small>Non-Domestic Rates &amp; Outturn Audited</small>	1	2	3	4	5	6

<b>OCTOBER 2024</b>						
<b>MOND</b>	<b>TUESD</b>	<b>WEDNE</b>	<b>THURS</b>	<b>FRIDAY</b>	<b>SATUR</b>	<b>SUNDAY</b>
30	1	2	3	4 <small>Quarterly Borrowing &amp; Lending Q2 (QB2)</small>	5	6
7	8	9	10	11 <small>Revenue Outturn Suite – provisional (RO)</small>	12	13
14	15	16	17	18	19	20 <small>Capital Payments and Receipts Q2 (CPR2)</small>
21	22	23	24	25 <small>Quarterly Revenue Update Q2</small>	26	27
28	29	30	31	1	2	3

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<b>NOVEMBER 2024</b>						
<b>MONDA</b>	<b>TUESDAY</b>	<b>WEDNES</b>	<b>THURSDA</b>	<b>FRIDAY</b>	<b>SATURDA</b>	<b>SUNDAY</b>
28	29	30	31	1	2	3
4	5	6	7	8	9	10
11	12	13	14	15	16	17
18	19	20	21	22	23	24
25	26	27	28	29	30	1

<b>DECEMBER 2024</b>						
<b>MONDA</b>	<b>TUESDAY</b>	<b>WEDNES</b>	<b>THURSD</b>	<b>FRIDAY</b>	<b>SATURD</b>	<b>SUNDAY</b>
25	26	27	28	29	30	1
2	3	4	5	6	7	8
9	10	11	12	13	14	15
16	17	18	19	20	21	22
23	24	25	26	27	28	29
30	31	1	2	3	4	5

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**Audit, Standards and Performance Committee 10<sup>th</sup> October 2024**

<b>JANUARY 2025</b>						
<b>MONDA</b>	<b>TUESDA</b>	<b>WEDNES</b>	<b>THURSD</b>	<b>FRIDAY</b>	<b>SATURD</b>	<b>SUNDAY</b>
30	31	1	2	3	4	5
6 <small>Quarterly Borrowing and Lending Q3 (QB3)</small>	7	8	9	10 <small>Council Tax and NDR Collection – Q3 (QRC3)</small>	11	12
13	14	15	16	17 <small>Capital Payments and Receipts Q2 (CPR3)</small>	18	19
20	21	22	23	24 <small>Quarterly Revenue Update – Q3 and 4 (QRU3)</small>	25	26
27	28	29	30	31 <small>Non-Domestic Rates Forecast (NDR1)</small>	1	2

<b>FEBRUARY 2025</b>						
<b>MONDA</b>	<b>TUESDA</b>	<b>WEDNES</b>	<b>THURSD</b>	<b>FRIDAY</b>	<b>SATURD</b>	<b>SUNDAY</b>
27	28	29	30	31	1	2
3	4	5	6	7	8	9
10	11	12	13	14	15	16
17	18	19	20	21	22	23
24	25	26	27	28	1	2

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<b>MARCH 2025</b>						
<b>MONDA</b>	<b>TUESDAY</b>	<b>WEDNES</b>	<b>THURSD</b>	<b>FRIDAY</b>	<b>SATURD</b>	<b>SUNDAY</b>
<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>1</b>	<b>2</b>
<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>	<b>7</b>	<b>8</b>	<b>9</b>
<b>10</b>	<b>11</b>	<b>12</b> Council Tax Requirement / Parish Council Tax	<b>13</b>	<b>14</b>	<b>15</b>	<b>16</b>
<b>17</b>	<b>18</b>	<b>19</b>	<b>20</b>	<b>21</b> Capital Estimates Return	<b>22</b>	<b>23</b>
<b>24</b>	<b>25</b>	<b>26</b>	<b>27</b>	<b>28</b>	<b>29</b>	<b>30</b>
<b>31</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>	<b>5</b>	<b>6</b>



# BROMSGROVE DISTRICT COUNCIL

## Audit, Standards and Performance Committee 10<sup>th</sup> October 2024

### Appendix C - Letter from Minister Jim McMahon MP



Ministry of Housing,  
Communities &  
Local Government

**Jim McMahon OBE MP**

*Minister of State for Local Government and  
English Devolution*

2 Marsham Street

London

SW1P 4DF

**Josh Goodman**

Chief Executive

Office for Local Government

September 2024

Dear Josh,

#### **Office for Local Government – review of long-term role, and short-term remit**

I am committed to resetting the relationship between local and central government and to clarify the roles and responsibilities of central government and the sector. I have therefore decided to review the role of Oflog by the end of 2024 to ensure that it will add the greatest possible value to the system of transparency, accountability and support of local government. I will welcome the views of the sector over the coming months.

In the meantime, I would like Oflog to continue to deliver its previous remit, with the exception that we have agreed that Oflog should pause on piloting and rolling out its current model of 'early warning conversations' while we consider the Government's overall approach to early warning and interventions.

Oflog's short-term remit, effective immediately, is as follows:

#### **Inform**

We need to empower communities to have a voice on what their local authority is doing. It can be hard to navigate the wealth of available data – we are rich on data but poor on insights. Although the current Oflog Data Explorer is live, it is incomplete and covers only a fraction of local authority activity. Oflog will:

- continue to update data for existing metrics on the Data Explorer;
- continue to add new metrics to the Data Explorer, with a focus on areas most relevant to the government's missions;

`1

## **BROMSGROVE DISTRICT COUNCIL**

### **Audit, Standards and Performance Committee 10<sup>th</sup> October 2024**

- continue to improve the Data Explorer, including ensuring it better explains the data's limitations and how it should be used responsibly by third parties; and
- develop options for new, additional, or alternative data tools to help citizens understand local authorities' performance, being clear about how these would add value to existing tools and reporting provided by central government and the sector.

As Oflog is an office within my department, I will approve all new metrics for the Data Explorer prior to publication.

#### **Support**

Oflog will continue its work to understand the current landscape of support available to local authorities and, where there are gaps, will inform discussions with MHCLG officials about how these gaps might be best filled.

In parallel, Oflog should continue its programme of webinars that convene groups of similar LAs to learn from each other. It should also continue to take a "test and learn" approach to new forms of support. This could include publishing new analysis, research or tools on local authority performance and best practice.

I am interested in what Oflog could do to improve LAs' digital and data capability. Oflog should develop a proposition, working across government.

#### **Warn**

We have agreed that Oflog should pause on piloting and conducting its current model of 'early warning conversations' while we consider the Government's overall approach to early warning and interventions. I would like Oflog to work with MHCLG officials on options to help identify when LAs might need support to recover, rebuild or reform.

This remit will be updated after further consideration of Oflog's role in the sector.

**Yours sincerely**



**Jim McMahon OBE MP**

Minister of State for Local Government and English Devolution

# BROMSGROVE DISTRICT COUNCIL

## Audit, Standards and Performance Committee 10<sup>th</sup> October 2024

### Appendix D – Letter from Grant Thornton

Commercial In confidence



19 August 2024

Peter Carpenter  
Section 151 Officer  
Bromsgrove District Council and Redditch Borough Council

Grant Thornton UK LLP  
2 Glass Wharf  
Bristol BS2 0EL

T +44 (0)117 305 7800  
F +44 (0)117 305 7784  
grantthornton.co.uk

Dear Peter

#### **Bromsgrove District Council and Redditch Borough Council: An update on the application of the local authority backstop**

On 30 July 2024, the Minister of State for Local Government and English Devolution, Jim McMahon, provided the following written statement to Parliament [Written statements - Written questions, answers and statements - UK Parliament](#). This confirms the government's intention to introduce a backstop date for English local authority audits up to 2022/23 of 13 December 2024. A backstop date for 2023/24 is proposed of 28 February 2025.

In this letter, I set out more details of the approach Grant Thornton plans to take in respect of the backstop, and how this is likely to impact the authorities. I should be happy to discuss this further including at the next Audit Committees.

#### **Applying the backstop for years up to 2022/23**

As you will be aware, we have not yet signed the audits for years 2020/21 to 2022/23, largely due to the challenges with the ledger implementation in February 2021 and the challenges this has presented in preparing draft financial statements. For 2020/21, we have completed our audit planning and issued audit plans. We have also completed work on the data migration between the old and new ledger and have reported our findings to the Audit Committees. No detailed work on the 2020/21 financial statements has been completed and you have yet to publish draft financial statements for either Council for 2021/22 or 2022/23. For each of the years 2020/21 to 2022/23 we have completed our Value for Money work and issued interim Auditor's Annual Reports, which will be finalised when opinions on the financial statements are issued.

We consider that there will not be sufficient time to conclude our work in advance of the 13 December 2024 backstop deadline. On that basis, our expectation is that we will apply the backstop for the 2020/21, 2021/22 and 2022/23 years. Given that a number of key audit areas remain outstanding, then our proposed audit reports will be issued as a disclaimer of opinion. Effectively this means that we will have been unable to gain the assurance necessary to give an audit opinion by the statutory backstop date.

In plain terms, a disclaimer means that we have been unable to form an opinion. In this instance, the reason for this will be the limitation of scope imposed by statute (not by the local authority). A disclaimer due to the backstop does not of itself indicate a local authority failing. Where however we consider that there have been weaknesses in local authority arrangements for accounts closedown, we will report these in the Audit Findings Report which we produce at the conclusion of the audit. Should we have identified any issues during the audit which ordinarily would have impacted our opinion, we will give consideration to how these should be reported in the disclaimer of opinion.

Before we issue a disclaimer of opinion, we will:

- Report any matters arising from the audit which we need to share with you under the auditing standards; and
- Share the wording of the draft disclaimer of opinion with you.

#### **Chartered Accountants**

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# **BROMSGROVE DISTRICT COUNCIL**

## **Audit, Standards and Performance Committee 10<sup>th</sup> October 2024**

Commercial In confidence

To help us meet the backstop requirements, please ensure that you have:

- adopted the financial statements in accordance with the requirements of the CIPFA Code and the Accounts and Audit Regulations;
- met the requirements under legislation in terms of the rights of local electors to inspect the accounts ; and
- set aside a date for an Audit Committee in advance of 13 December 2024. In practice, we recommend arranging this in November if possible.

Please also note that we will need a letter of representation from you in respect of the financial statements before we issue a disclaimer.

We appreciate that where a full audit has not been completed, an adjustment will be needed in terms of fees. PSAA will be making determinations on this in due course.

### **The recovery period – 2023/24 an onwards**

The government has set out its intention that from 2023/24, auditors should work with local authorities to begin the process of recovery. A backstop date for 2023/24 has been proposed of 28 February 2025, and a date for 2024/25 audits of 27 February 2026.

We understand that you are already in discussion with Bishop Fleming as your new auditors. To help effect a smooth transition to your new auditor, we will be offering our full co-operation with Bishop Fleming and will provide access to any relevant information from previous year audit files where this is available and supports the incoming auditor.

### **Looking ahead**

We recognise these are unusual and difficult times for all authorities that will be subject to the backstop. We believe that public confidence is best enabled by returning to a position of timely audit reporting and clean opinions as soon as possible. We will work actively with you and others in the sector to do our best to achieve this.

Yours sincerely

Jackson Murray

For Grant Thornton UK LLP

CC Audit Committee chairs

# **BROMSGROVE DISTRICT COUNCIL**

## **Audit, Standards and Performance Committee 10<sup>th</sup> October 2024**

### **Appendix E – Updated from Catherine Francis 20<sup>th</sup> September**



Ministry of Housing,  
Communities &  
Local Government

Catherine Frances  
Director General for Local  
Government and Public Services  
2 Marsham Street  
London  
SW1P 4DF

To All Chief Executives, Chief  
Financial Officers, Local Authority  
Leaders and Local Audit Firm Partners

20 September 2024

Dear Colleagues,

#### **UPDATE ON ACTION TO TACKLE THE LOCAL AUDIT BACKLOG IN ENGLAND**

Local authorities and other local bodies provide vital public services to local communities. Effective local audit, in turn, helps ensure transparency and accountability for public money spent on these services and builds public confidence.

Following the Minister of State for Housing, Communities and Local Government's letter of 30 July 2024, I am writing today to provide a further update on the action the Government is taking to tackle the significant local audit backlog in England.

On 30 July, Minister McMahon issued a [written ministerial statement](#) (WMS) in Parliament setting out proposals to tackle the local audit backlog. As that statement set out, the proposals included setting a statutory backstop date of 13 December 2024 to clear the backlog of unaudited accounts up to and including Financial Year 2022/23. This will enable the system to refocus on recent accounts where assurance is most valuable. There will also be five further backstop dates up to and including financial year 2027/28 to allow assurance to be rebuilt over several audit cycles.

The Government has now laid in Parliament two pieces of legislation which would give effect to these proposals: [the Accounts and Audit \(Amendment\) Regulations 2024](#) and, on behalf of the Comptroller & Auditor General of the National Audit Office (NAO), [a draft Code of Audit Practice 2024](#). In parallel, we published a response to feedback on the [audit backlog consultation](#) held earlier this year.

The Accounts and Audit (Amendment) Regulations 2024 are due to come into force on 30 September 2024. This will remove the current requirement to publish audited accounts for financial year (FY) 2023/24 on that date. The deadline for the publication of audited accounts for FY 2023/24 will, instead, be 28 February 2025 to coincide with the second backstop. The Regulations also amend the date by which bodies should publish draft (unaudited) accounts to 30 June for financial years 2024/25 – 2027/28.

The draft Code must be laid in Parliament for a period of 40 calendar days (excluding periods during which both Houses of Parliament are adjourned for more than 4 days). Once both the Code and Regulations are in force, auditors will be required to produce timely audit opinions

## **BROMSGROVE DISTRICT COUNCIL**

### **Audit, Standards and Performance Committee 10<sup>th</sup> October 2024**

(which may result in the issue of a disclaimed or modified opinion), which will in turn mean that local bodies can prepare accountability statements by statutory backstop dates.

As the WMS highlighted, aspects of these proposals are uncomfortable, particularly around issuing modified or disclaimed audit opinions where audits cannot be completed by a backstop date. Given the scale of the backlog, however, and the absence of viable alternatives, the difficult decision was taken to proceed. Without these measures, audits would continue to be delayed, and the system will move even further away from timely assurance. All key local audit organisations support these bold measures, while recognising their exceptional nature. As Minister McMahon set out in his WMS, the Government is clear that local bodies should not be unfairly judged based on disclaimed or modified opinions, caused by the introduction of backstop dates that are largely beyond their control. Auditors are expected to provide clear reasons for the issuing of such opinions to mitigate the potential reputational risk that local bodies may face.

To support auditors in meeting their responsibilities under the Code of Audit Practice, the NAO has issued specific [guidance](#), endorsed by the Financial Reporting Council (FRC) on implementing the reset and recovery of local audit in England. This guidance sets out the public interest considerations that require auditors to act in ways that enable a return to the completion of audits on a timely manner whilst complying with professional standards. As set out in Minister McMahon's WMS, the Government is clear that a proportionate approach to the rebuilding of assurance, once the backlog is cleared, is required by auditors - and all system partners including the FRC, NAO and auditors, are aware that this is the Government's objective. Work is ongoing to further understand the financial impact of these measures and consequent action.

In order to comply with the regulations, and to help auditors deliver opinions, any local body that has not yet done so should publish their unaudited accounts (including financial statements, the annual governance statement and narrative statement) and hold the 30-day public inspection period for all years up to and including FY 2023/24 as soon as possible. The Chartered Institute of Public Finance and Accountancy (CIPFA) will soon publish information to help preparers understand the impact of the backstop dates and how they should approach any unpublished accounts, alongside guidance for audit committees via its Better Governance Forum.

It should not be necessary for the audit of the previous year's accounts to be completed for Section 151 Officers to comply with their responsibilities to certify that the unaudited accounts show a true and fair view, as local bodies should have sufficient internal controls and processes for the Section 151 Officer to obtain this assurance. It is a legislative requirement for bodies to publish unaudited accounts. If bodies feel they are in a position where they will not be able to do this ahead of the backstop, following engagement with their auditor, they should contact the Department or their relevant sponsor department at the earliest opportunity.

As you may be aware, MHCLG will hold a webinar for senior officials on 24 September between 1045 – 1115, with support from key local audit organisations, to discuss ongoing work to address the local audit backlog. This is the first in a series of cross system communication and engagement events which will take place between now and the first backstop date of 13 December. The webinar can be joined via this [link](#). I would strongly encourage you to attend if possible.

Finally, I would like to share my appreciation for all of the hard work that finance teams, key audit partners and others have already delivered in support of these measures. Continued and effective collaboration is vital to ensure the best possible outcomes for the local audit system. As Minister McMahon set out in his WMS, the Government is committed to significant reform to overhaul the local audit system and will continue to review the evidence, including considering

**BROMSGROVE DISTRICT COUNCIL**

**Audit, Standards and Performance Committee 10<sup>th</sup> October 2024**

the recommendations of external reviews to date, and update further in the Autumn on longer-term plans.

A handwritten signature in black ink, appearing to read 'C. Frances', with a small dot at the end.

**Catherine Frances**

Director General for Local Government and Public Services