



<b>Committee</b>	Audit and Governance Committee
<b>Date</b>	08/07/2024
<b>Subject</b>	Value for Money Interim Report 2021/22 & 2022/23
<b>Cabinet Member</b>	Councillor Vince Langdon-Morris Cabinet Member with responsibility for Resources and Value for Money
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<b>Director</b>	Chris Bally Chief Executive <a href="mailto:chris.bally@eastsoffolk.gov.uk">chris.bally@eastsoffolk.gov.uk</a>

Key Decision?	No
Is the report Open or Exempt?	OPEN

Category of Exempt Information and reason why it is <b>NOT</b> in the public interest to disclose the exempt information.	N/A
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## Purpose/Summary

The Council's auditors are required to ensure that East Suffolk Council has made proper arrangements for securing economy, efficiency, and effectiveness in its use of resources in line with the requirements of the Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

## Recommendation(s)

That the Audit & Governance Committee:

1. Reviews the Interim Value for Money Report provided by the Council's Auditors Ernst & Young for the financial years 2021/22 and 2022/23.

## Strategic plan

### How does this proposal support Our Direction 2028?

<b>Environmental Impact</b>	The Council has committed to delivering positive climate, nature and environmental impacts through the decisions we make and the actions we take. The Council's external audit, including value for money review, ensures where possible that environment and energy efficient processes, materials and equipment are used in the Council's spending plans.
<b>Sustainable Housing</b>	The value for money review includes the Housing Review Account, looking at efficiencies and the effectiveness of the service.
<b>Tackling Inequalities</b>	A significant amount of the work done by the Council's dedicated officer cohort is aimed at supporting those most at need and in protecting vulnerable people. Teams such as Communities and Leisure, Housing, Environmental Health and Economic Development are committed to improving the quality of life across the district.
<b>Thriving Economy</b>	The Council's financial resources have supported its priority in ensuring economic development and regeneration activity and in turn enabling residents of East Suffolk to benefit from and contribute to a thriving economy. The Value for Money report provides a commentary on the arrangements for securing economy, efficiency and effectiveness in the Council's use of resources.
<b>Our Foundations / governance of the organisation</b>	The attached report from the Council's auditors demonstrates the Council's governance and value for money, helping to achieve the priorities and planned actions set out in the Strategic Plan.

## Justification for recommendations

### 1. Background

- 1.1. The Comptroller and Auditor General's Code of Audit Practice requires the Council's external auditors, Ernst and Young LLP (EY), to report to this Committee on the work they have carried out in respect of East Suffolk Council to discharge their statutory audit responsibilities and identify any governance issues with the audited body.
- 1.2. A report to this committee on 11<sup>th</sup> March 2024 highlighted the delays that currently exist nationally and locally with external audit. The Department for Levelling Up, Housing and Communities (DLUHC) has worked collaboratively with the Financial Reporting Council (FRC) and other system partners, to develop measures to address the delay in local audit. Proposals were consulted on, putting a date in law (the "backstop date") – 30 September 2024 – by which point local bodies would publish audited accounts for all outstanding years up to and including 2022/23. However, since this date no formal decisions have been taken.
- 1.3. Although two years' worth of audits remain outstanding, EY are continuing to report on Value For Money (VFM) in line with their existing responsibilities as set out in the 2020 Code to ensure a smooth transition to the 2023/24 audit year when auditors are required to meet the full Code reporting responsibilities.

### 2. Introduction

- 2.1. This report provides the Interim commentary on the Value for Money work for the financial years 2021/22 and 2022/23 ensuring East Suffolk Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources in line with the requirements of the Code of Audit Practice (the Code) and Auditor Guidance Note 3 (AGN 03).

### 3. Proposal

- 3.1. The purpose of this interim commentary is to explain the work EY have undertaken during the periods 2021/22 and 2022/23 and highlight any significant weaknesses identified along with recommendations for improvement. As EY have previously reported significant weaknesses in arrangements as part of their 2020/21 audit, this report also includes their views as to their assessment of the arrangements assessed as inadequate in 2020/21 and recommendations made as part of previous audit and whether they have been satisfactorily implemented. The commentary covers the interim findings for audit years 2021/22 and 2022/23. The NAO has confirmed that where VFM reporting is outstanding for more than one year, the auditor can issue one report covering all years.
- 3.2. EY have made three recommendations in the Value for Money report (Appendix A), all in relation to the non-compliance with the Housing Rent Standard:
  - Implement the recommendations from the external review of the governance arrangements in the housing department as a priority.

- Put appropriate governance arrangements in place to ensure that any suspected non-compliance with regulations in any department are reported to senior management and an appropriate Committee of the Council as well as internal and external audit on a timely basis.
- Put appropriate governance arrangements in place to ensure any risks related to suspected non-compliance with regulations are included in the Service or Corporate risk register in a timely manner and that any action plans to address any non-compliance are progressed in a timely manner.

3.3. Officers have provided comments on these recommendations, and these can be seen in the Value for Money Report (Appendix A).

#### **4. Financial Implications**

4.1. The Value for Money Report includes a review of the Council's financial sustainability and how the Council plans and manages its resources to ensure it can continue to deliver its services. No significant Risks were identified.

#### **5. Legal Implications**

5.1. No impact.

#### **6. Risk Implications**

6.1. Three main criteria were assessed in the Value for Money work including Financial sustainability, Governance and Improving Economy, Efficiency and Effectiveness. The main risk identified was in relation to the non-compliance with the rent standard up until November 2021. This issue has been reported to this committee previously and was included in the 2020-21 Audit Report. Further details of this can be found in the attached report, Appendix A.

#### **7. Options**

7.1. This report is for information and review and consequently there are no options to consider.

#### **8. Recommendations**

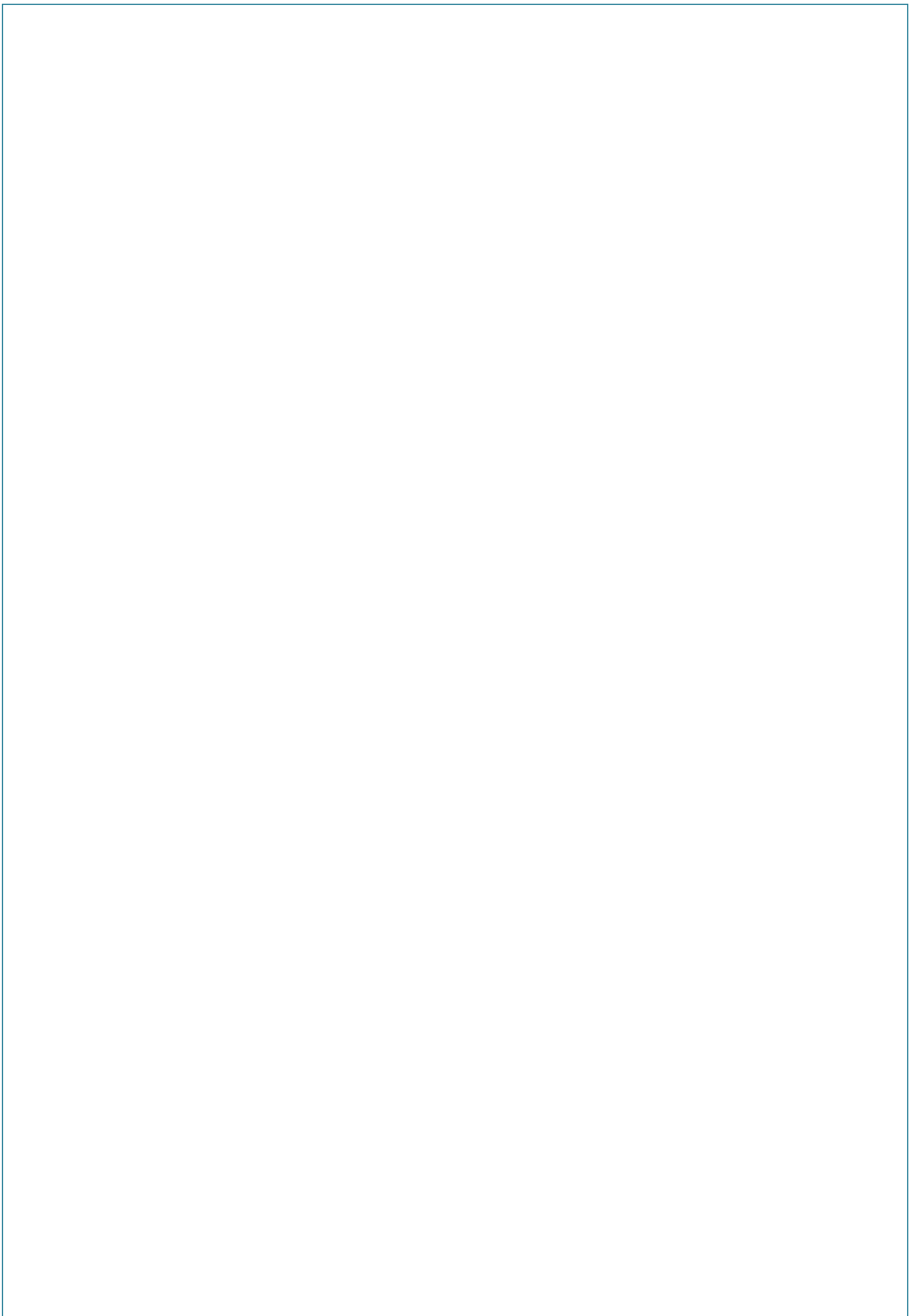
8.1. That the Audit and Governance Committee reviews the Interim Value for Money Report provided by the Council's Auditors Ernst & Young for the financial years 2021/22 and 2022/23.

#### **9. Reasons for Recommendations**

9.1. The Comptroller and Auditor General's Code of Audit Practice requires the Council's external auditors, Ernst and Young LLP (EY), to report to this Committee on the work they have carried out in respect of East Suffolk Council to discharge their statutory audit responsibilities and identify any governance issues with the audited body.

#### **10. Conclusions/Next Steps**

10.1. EY will summarise their final view of the value for money arrangements as part of the Auditor's Annual Report once the audit report has been issued for 2022/23. This will be reported to this Committee once received.



## Areas of consideration comments

### Section 151 Officer comments:

No further comments.

### Monitoring Officer comments:

The Monitoring Officer has been consulted on this report and has no additional comments.

### Equality, Diversity and Inclusion/EQIA:

No additional comments.

### Safeguarding:

No additional comments.

### Crime and Disorder:

No additional comments.

### Corporate Services implications:

*(i.e., Legal, Finance, Procurement, Human Resources, Digital, Customer Services, Asset Management)*

No additional comments.

### Residents and Businesses consultation/consideration:

No additional comments.

## Appendices:

**Appendix A** | EY Value for Money Interim Report 2021/22 & 2022/23

## Background reference papers:

None