

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

Financial Compliance Report

Relevant Portfolio Holder	Cllr Ian Woodall Executive Member for Finance
Portfolio Holder Consulted	Yes
Relevant Head of Service	Debra Goodall
Report Author: Debra Goodall	Job Title: Head of Finance & Customer Services Contact email: debra.goodall@bromsgroveandredditch.gov.uk
Wards Affected	All
Ward Councillor(s) consulted	No
Relevant Strategic Purpose(s)	All
Non-Key Decision	
If you have any questions about this report, please contact the report author in advance of the meeting.	
Exempt Information – None	

1. RECOMMENDATIONS

The Audit, Governance and Standards Committee RESOLVE that:

- 1) Following the receipt of the “Disclaimer Opinion” from the External Auditors for the 2020/21 Accounts that these accounts are approved.
- 2) Following the receipt of the “Disclaimer Opinion” from the External Auditors for the 2021/22 Accounts that these accounts are approved.
- 3) That the Chairman of the Audit, Governance and Standards Committee is delegated authority to approve the 2022/23 Accounts following the completion of the Statutory 30-day Public Consultation.
- 4) The External Auditor’s “letter to those charged with governance on the application of the local authority backstop” be noted and outstanding actions followed up in subsequent Audit, Governance and Standards Committee meetings.
- 5) The process for inducting the Council’s new External Auditors, Ernst and Young, be noted.
- 6) The process and progress to date on the delivery of the 2023/24 accounts be noted.

To RECOMMEND to Executive

- 7) Any areas of concern within this key compliance report for consideration.

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

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

was tabled at the Audit, Standards and Governance Committee on the 23rd March 2023 set out the Financial Governance Framework, and associated references to key documentation, that the Council, its Member and Officers work to. This are (in summary):

- **The Budget and Policy Framework Procedure Rules.** These set out: The framework for Executive 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 14 of the Constitution. These “operational policies” run to 36 pages and set out how the organisation financially runs its “day to day” business.
- **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 Audit Committee training was undertaken on the 28th May, and Local Government Finance training was given on the 30th July.

2.3 One of the legislative reporting requirements the Council had not achieved is the delivery of the 2020/21 Statement of Accounts. As such, the Council was issued with a Section 24 Statement. Bromsgrove District Council (BDC) 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.

2.4 Draft 2020/21, 2021/22 have been presented and placed on the Councils Website and the 30 days public consultation period fulfilled. The draft 2022/23 accounts were published on the Councils website for public consultation on the 2nd December. They will only have 9 days, not the full 30 days., of public consultation before the Government Imposed Backstop date of the 13th December 2024.

2.5 The 2023/4 Accounts need to be delivered and have 30 days public consultation by the 28th February 2025. This report sets out the process to be followed.

2.6 The 2024/5 budget was approved at Council on the 26th February 2024.

Legislative Requirements

2.7 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.

2.8 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.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

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
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	Delivered 30/09/24
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

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

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 financing for 2023-24 Outturn (final)	n/a	11-Oct-24	12-Dec-24	Extension agreed with MHCLG
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	Delivered 21/06/24
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	Delivered 11/10/24
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	Delivered 02/10/24

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

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	Delivered 25/10/24
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	Delivered 21/10/24
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	Delivered 11/10/24
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	
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	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

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

		Sector Finance Statistics				
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	

Pooling of Housing Capital Receipts – **23/4 Delivered**

2.9 In wider sets of deliverables (outside the 2024/5 DLUHC Listing) we have the following returns that have been delivered:

- **Budget**
 - Delivered by 11th March in preceding financial year – **2024/5 Budget and MTFP delivered 26th Feb 2024**
 - Council Tax Base – Yearly – **2024/25 delivered on 9th January 2024**
 - Council Tax Resolution – **Yearly 2024/5 delivered on 26th February 2024**
 - Council Tax Billing – Yearly – **Bills distributed in March 2024**
- **Policies**
 - Treasury and Asset Management Strategies
 - 2023/4 Outturn Report **delivered in September 24.**
 - 2024/5 Strategy **Approved 26th Feb 2024**
 - 24/25 Q1 report **delivered 3rd September 2024**
 - 24/25 Q2 Report **delivered 26th November 2024**
 - Council Tax Support Scheme – **24/5 Approved on 9th January 2024.**
 - Minimum Revenue Provision – yearly – **Approved as part of the 24/5 MTFP.**
 - Financial Monitoring – **Q1 24/5 in Sept 2024. Q2 in Nov 24**
 - Risk Management – **Q1 24/5 delivered July 24, Q2 delivered Dec 24**
 - Savings Report – **Q1 24/5 delivered in September, Q2 delivered in December**
 - Financial Controls (still in development)
 - Clearance of suspense accounts – now part of the closure of accounts process.
 - 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
 - **2023/4 Accounts.**
 - **2020/21 to 22/23 implication of Audit Opinions**
- Government Returns
 - VAT – Monthly
 - **discussions ongoing with HMRC since mid summer 2024.**

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

- Revenue Outturn Reports
 - **Still to be delivered for 21/22, and updates required for 23/24**
- Whole of Government Accounts Returns
 - **Still to be delivered**

2.10 The key returns that have still not been delivered are the Revenue and Capital Outturn forms for 2021/22 and the VAT returns. Significant work has been undertaken by the Council's Tax advisors PS Tax in liaison with HMRC in order for the Council to return to normal VAT reporting. A mail from HMRC on progress is attached as **Appendix A**

Update on the Statement of Accounts

2.11 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 noting the significant and unacceptable backlog of unaudited accounts. 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.

2.12 To tackle the backlog, The Minister has laid secondary legislation and this legislation was approved on the 9th September 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.

Financial Year	Backstop date
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

2.13 As set out in the September 2024 report, 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.

2.14 Our present External Auditors, Grant Thornton, as set out in the September meeting of this Committee consider that there will not be sufficient time to conclude our work in advance of the 13 December 2024 backstop deadline. On that basis, their expectation is that they 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 their proposed audit reports will be issued as

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

a disclaimer of opinion. Effectively this means that they will have been unable to gain the assurance necessary to give an audit opinion by the statutory backstop date.

- 2.15 In plain terms, a disclaimer means that the Auditors 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 they consider that there have been weaknesses in local authority arrangements for accounts closedown, they will report these in the Audit Findings Report which we produce at the conclusion of the audit. Should they have identified any issues during the audit which ordinarily would have impacted our opinion, they will give consideration to how these should be reported in the disclaimer of opinion.
- 2.16 Before the Grant Thornton issue a disclaimer of opinion, they 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 the Council.
- 2.17 To help Grant Thornton to meet the backstop requirements, the Council need to have :
- Completed a letter of representation in respect of the financial statements before Grant Thornton can issue a disclaimer;
 - Confirm the Council has adopted the financial statements in accordance with the requirements of the CIPFA Code and the Accounts and Audit Regulations;
 - Confirm the Council has met the requirements under legislation in terms of the rights of local electors to inspect the accounts ; and
 - Confirm the Council has set aside a date for an Audit Committee in advance of 13 December 2024. This is that meeting.
- 2.18 The council's position on these key Closure deliverables are as follows:
- Closure 2020/21
 - Draft accounts placed on Council website for Public Consultation in 17th June 2024.
 - The Letter of Representation has been completed (**Appendix B**).
 - The 30 days Public Consultation period has been complied with.
 - The External Auditors audit process set out in para 2.14 above be noted, as this is substantially different from other financial years.
 - That, in another report on this evening's agenda, the Council has received the "Report on the audit of the financial statements 2020/21" and a wider letter "Redditch Borough Council: Conclusion of the audit for 2020/21, 2021/22 and 2022/23 – letter to those charged with governance on the application of the local authority backstop from the External Auditors.
 - That following the receipt of those letters that this Committee formally approve the 2020/21 Accounts.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

- Closure 2021/22
 - Draft accounts placed on Council website for Public Consultation on the 23rd October 2024.
 - The Letter of Representation has been completed (**Appendix B**).
 - The 30 days Public Consultation period has been complied with.
 - The External Auditors audit process set out in para 2.14 above be noted, as this is substantially different from other financial years.
 - That, in another report on this evening's agenda, the Council has received the "Report on the audit of the financial statements 2020/21" and a wider letter "Redditch Borough Council: Conclusion of the audit for 2020/21, 2021/22 and 2022/23 – letter to those charged with governance on the application of the local authority backstop from the External Auditors.
 - That following the receipt of those letters that this Committee formally approve the 2021/22 Accounts

- Closure 2022/23
 - Draft accounts placed on Council website so Public Consultation starts on the 28th November 2024.
 - The Letter of Representation has been completed (**Appendix B**).
 - The 30 days Public Consultation period only started on the 2nd December and so will not be completed until Friday the 22nd January. This is outside the backstop date.
 - The External Auditors audit process set out in para 2.14 above be noted, as this is substantially different from other financial years.
 - That, in another report on this evening's agenda, the Council has received the "Report on the audit of the financial statements 2022/23" and a wider letter "Redditch Borough Council: Conclusion of the audit for 2020/21, 2021/22 and 2022/23 – letter to those charged with governance on the application of the local authority backstop from the External Auditors.
 - That following the receipt of those letters that this Committee delegate authority to the chair of the Committee formally approve the 2020/21 Accounts following the completion of the public consultation period on the 22nd January.

Updated Accounts are set out in **Appendix C**.

2.19 As per the requirement of the Draft External Auditors Report 21/22 and 22/23 on the 27th November 2023, the External Auditors made a further written recommendation of the Authority under section 24 of the Local Audit and Accountability Act 2014 in relation to its financial systems and governance arrangements. They recommended that the authority should produce "true and fair" draft accounts for 2020/21, 2021/22 and 2022/23 signed off by the S151 Officer and supported by high quality working papers. This has now been complied with although given the instigation by the Government of the backstop date and the requirement of "disclaimer opinion" audits across the Country it is not clear how the new Auditors will frame their 2023/4 External Audit Report in respect of this matter

As has been reported previously the combined 2021/21 & 2022/23 Draft External Audit Report set out that:

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

- The S24 Recommendation still in place and extended for 2021/2 and 2022/3 Accounts.
- 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.
- There was one new Key Recommendation – linked to Workforce Strategy.
- There were ten updated Improvement Recommendations.

2.20 In terms of those Draft External Audit Reports the following progress has been made against recommendations (Key and Improvement):

- The Accounting Policies Report goes to every Audit Committee.
- The key closure deliverables for each financial year are clearly set out. The owners of these deliverables are the S151 and Deputy S151 Officers.
- Progress on key financial and compliance indicators are reported monthly to CMT and to both Audit Committees bi-monthly by the S151/Deputy 151 Officers. There is a requirement to report all finance deliverables as per the Recommendations of the Audit Task Group.
- Delivery of Financial training detailed in this document will move staff to right level of skills.
- TechOne has been upgraded to version 23A in July 2023.
- Quarterly combined financial and performance monitoring started in the 2022/23 financial year and has continued in 2024/5 with Q1 and Q2 delivered.
- The 2024/5 MTFP process has been completed in both Councils and the 2025/6 process started.
- Risk workshops are still to be run to assess Risk Appetite of Executive and Audit Committees. This will happen across both Council now the Redditch elections have been completed.
- A Treasury Management strategy, half yearly report, and outturn report are now part of the work programme. 2024/5 Half Yearly Reports have been delivered.
- To address staffing issues, additional posts have been recruited to as the team looks to start to move any from its reliance on external agency/consultants.

In terms of more specific items:

- More Budget Consultation is being addressed in Tranche 1 of the budget through a targeted consultation process.
- Wider savings monitoring is being undertaken by this Committee quarterly.
- Capital and its deliverability will be reviewed as part of the 2025/6 Budget Tranche 2.
- Benchmarking is now incorporated into the budget process (using LG Futures data).
- The Internal Audit Service has been externally assessed in early 2024 and passed that assessment.
- The Council is seeking an independent Audit Committee member and ensures the Committee remains apolitical in nature.
- The whistleblowing policy has been updated and is on today's agenda.
- Procurement and contract rules will be updated by the end of the financial year (to reflect changes to legislation happening in February 2025).
- Performance Indicators are being reviewed and updated following the Strategic Priority setting sessions.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

- 2.21 On the 3rd October 2024, the Councils appointed Auditors for 2023/4 onwards Bishop Fleming notified the Council that they were resigning. Their Resignation letter is attached as **Appendix D**. The Council, following liaison with Public Sector Audit Appointments limited for the appointment of alternative Auditors. It was confirmed by the PSAA that Ernst and Young would become the Councils External Auditors on the 24th October, this is shown as **Appendix E**, and that the onboarding process is now starting.
- 2.22 Ernst and Young note that the challenging part of the onboarding process, and where they have had difficulties elsewhere, will be the need to obtain returns from all elected members. The typical time taken to obtain responses from all members elsewhere has ranged from 6-12 months, which we will need to significantly shorten in order to meet the backstop date, and they will appreciate our assistance on this. What has worked elsewhere in shortening these timescales is making completion a step at a physical council meeting when most members would be present. The Officer and Member Onboarding questionnaire is in **Appendix F**. An initial meeting has been set up for the 26th November to have an introductory call.
- 2.23 In terms of the 2023/4 Closure position, discussions are still to be held with Ernst and Young on the actual programme, pending onboarding, but all parties are aware of the backstop date of the 28th February 2025 by what public consultation will have to have been completed.

Closure 2023/24 high level deliverables:

- Draft provisional Outturn Report presented to Executive in July 2024.
- RO/CO Returns have been provided to Government.
- Draft Accounts planned to be available for public consultation in early January in order to comply with Backstop requirements.

Update on the Budget and ongoing Monitoring.

- 2.24 The Councils 2024/25 Budget was approved on the 26th February 2024 at Council. Budgets and are loaded onto TechOne.
- 2.25 Quarter One 2024/5 Financial and Performance monitoring went to Executive in September 2024 and Q2 in November.

Compliance Items

- 2.26 There are a number of areas where compliance will be measured going forwards. Compliance to process and timetable is a key underlying theme of both 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).

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

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.
- Payments Purchase Order Training takes place monthly.

New tranches of training are being organised

Treasury Management

- The 2023/4 Outturn Report was approved by Council in September.
- The 2024/5 Strategies were approved by Council in February.
- The Q1 and Q2 2024/5 positions have been reported in the Finance and Performance Reports.

Errors:

- Non delivery of GPC Card Data (monthly basis) – still to be started.
- Mis-coding on TechOne per month – by Service Area – work is ongoing to clear the mis-codings on a monthly basis in conjunction with work going on to reconcile previous years.

Procurement:

- The new 'No Compliance No Order' process has been live since April 2023.
- The number of contracts in place is growing regularly. 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 July approved an increase of the Key Decision Level from £50k to £200k. 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.
 - All contracts that are being procured by Bromsgrove over this period that relate to Redditch Services.

2.27 The issues with cash receipting Work is ongoing but the closure of 2020/21 through to 2023/4 has reallocated over £125m of income wrongly allocated to suspense accounts.

Summary

2.28 This report sets out the policies (local and national) that underpins the Council finances and the key deliverables. The 2020/21 to 2022/23 draft Accounts have now been submitted for Public Inspection and Audit and the report sets out the Plan for the delivery of other

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

years accounts. This report is now up to date as at the end of November 2024 and delivered to each Audit, Governance and Standards Committee at Redditch to update 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. The Closure of accounts process and the associated audit process confirms the overall financial position of the Council

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 Borough 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.

Operational Implications

6.2 Operational implications have been dealt with as part of the 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.

7.2 The Impact of the government imposed "backstop position", which has led to "disclaimer opinions here and also at numerous other Councils is still to be understood and remains a significant risk.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

- 7.3 Deliver of financial data to government is important in their allocation of resources process. It is key that the Council deliver this information to timetable and the required standards

8. BACKGROUND PAPERS

Interim Auditors Annual Report on Redditch Borough Council 2021/22 & 2/22/23 – Audit Governance and Standards Committee November 2023, Council December 2023.

Section 24 Report to Audit and Council – November 2022, November 2023.

Accounting Policies Report – March, June, July, September, November 2023 and January, March, May and July 2024 Audit, Governance and Standards Committee.

Finance Recovery Report – June 2023 and October 2023, January and September 2024 – Executive

Programme Management Office Requirements – July 2023 – Executive

Approvals to Spend Report - July 2023 – Executive

9. Appendices

Appendix A – HMRC Update

Appendix B – Letter of Representation

Appendix C – Final Statement of Accounts 2021/22, 2021/22 and 2022/23

Appendix D – Bishop Flemming Resignation Letter

Appendix E – Ernst and Young Appointment Letter

Appendix F – Officer and Member Onboarding Questionnaire

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

Appendix A – HMRC Update

Good Afternoon Debra,

Thank you for your response and for updating the email protocol permissions for both Bromsgrove District Council and Redditch Borough Council.

I would like to apologise to both councils, for the delay in receiving a response from HMRC to the email sent on their behalf by their agents PsTax on 03 September 2024. That email has since been passed to myself to focus on the VAT position in regard to Redditch Borough Council, whilst my colleague, Neil Cameron, has been assigned the same in regard to Bromsgrove District Council. Given the delay in HMRC responding to the 03 September email, the extension request for the Error Correction Notices until the end of December is granted. Once the ECNs have been received, Neil and I will need to conduct reviews of these and we will likely request information relating to sample periods to confirm that correct VAT treatment has been applied.

Could both councils ensure that all ECNs to correct their VAT returns are submitted to HMRC, on or before 31 December 2024. Please be aware that the 4-year capping limit will begin to come into effect for the oldest periods, beginning in April 2025, so we are keen to avoid any further delays resolving these issues.

If you do have any further questions or concerns regarding this enquiry, please don't hesitate to contact either myself or Neil.

Kind Regards,

Bruce

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

Appendix B – Letters of Representation

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

Please contact: Pete Carpenter
Email: peter.carpenter@bromsgroveandredditch.gov.uk
Tel - 07739182594
11th December 2024

Dear Grant Thornton UK LLP

Redditch Borough Council Financial Statements for the year ended 31 March 2021

This representation letter is provided in connection with the audit of the financial statements of Redditch Borough Council and its subsidiary undertaking Rubicon, for the year ended 31 March 2021.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2020/21 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and buildings and the valuation of the defined benefit net liability. We are satisfied that the material judgements used in the preparation of the financial statements are

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and Council financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the group and Council has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. The Council's financial statements are free from material misstatements, misclassifications and disclosure changes and misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that :
 - a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

- b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern. We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements
- xiv. The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

Information Provided

- xv. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvi. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.
- xvii. On 30 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These Regulations set a publication date for financial statements in respect of the final 202/21 financial statements of 13 December 2024. The new National Audit Office Code which was approved on 14 November 2024 also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the 'statutory backstop date'. It has not been possible to provide you with the all the required information for you to complete your audit for the 2020/21 year by the statutory backstop date. This includes the following:
- a. providing you with:
 - i. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
 - ii. additional information that you have requested from us for the purpose of your audit; and
 - iii. access to persons within the Council via remote arrangement from whom you determined it necessary to obtain audit evidence.
 - b. communicating to you all deficiencies in internal control of which management is aware.
 - c. disclosing to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - d. disclosing to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:
 - i. management;
 - ii. employees who have significant roles in internal control; or

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

- iii. others where the fraud could have a material effect on the financial statements.
- e. disclosing to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- f. disclosing to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- g. disclosing to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xviii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xix. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit, Governance and Standards Committee at its meeting on 10 December 2024.

Yours faithfully

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

Please contact: Pete Carpenter
Email: peter.carpenter@bromsgroveandredditch.gov.uk
Tel - 07739182594
11th December 2024

Dear Grant Thornton UK LLP

Redditch Borough Council Financial Statements for the year ended 31 March 2022

This representation letter is provided in connection with the audit of the financial statements of Redditch Borough Council and its subsidiary undertaking Rubicon, for the year ended 31 March 2022.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- xx. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- xxi. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.
- xxii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- xxiii. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- xxiv. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and buildings and the valuation of the defined benefit net liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- xxv. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- xxvi. Except as disclosed in the group and Council financial statements:
 - a. there are no unrecorded liabilities, actual or contingent;
 - b. none of the assets of the group and Council has been assigned, pledged or mortgaged; and
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- xxvii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- xxviii. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- xxix. The Council's financial statements are free from material misstatements, misclassifications and disclosure changes and misstatements, including omissions.
- xxx. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xxxi. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xxxii. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

- c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements

- xxxiii. The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

Information Provided

- xxxiv. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xxxv. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.
- xxxvi. On 30 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These Regulations set a publication date for financial statements in respect of the final 2021/22 financial statements of 13 December 2024. The new National Audit Office Code which was approved on 14 November 2024 also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the 'statutory backstop date'. It has not been possible to provide you with the all the required information for you to complete your audit for the 2021/22 year by the statutory backstop date. This includes the following:
 - a. providing you with:
 - i. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
 - ii. additional information that you have requested from us for the purpose of your audit; and
 - iii. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.
 - b. communicating to you all deficiencies in internal control of which management is aware.
 - c. disclosing to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - d. disclosing to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:
 - i. management;
 - ii. employees who have significant roles in internal control; or
 - iii. others where the fraud could have a material effect on the financial statements.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

- e. disclosing to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- f. disclosing to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- g. disclosing to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xxxvii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xxxviii. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit, Governance and Standards Committee at its meeting on 10 December 2024.

Yours faithfully

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

Grant Thornton UK LLP
2 Glass Wharf
Bristol
BS2 0EL

Please contact: Pete Carpenter
Email: peter.carpenter@bromsgroveandredditch.gov.uk
Tel - 07739182594
11th December 2024

Dear Grant Thornton UK LLP

Redditch Borough Council Financial Statements for the year ended 31 March 2023

This representation letter is provided in connection with the audit of the financial statements of Redditch Borough Council and its subsidiary undertaking Rubicon, for the year ended 31 March 2023.

We confirm that to the best of our knowledge and belief having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

Financial Statements

- i. We have fulfilled our responsibilities for the preparation of the group and Council's financial statements in accordance with International Financial Reporting Standards and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2022/23 ("the Code"); in particular the financial statements are fairly presented in accordance therewith.
- ii. We have complied with the requirements of all statutory directions affecting the group and Council and these matters have been appropriately reflected and disclosed in the financial statements.
- iii. The Council has complied with all aspects of contractual agreements that could have a material effect on the group and Council financial statements in the event of non-compliance. There has been no non-compliance with requirements of any regulatory authorities that could have a material effect on the financial statements in the event of non-compliance.
- iv. We acknowledge our responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud.
- v. Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable. Such accounting estimates include the valuation of land and buildings and the valuation of the defined benefit net liability. We are satisfied that the material judgements used in the preparation of the financial statements are soundly based, in accordance with the Code and adequately disclosed in the financial statements. We understand our responsibilities includes identifying and considering alternative, methods, assumptions or source data that would be equally valid under the financial reporting framework, and why these alternatives were rejected in favour of the

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

estimate used. We are satisfied that the methods, the data and the significant assumptions used by us in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in accordance with the Code and adequately disclosed in the financial statements.

- vi. We confirm that we are satisfied that the actuarial assumptions underlying the valuation of pension scheme assets and liabilities for IAS19 Employee Benefits disclosures are consistent with our knowledge. We confirm that all settlements and curtailments have been identified and properly accounted for. We also confirm that all significant post-employment benefits have been identified and properly accounted for.
- vii. Except as disclosed in the group and Council financial statements:
 - a. there are no unrecorded liabilities, actual or contingent
 - b. none of the assets of the group and Council has been assigned, pledged or mortgaged
 - c. there are no material prior year charges or credits, nor exceptional or non-recurring items requiring separate disclosure.
- viii. Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards and the Code.
- ix. All events subsequent to the date of the financial statements and for which International Financial Reporting Standards and the Code require adjustment or disclosure have been adjusted or disclosed.
- x. The Council's financial statements are free from material misstatements, misclassifications and disclosure changes and misstatements, including omissions.
- xi. Actual or possible litigation and claims have been accounted for and disclosed in accordance with the requirements of International Financial Reporting Standards.
- xii. We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- xiii. We have updated our going concern assessment. We continue to believe that the group and Council's financial statements should be prepared on a going concern basis and have not identified any material uncertainties related to going concern on the grounds that:
 - a. the nature of the group and Council means that, notwithstanding any intention to cease the group and Council operations in their current form, it will continue to be appropriate to adopt the going concern basis of accounting because, in such an event, services it performs can be expected to continue to be delivered by related public authorities and preparing the financial statements on a going concern basis will still provide a faithful representation of the items in the financial statements;
 - b. the financial reporting framework permits the entry to prepare its financial statements on the basis of the presumption set out under a) above; and
 - c. the group and Council's system of internal control has not identified any events or conditions relevant to going concern.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

We believe that no further disclosures relating to the group and Council's ability to continue as a going concern need to be made in the financial statements

- xiv. The group and Council has complied with all aspects of ring-fenced grants that could have a material effect on the group and Council's financial statements in the event of non-compliance.

Information Provided

- xv. All transactions have been recorded in the accounting records and are reflected in the financial statements.
- xvi. We have disclosed to you the identity of the group and Council's related parties and all the related party relationships and transactions of which we are aware.
- xvii. On 30 September 2024 parliament approved the Accounts and Audit (Amendment) Regulations 2024. These Regulations set a publication date for financial statements in respect of the final 2022/23 financial statements of 13 December 2024. The new National Audit Office Code which was approved on 14 November 2024 also requires that where auditors are unable to conclude their work, they should issue either a qualified audit opinion or a disclaimer of opinion by this date, known as the 'statutory backstop date'. It has not been possible to provide you with the all the required information for you to complete your audit for the 2022/23 year by the statutory backstop date. This includes the following:
 - a. providing you with:
 - i. access to all information of which we are aware that is relevant to the preparation of the group and Council's financial statements such as records, documentation and other matters;
 - ii. additional information that you have requested from us for the purpose of your audit; and
 - iii. access to persons within the Council via remote arrangements, from whom you determined it necessary to obtain audit evidence.
 - b. communicating to you all deficiencies in internal control of which management is aware.
 - c. disclosing to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - d. disclosing to you all information in relation to fraud or suspected fraud that we are aware of and that affects the group and Council, and involves:
 - i. management;
 - ii. employees who have significant roles in internal control; or
 - iii. others where the fraud could have a material effect on the financial statements.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

- e. disclosing to you all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements communicated by employees, former employees, analysts, regulators or others.
- f. disclosing to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing financial statements.
- g. disclosing to you all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

Annual Governance Statement

- xviii. We are satisfied that the Annual Governance Statement (AGS) fairly reflects the Council's risk assurance and governance framework and we confirm that we are not aware of any significant risks that are not disclosed within the AGS.

Narrative Report

- xix. The disclosures within the Narrative Report fairly reflect our understanding of the group and Council's financial and operating performance over the period covered by the financial statements.

Approval

The approval of this letter of representation was minuted by the Council's Audit, Governance and Standards Committee at its meeting on 10 December 2024.

Yours faithfully

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

Appendix C – Updating the Statement of Accounts (Separate Document)

Statements of Accounts are provided after appendix F below in the following order:

- 2020-21 Statement of Accounts – Appendix C1
- 2021-22 Statement of Accounts – Appendix C2
- 2022-23 Statement of Accounts – Appendix C3

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

Appendix D – Bishop Fleming Resignation Letter

Our Ref: --
Your Ref: --
Date: 3 October 2024



PRIVATE & CONFIDENTIAL

Peter Carpenter
Chief Finance Officer
Kingfisher Shopping Centre
5 George Walk
Redditch
B97 4HB

Dear Pete

REDDITCH DISTRICT COUNCIL - RESIGNATION

Thank you for the discussion on 26th September 2024

As you will be aware Bishop Fleming LLP was appointed as your external auditor by PSAA on 21 November 2022 for a period of five years. When Bishop Fleming accepted the appointment, whilst there were already delays in local government audit delivery, we were assured that there would be system wide interventions by various supporting bodies to ensure audits got back on track. This has not happened.

Redditch District Council has unaudited accounts for the last three years (2020/21, 2021/22 and 2022/23) (excluding 2023/24 for which we were appointed to audit) and we understand that the incumbent auditor will issue disclaimed opinions for each of these years.

The Council's audit is considered higher risk given the lack of detailed guidance to date on dealing with disclaimed opinions nationally and is above the risk profile of the engagements the Firm can accept. Therefore after much discussion within the Firm and with PSAA, we have decided that we will be unable to continue with any audits with several years of disclaimed opinions and therefore we have no option but to resign from the audit of Redditch District Council.

I appreciate this will be very disappointing for the Council.

We understand that PSAA will be in touch with you shortly to discuss next steps.

Yours sincerely

A handwritten signature in black ink that reads "Bishop Fleming LLP".

BISHOP FLEMING LLP

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

Appendix E – Ernst and Young Appointment Letter



Ernst & Young LLP
1 More London Place
SE1 2AF

Tel: + 44 20 7951 2000
Fax: + 44 20 7951 1345
ey.com

Pete Carpenter
Deputy Chief Executive and Director of Resources
Town Hall
Walter Stranz Square
Redditch
Worcestershire
B98 8AH

24 October 2024

Direct line: 0131 777 2839

Email: sreld2@uk.ey.com

Dear Mr Carpenter

Appointment as external auditor from 2023/24

I am writing to confirm that Public Sector Audit Appointments Ltd ("PSAA") has appointed EY as external auditor to Redditch Borough Council and Bromsgrove District Council from the year ended 31 March 2024. During 2022, in submitting our bid to PSAA to remain a supplier of local public audit, we sought to demonstrate our track record and continued commitment to providing high quality audit in this extremely important sector. We share PSAA and other stakeholders' concerns to ensure that the audit market provides high quality assurance and remains sustainable into and beyond the period of this next contract. Therefore, we are delighted to have been appointed to be your external auditors. We are aware that this appointment has come very late in the process and this will impact our approach for 2023/24, but we will ensure that you are fully briefed on this as we go through the transition period

We will now begin to plan the transition arrangements for your audit. In the first instance, our Operations Senior Manager, Mark Rutter, will act as your first point of contact, so please do not hesitate to contact him or me if you have any questions. Mark will be overseeing our initial audit engagement acceptance procedures and will be in touch shortly with an explanation of the processes we need to complete, including, the data we will require from you, liaison with your outgoing auditor and the timeframes involved, which will allow transition of the audit to EY.

We look forward to working with you in this role.

Yours sincerely

Stephen Reid Partner,
Head of Public Sector Audit
for and on behalf of Ernst & Young LLP United Kingdom

Contact details:
Mark Rutter – Mark.Rutter@uk.ey.com; 0191 350 7783 (direct line)

The UK Firm Ernst & Young LLP is a limited liability partnership registered in England and Wales with registered number OC300001 and is a member firm of Ernst & Young Global Limited. A list of members' names is available for inspection at 1 More London Place, London SE1 2JF, the firm's principal place of business and registered office and at Companies House (<https://www.gov.uk/guidance/submit-information-about-a-company>) under the registration number OC300001. Not all partners are members of Ernst & Young LLP. Ernst & Young LLP is a multi-disciplinary practice and is authorised and regulated by the Institute of Chartered Accountants in England and Wales, the Solicitors Regulation Authority (authorisation number 614947), the Financial Conduct Authority (registration number 196203) and other regulators. Further details can be found at https://www.ey.com/en_uk/legal-statement.

REDDITCH BOROUGH COUNCIL

Audit, Governance and Standards Committee 10th December 2024

Appendix F – Officer and Member Onboarding Questionnaire



3

Appendix A – Officer and Member Questionnaire

1. To the best of your knowledge, do you have any business relationships with EY? If so, disclose the nature of such relationships.

2. Do you control any entity that has a business relationship³ with EY? If so, disclose the name of the entity and the nature of such relationships.

3. Does EY provide any professional services to you or to a member of your immediate family including spouse, spousal equivalent⁴, or dependent? If so, are the services limited to personal tax returns?

4. Have you previously worked at EY? If so, disclose your previous position, date you left EY and whether you retain any company pension arrangements.

5. Do you have a close relationship⁵ with any EY partner or EY professional? If so, please provide further details.

³ Business relationships include the following: arrangements for services or products provided by an individual or company such as a consultant, facilitator, sub-contractor, independent contractor, licensee, licensee, reseller, or distributor; or arrangements involving alliances, joint ventures, joint marketing, co-ventures, sponsorships, co-marketing, cooperative arrangements, investing, lending, borrowing monies, or acting as a lessor or lessee.

⁴ Spousal equivalent is defined as a cohabitant occupying a relationship generally equivalent to that of a spouse.

⁵ Examples of a close relationship include but may not be limited to immediate or close family members, aunts, uncles, grandparents, nieces, nephews, cousins, in-laws, step relatives, boy/girlfriends, close or best friends, intimate or other close relationships with relevant individuals employed or associated with the Authority. Close relationships can also include dating, frequent entertaining, sharing a residence, vacationing, or non-business-related overnight trips. Gifts that are not commensurate with the normal courtesies of business and social life may be indicative of a close relationship.

Print Name: _____

Title: _____

Signed: _____

Date: _____