

# Auditor's Annual Report

Rushcliffe Borough Council – year ended  
31 March 2022

31 May 2023



# Contents

- 01** Introduction
- 02** Audit of the financial statements
- 03** Commentary on VFM arrangements
- 04** Other reporting responsibilities

Our reports are prepared in the context of the 'Statement of responsibilities of auditors and audited bodies' issued by Public Sector Audit Appointments Ltd. Reports and letters prepared by appointed auditors and addressed to members or officers are prepared for the sole use of the Council. No responsibility is accepted to any member or officer in their individual capacity or to any third party.

Mazars LLP is the UK firm of Mazars, an international advisory and accountancy group. Mazars LLP is registered by the Institute of Chartered Accountants in England and Wales

# 01

## Section 01: **Introduction**

# 1. Introduction

## Purpose of the Auditor's Annual Report

Our Auditor's Annual Report (AAR) summarises the work we have undertaken as the auditor for Rushcliffe Borough Council ('the Council') for the year ended 31 March 2022. Although this report is addressed to the Council, it is designed to be read by a wider audience including members of the public and other external stakeholders.

Our responsibilities are defined by the Local Audit and Accountability Act 2014 and the Code of Audit Practice ('the Code') issued by the National Audit Office ('the NAO'). The remaining sections of the AAR outline how we have discharged these responsibilities and the findings from our work. These are summarised below.



### Opinion on the financial statements

We issued our audit report on 03 March 2023. Our opinion on the financial statements was unqualified.



### Whole of Government Accounts (WGA)

We have not yet received group instructions from the National Audit Office in respect of our work on the Council's WGA submission. We are unable to commence our work in this area until such instructions have been received.



### Value for Money arrangements

In our audit report issued we reported that we had not completed our work on the Council's arrangements to secure economy, efficiency and effectiveness in its use of resources and had not issued recommendations in relation to identified significant weaknesses in those arrangements at the time of reporting. Section 3 confirms that we have now completed this work and provides our commentary on the Council's arrangements.



### Wider reporting responsibilities

The 2014 Act requires us to give an elector, or any representative of the elector, the opportunity to question us about the accounting records of the Council and to consider any objection made to the accounts. No such correspondence from electors has been received.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

# 02

Section 02:

**Audit of the financial statements**

# 2. Audit of the financial statements

## The scope of our audit and the results of our opinion

Our audit was conducted in accordance with the requirements of the Code, and International Standards on Auditing (ISAs).

The purpose of our audit is to provide reasonable assurance to users that the financial statements are free from material error. We do this by expressing an opinion on whether the statements are prepared, in all material respects, in line with the financial reporting framework applicable to the Council and whether they give a true and fair view of the Council's financial position as at 31 March 2022 and of its financial performance for the year then ended. Our audit report, issued on 03 March 2023 gave an unqualified opinion on the financial statements for the year ended 31 March 2022.

## Qualitative aspects of the Council's accounting practices

We have reviewed the Council's accounting policies and disclosures and concluded other than where already documented they comply with the 2021/22 Code of Practice on Local Authority Accounting, appropriately tailored to the Council's circumstances.

Draft accounts were received from the Council on 23 June 2022 and our formal audit opinion was given on 03 March 2023.

The time difference between receiving the draft financial statements and signing our audit report was due to a number of technical accounting issues in the market, in particular regarding the correct accounting treatment of Infrastructure Assets, where guidance was not published and made available until January 2023. This has led to an increase in management discussion, auditor challenge and underlying substantive testing of core data.

Whilst an unqualified opinion on the financial statements was provided, this was after the correction of two material errors requiring a restatement of prior year figures:

- £1.2m correction for incorrect accounting of infrastructure assets
- £4.1m correction for the incorrect recognition of income from a land sale.

Our detailed findings were presented to the Governance Scrutiny Group on 23 February 2023.

## Internal Control Recommendations

As part of our audit, we considered the internal controls in place that are relevant to the preparation of the financial statements. We did this to design audit procedures that allow us to express our opinion on the financial statements, but this did not extend to us expressing an opinion on the effectiveness of internal controls. We did not identify any 'High – level 3' recommendations for 2021/22.

## 2. Audit of the financial statements

### Main financial statement audit risks and findings

Our audit approach is risk-based and primarily driven by the issues that we consider lead to a higher risk of material misstatement of the accounts. Once we have completed our risk assessment, we develop our audit strategy and design audit procedures in response to this assessment. Following the risk assessment, we identified risks relevant to the audit of financial statements and the significant audit risks and conclusions reached are set out below:

Audit Risk	Level of audit risk	How we addressed the risk	Audit conclusions
<p><b>Management override of controls</b></p> <p>This is a mandatory significant risk on all audits due to the unpredictable way in which such override could occur.</p>	<p><b>Significant risk:</b> an area that, in our judgment, requires special audit consideration.</p>	<p>We addressed the risk through performing work over accounting estimates, journal entries and considering whether there were any significant transactions outside the normal course of business or otherwise unusual. In addition, we made enquiries of management and used our data analytics and interrogation software to extract accounting journals for detailed testing on specific risk characteristics.</p>	<p>There are no significant matters to report in respect of management override of controls.</p>
<p><b>Valuation of the net pension liability</b></p> <p>The defined benefit liability relating to the Local Government Pension Scheme represents significant balances on the Council's balance sheet. The Council uses an actuary to provide an annual valuation of these liabilities in line with the requirements of IAS 19 Employee Benefits. Due to the high degree of estimation uncertainty associated with this valuation, we have determined there is a significant risk of misstatement in this area.</p> <p>Relevant Account Balances (taken from the 2021/22 signed financial statements):</p> <ul style="list-style-type: none"> <li>£57,057k – Balance Sheet and Note 32 (Defined benefit pension schemes)</li> </ul>	<p><b>Significant risk</b></p>	<p>Our procedures to address this risk included, but was not limited to:</p> <ul style="list-style-type: none"> <li>critically assessing the competency, objectivity and independence of the Pension Funds' Actuary;</li> <li>liaising with the auditors of the Nottinghamshire Pension Fund to gain assurance that the controls in place at the Pension Fund are designed and implemented correctly. This included the processes and controls in place to ensure data provided to the Actuary by the Pension Fund for the purposes of the IAS 19 valuation is complete and accurate;</li> <li>reviewing the appropriateness of the Pension Asset and Liability valuation methodologies applied by the Pension Fund Actuary, and the key assumptions included within the valuations. This included comparing them to expected ranges, utilising information by the consulting actuary engaged by the National Audit Office; and</li> <li>agreeing the data in the IAS 19 valuation report provided by the Fund Actuary for accounting purposes to the pension accounting entries and disclosures in the Council's financial statements.</li> </ul>	<p>A non-material £471k misstatement was identified in relation to the movement on Local Government Pension Fund assets.</p> <p>There are no other matters to report in respect of valuation of the net pension liability.</p>

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees

## 2. Audit of the financial statements

Audit Risk	Level of audit risk	How we addressed the risk	Audit conclusions
<p><b>Valuation of land &amp; buildings and investment properties</b></p> <p>Land, Building and Investment Property assets are significant balances on the council's balance sheet. The valuation of these assets is complex and is subject to a number of management assumptions and judgements. Due to the high degree of estimation uncertainty associated, we have determined there is a significant risk in this area.</p> <p>At the planning stage of the audit, this risk covers (figures have been taken from the signed 2021/22 financial statements):</p> <ul style="list-style-type: none"> <li>• Land &amp; Buildings (£34,604k - Note 8)</li> <li>• Investment Properties (£30,753k – Note 9)</li> </ul>	<p><b>Significant risk</b></p>	<p>Our procedures to address this risk included, but was not limited to:</p> <ul style="list-style-type: none"> <li>• critically assessing the Council's valuers scope of work, qualifications, objectivity and independence to carry out the required programme of revaluations;</li> <li>• considering whether the overall revaluation methodologies used by the Council's valuers are in line with industry practice, the CIPFA Code of Practice and the Council's accounting policies;</li> <li>• assessing whether valuation movements are in line with market expectations by using third party information to provide information on regional valuation trends;</li> <li>• critically assessing the approach that the Council adopts to ensure assets that are not subject to revaluation in 2021/22 are materially correct, including considering the robustness of that approach in light of the valuation information reported by the Council's valuers; and</li> <li>• testing a sample of individual valuations, back to source records to ensure appropriateness and to gain assurance over whether the correct accounting treatment has been applied.</li> </ul>	<p>* We identified a £1,453k error in relation to classification of car parking resurfacing costs.</p> <p>** We also identified a £1,537k unadjusted misclassification error.</p> <p>There are no other matters to report in respect of valuation of land, building and dwelling assets.</p>

### \* Adjusted misstatements

As part of our testing, we identified that the Council had been incorrectly accounting for £1.5m of car parking resurfacing costs for several years. The costs had never been included in the annual revaluation exercise and led to a material overstatement of assets in the balance sheet. After discussions with management and the Council's valuation expert, it was confirmed these costs needed to be written out of the 2020/21 and 2021/22 financial statements. Resulting as a restatement of prior period balances.

### \*\* Unadjusted misclassification error

As part of our testing of Infrastructure assets included on the Council's balance sheet, we identified that the Council had incorrectly classified a number of assets as Infrastructure.

Although the Gross Book Value of these assets is material to the financial statements, the Net Book Value and therefore, the primary statement (this being the Council's balance sheet), would remain the same. Therefore, after discussions with management we have deemed to this be a classification error, to be addressed in the 2022/23 financial statements.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees



# 03

Section 03:

**Commentary on VFM arrangements**

### 3. Commentary on VFM arrangements

#### Overall summary



# 3. VFM arrangements – Overall summary

## Approach to Value for Money arrangements work

We are required to consider whether the Council has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources. The NAO issues guidance to auditors that underpins the work we are required to carry out and sets out the reporting criteria that we are required to consider. The reporting criteria are:

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

Our work is carried out in three main phases.

### Phase 1 - Planning and risk assessment

At the planning stage of the audit, we undertake work so we can understand the arrangements that the Council has in place under each of the reporting criteria; as part of this work we may identify risks of significant weaknesses in those arrangements.

We obtain our understanding of arrangements for each of the specified reporting criteria using a variety of information sources which may include:

- NAO guidance and supporting information
- Information from internal and external sources including regulators
- Knowledge from previous audits and other audit work undertaken in the year
- Interviews and discussions with staff and directors

Although we describe this work as planning work, we keep our understanding of arrangements under review

and update our risk assessment throughout the audit to reflect emerging issues that may suggest there are further risks of significant weaknesses.

### Phase 2 - Additional risk-based procedures and evaluation

Where we identify risks of significant weaknesses in arrangements, we design a programme of work to enable us to decide whether there are actual significant weaknesses in arrangements. We use our professional judgement and have regard to guidance issued by the NAO in determining the extent to which an identified weakness is significant.

### Phase 3 - Reporting the outcomes of our work and our recommendations

We are required to provide a summary of the work we have undertaken and the judgments we have reached against each of the specified reporting criteria in this Auditor's Annual Report. We do this as part of our Commentary on VFM arrangements which we set out for each criteria later in this section.

We also make recommendations where we identify weaknesses in arrangements or other matters that require attention from the Council. We refer to two distinct types of recommendation through the remainder of this report:

- **Recommendations arising from significant weaknesses in arrangements**

We make these recommendations for improvement where we have identified a significant weakness in the Council arrangements for securing economy, efficiency and effectiveness in its use of resources. Where such significant weaknesses in arrangements are identified, we report these (and our associated recommendations) at any point during the course of the audit.




- **Other recommendations**

We make other recommendations when we identify areas for potential improvement or weaknesses in arrangements which we do not consider to be significant but which still require action to be taken

The table on the following page summarises the outcomes of our work against each reporting criteria, including whether we have identified any significant weaknesses in arrangements or made other recommendations.

# 3. VFM arrangements – Overall summary

## Overall summary by reporting criteria

Reporting criteria	2020/21 Actual significant weaknesses identified?	Commentary page reference	2021/22 Identified risks of significant weakness?	2021/22 Actual significant weaknesses identified?	2021/22 Other recommendations made?
 Financial sustainability	No	15	No	No matters arising in 2021/22.	No
 Governance	No	19	No	No matters arising in 2021/22.	No
 Improving economy, efficiency and effectiveness	No	23	No	No matters arising in 2021/22.	No

# 3. VFM arrangements – Overall summary

## Context of the Auditor’s Annual Report

Our Auditor’s Annual Report summarises the work we have undertaken as the auditor for Rushcliffe Borough Council for the year ended **31 March 2022**, where at the time of reporting in June 2023, we recognise that the social, political and economic environment has changed and local government is facing significant challenges including:

- **Cost of Living:** With most people experiencing financial pressure, spending habits are changing. High energy costs and increasing food prices have impacted on levels of disposable income. With wage (and potentially benefit) increases failing to keep pace with inflation, more people will be facing hardship.
- **Added budget pressures:** With inflation soaring, the cost of goods, services and resources are becoming more expensive. Local authorities are not immune to the increasing cost of energy supply, although the government announcements on energy caps help, many local authorities are still facing higher costs. Local authorities typically budget for modest salary increases year on year, but expectations and demands on salary increases have changed and consideration on how they are to be funded is required.
- **Cost of Borrowing:** The Bank of England base rate has risen meaning that the cost of borrowing for capital projects has increased significantly.
- **Contractors and Suppliers:** The cost-of-living crisis has resulted in business failures. Although government support has been announced, some businesses will continue to struggle, with a greater risk of supplier failure. Supply failures anywhere in the supply chain will have a knock-on effect.
- **Service Delivery:** Likely budget reductions and savings plans are going to impact the ability of local authority services to maintain levels of delivery, particularly at a time of increased demand.

We maintain a watching brief over the key issues facing Rushcliffe Borough Council and, should we identify a risk of significant weakness in arrangements, will follow the process as described in section 3 to promptly raise these with management and issue any reports to the Audit Committee as part of our audit for the year ending 31 March 2023.

### 3. Commentary on VFM arrangements

#### Financial Sustainability

How the body plans and manages its resources to ensure it can continue to deliver its services



# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

### Position brought forward from 2020/21

As set out in the table above, there are no indications of a significant weakness in the Council’s arrangements for financial sustainability brought forward from 2020/21.

### Overall responsibilities for financial governance

We have reviewed the Council’s overall governance framework, including Council and committee reports, the Annual Governance Statement, and Statement of Accounts for 2021/22. These confirm the Council undertook its responsibility to define the strategic aims and objectives, approve budgets and monitor financial performance against budgets and plans to best meet the needs of the Council’s service users.

### The Trust’s financial planning and monitoring arrangements

Through our review of Council and committee reports, meetings with management and relevant work performed on the financial statements, we are satisfied that the Council’s arrangements for budget monitoring remain appropriate, including quarterly reporting to Members and established arrangements for year-end financial reporting.

We reviewed Revenue And Capital Outturn Position for 2021/22 presented to Cabinet 12<sup>th</sup> July 2022. The report set out the Council’s year end outturn position for the revenue and capital budgets for the 2021/22 financial year, and the impact on the General Fund.

The Council’s General Fund Outturn saw a £1.5m favourable variance against budget, which was transferred to Reserves to mitigate against expected future budget pressures. The Council also saw a net favourable balance prior to financing analysis of £10.9m. The movement is mainly due to slippage in the plan caused by construction delays due to economic conditions.

### Financial Statement performance 2021/22

We have carried out a high level analysis of the audited financial statements, including the Comprehensive Income and Expenditure Statement, the Balance Sheet and Movement in Reserves Statement. The Council’s balance sheet position does not highlight any concerns. The Council’s useable reserves have increased from £25.8m to £27.1m in 2021/22, with:

- General Fund Reserves of £26.1m, up from £24.9m in the prior year
- Capital Receipts Reserve of £0.8m, up from £0.5m in 2020/21
- Capital Grants Reserves of £0.2m, down from £0.4m in 2020/21.

The Council’s reserves position does not indicate a risk of significant weakness in VFM arrangements for financial sustainability and provide some mitigation against future financial challenges, and will assist in addressing future volatility and support savings and efficiencies plans. The Council will need to continue to ensure that any use of reserves to smooth the financial position over the next few years is properly planned and the use of reserves cannot be relied on to provide a long term solution to funding gaps.

# 3. VFM arrangements – Financial Sustainability

## Overall commentary on the Financial Sustainability reporting criteria (continued)

### Arrangements for the identification, management and monitoring of funding gaps and savings

For the 2021/22 General Fund budget, the Council set a balanced budget which relied on a savings target aimed at delivering efficiency savings and cuts against services totalling £0.8m.

We reviewed Revenue And Capital Outturn Position for 2021/22 provided to Cabinet on 12<sup>th</sup> July 2022. The report confirms a £1.5m favourable variance against budget which meant that the predicted use of reserves was not required and the Council instead increased the General Fund working balance.

A deficit position for 2022/23 was set out in the Budget and Financial Strategy presented to Cabinet on 8<sup>th</sup> February 2022, with the General Fund position dependent on £0.3m additional transformation savings. The level of general fund reserves and ongoing budgetary control arrangements has led us to believe satisfactory arrangements are in place. We do, however, see it as an area to be challenged by officers and members to ensure appropriate action is taken to maintain service levels under increasing cost pressures beyond 2022/23.

### The Council’s arrangements and approach to financial planning 2022/23

We reviewed the Medium Term Financial Strategy (MTFS) set from 2022/23 to 2026/27 and confirmed it supports the Council’s priorities communicated in its Corporate Strategy. The MTFS adequately identifies the financial implications from 2022 to 2026, noting that the key assumptions underpinning expenditure budgets through the MTFS included CPI, pay increases of 3-4% annually, pension contribution rates, return on cash investments and an increased of around 2% to the Tax base.

In order to keep the General Fund working balance minimum level for 2022/23, 23/24, and 24/25 additional transformation savings or income generation are required of £1.1m

We are satisfied that based on the information presented to Cabinet, the Council will have adequate levels of General Fund working balances across the medium term to ensure the minimum level requirement of around £1.1, - £1.3m is met.

Based on the above considerations we are satisfied there is not a significant weakness in the Council’s arrangements in relation to financial sustainability for the year ended 31 March 2022.



### 3. Commentary on VFM arrangements

#### Governance

How the body ensures that it makes informed decisions and properly manages its risks



# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

### Position brought forward from 2020/21

As set out in the table above, there are no indications of a significant weakness in the Council’s arrangements for financial sustainability brought forward from 2020/21.

### The Authority’s governance structure

The Council has a duty under the Local Government Act 1999 to make arrangements to secure continuous improvement in the way in which its functions are exercised, having regard to a combination of effectiveness, economy and efficiency. In doing this it is responsible for putting in place proper arrangements for the governance of its affairs, effective exercise of its functions and arrangements for the management of risk.

Based on our work, we are satisfied that the Council has established governance arrangements, consistent with previous years, in place. These are detailed in the Statement of Accounts and Annual Governance Statement. We have considered both documents against our understanding of the Council as part of our audit.

Our review of corporate governance arrangements confirms the Council has an agreed Constitution, setting out how it operates, how decisions are reached and what procedures are followed to ensure that these are transparent and accountable to local people. Any recommendations for amendments to the Constitution need to be approved by Full Council.

Our review of Council and Group papers confirms that a template covering report is used for all reports, ensuring the purpose, implications, and recommendations are clear. Minutes are published and reviewed by Committees to evidence the matters discussed, challenge and decisions made.

### Risk management and internal control

The Council has an established risk management strategy and systems in place which are built into the governance structure of the organisation. There is an approved Risk Management Strategy which includes the

Council’s approach to managing risk, guidance, the Council’s risk appetite and roles and responsibilities.

The Governance Scrutiny Group (GSG) is responsible for maintaining an independent oversight of risk management issues and considering the effectiveness of the implementation of the risk management strategy. The GSG is presented with the risk register on a regular basis and provides challenge as part of the process. These arrangements are consistent with what we would expect at a local authority and are adequate for the Council’s purposes.

The Annual Governance Statement is a critical component of the Council’s governance arrangements. It is an evidenced self assessment by the Council on the Council’s governance, assurance and internal control frameworks for the financial year. The Governance Scrutiny Group are responsible for review of the Council’s Annual Governance Statement. No significant weaknesses in internal control have been identified from our work to date and Internal Audit have not identified or raised any significant concerns. We reviewed the Annual Governance Statements as part of our work on the financial statements with no significant issues arising.

To provide assurance over the effective operation of internal controls, including arrangements to prevent and detect fraud, the Council has an out of house Internal Audit function (provided by BDO). The annual Internal Audit plan is agreed with management at the start of the financial year and is reviewed by Governance Scrutiny Group prior to final approval. The audit plan is based on an assessment of risks the Council faces and is designed to ensure there is assurance on the overall adequacy and effectiveness of the Council’s framework of governance, risk management and control. The planned work can be supplemented if necessary by ad hoc reviews in respect of suspected irregularities and other work commissioned by Officers and Members of the Council where relevant to respond to emerging risks and issues. We have reviewed the Internal Audit plans for 2021/22 and 2022/23 and confirmed they are consistent with the risk based approach.

# 3. VFM arrangements – Governance

## Overall commentary on the Governance reporting criteria (continued)

Internal Audit progress reports are regularly presented to the Governance Scrutiny Group meeting including follow up reporting on recommendations from previous Internal Audit reports. From our attendance at meetings, we are satisfied this allows the Group to effectively hold management to account. At the end of each financial year the Head of Internal Audit provides an Annual Report including an opinion, based on the work completed during the year, on the overall adequacy and effectiveness of the council’s control environment.

For 2021/22 the Council’s Internal Auditor’s concluded that: *“Overall, we are able to provide **Substantial Assurance** that the risk and control arrangements at the Council should deliver the objectives and risk management aims of the organisation in the areas under review. There is only a small risk of failure or non-compliance. This is our highest level of assurance’.*

We have attended Governance Scrutiny Group meetings and reviewed supporting documents and are satisfied that the programme of work is appropriate for the Council’s requirements. Our attendance at Governance Scrutiny Group has confirmed there continues to be an appropriate level of effective scrutiny and challenge.

### Arrangements for budget setting and budgetary control

The Council has an established set of arrangements in place for budget setting and control. The process is set out and approved through the Constitution, which encompasses the budget setting rules and financial procedures. As also explained on page 16 and 18, we have reviewed the budget setting arrangements through observation and discussions with Officers and no matters have been identified indicating a significant weakness in arrangements.

The Council has an established set of arrangements in place for budget setting and control. The process is set out and approved through the Constitution, which encompasses the budget setting rules and financial procedures. The framework includes:

- Clear responsibilities, including the role of the Cabinet and drawing up initial proposals; the Overview and Governance Scrutiny Group providing consultation; and the Council in making the final decision on whether to adopt the proposals.
- Close working between the finance team and with external advisors and neighbouring councils to agree the key budget assumptions, which are challenged and agreed through the budget review process by Management, Governance Scrutiny Group and Council.

Following approval of the budget, budget monitoring commences to monitor progress against targets. Budget monitoring responsibilities of budget holders are documented and they are supported in this role by the finance team. Budget monitoring reports are produced and there are regular meetings held, including finance team members, to discuss the financial performance and forecasts. There are rules in place regarding the reporting of budget variances and budget changes. There are similar processes and controls in place for development and control of the capital programme alongside the revenue budget setting. The Treasury Strategy reports are approved at the same time as the revenue budgets and monitored and reported on throughout the year.

We have reviewed minutes of meetings and the year end financial outturn reports presented to the Cabinet during the year as well as the and narrative statement to the financial statements. In addition, we have reviewed capital expenditure as presented in the financial statements with no issues arising from our testing of additions.

We also reviewed the capital programme as included within the Council’s 2022/23 approved MTFs, noting that the consolidated Capital Programme for the next three years from 2022/23 to 2024/25 is funded predominantly from capital receipts, capital grants and contributions. We have held regular discussions with officers regarding arrangements for the management and funding of capital programme, and noted no issues.

General Fund	2022/23	2023/24	2024/25
<b>Total Capital Programme (£’000)</b>	<b>13,841</b>	<b>6,455</b>	<b>2,845</b>
Funded by:			
Useable Capital Receipts	8,921	4,127	1,940
Government Grants	4695	695	695
Use of Reserves	1,605	150	210
Section 106 Monies	2,620	1,483	-
<b>Total Funding</b>	<b>13,841</b>	<b>6,455</b>	<b>2,845</b>

Overall, we have not identified any indicators of a significant weakness in the Council’s arrangements relating to the Governance criteria for the year ended 31 March 2022.

### 3. Commentary on VFM arrangements

#### Improving economy, efficiency and effectiveness

How the body uses information about its costs and performance to improve the way it manages and delivers its services



# 3. VFM arrangements – Improving Economy, Efficiency and Effectiveness

## Overall commentary on the Improving Economy, Efficiency and Effectiveness reporting criteria

Significant weakness in 2020/21	Nil.
Significant weaknesses identified in 2021/22	Nil.

### Position brought forward from 2020/21

As set out in the table above, there are no indications of a significant weakness in the Council's arrangements for financial sustainability brought forward from 2020/21.

### Corporate Strategy

The Council's Corporate Strategy sets out the Council's priorities and objectives for the period covered by the Strategy, including the values which underpin the overarching vision of 'supporting a sustainable, productive and prosperous Rushcliffe, a place where people are proud to live, work and do business'. The core priorities in the Strategy are: Quality of life, Efficient Services, Sustainable Growth and The Environment. Each of the themes have a detailed delivery plan in place with specific indicators to measure success.

The Council produces an annual summary of how far the Council has progressed in meeting the priorities set in the Corporate Strategy. We reviewed the 2021/22 outcomes report and noted that for all of the themes an action plan has been developed, with measurable success criteria and an indicator of direction of travel. This allows the Council to monitor successful delivery and identify any areas where corrective action is required.

We have reviewed a sample of the performance reports and the Cabinet and Scrutiny Group's minutes which show member challenge of the reported performance. The reports demonstrate that performance has been managed throughout the 2021/22 year and there were no major unexpected gaps in performance at the year end. The process has continued in the first half of 2022/23.

### Partnerships

The Council has a number of partnership arrangements in place, through which the Council works to deliver services in line with its ambitions and priorities (as disclosed within the Council's AGS). These include:

- Rushcliffe Enterprises Ltd;
- The Development Corporation; and
- D2N2 one of the largest Local Enterprise Partnerships (LEPs) in England. Its purpose is to lead and support economic growth across Derby, Derbyshire, Nottingham and Nottinghamshire

We do not consider these to be significant in relation to our VFM commentary.

### Procurement

The Council has a Procurement Strategy and set of Contract Procurement Rules which outlines how the procurement of goods, works and services is achieved. These documents take into account latest legislative and operational changes at the Council, and provide a corporate framework for the procurement of goods, works and services. There are also controls in place designed to ensure that all procurement activity is conducted with openness, honesty and accountability and our work on the financial statements has not identified any significant internal control deficiencies.

Overall, we have not identified any indicators of a significant weakness in the Council's arrangements relating to the Improving Economy, Efficiency and Effectiveness criteria for the year ended 31 March 2022.

# 04

Section 04:

**Other reporting responsibilities and  
our fees**



# 4. Other reporting responsibilities and our fees

## Matters we report by exception

The Local Audit and Accountability Act 2014 provides auditors with specific powers where matters come to our attention that, in their judgement, require specific reporting action to be taken. Auditors have the power to:

- issue a report in the public interest;
- make statutory recommendations that must be considered and responded to publicly;
- apply to the court for a declaration that an item of account is contrary to the law; and
- issue an advisory notice.

We have not exercised any of these statutory reporting powers.

The 2014 Act also gives rights to local electors and other parties, such as the right to ask questions of the auditor and the right to make an objection to an item of account. We did not receive any such objections or questions.

## Reporting to the NAO in respect of Whole of Government Accounts consolidation data

The NAO, as group auditor, requires us to complete the WGA Assurance Statement in respect of its consolidation data. We have not received the instructions from the NAO and therefore this work remains incomplete.

## 4. Other reporting responsibilities and our fees

### Fees for work as the Council's auditor

We reported our proposed fees for the delivery of our work under the Code of Audit Practice in our Audit Strategy Memorandum presented to the Governance Scrutiny Group in June 2022. Having completed our work for the 2021/22 financial year, we can confirm that our fees are as follows:

Area of work	2020/21 Actual fees	2021/22 fees
Planned fee in respect of our work under the Code of Audit Practice	£31,792	£31,792
Additional fees in respect of additional testing undertaken on IAS19 pension liabilities to comply with regulatory requirements	£2,998	£3,740
Additional fees in respect of additional testing undertaken on valuation of land, buildings and investment properties to comply with increased regulatory standards	£4,069	£5,100
Additional fees in respect of additional work from the introduction of new auditing standards (ISA 540 estimates)	£2,892	£3,590
Additional fees in respect of additional testing undertaken on infrastructure assets	-	£6,200
Additional fees in respect of additional testing undertaken in relation to two prior period adjustments	-	£5,240
Additional fees in respect of additional testing undertaken due to COVID-19	£1,188	-
Additional fees in respect of the VFM Commentary	£6,000	£6,000
<b>Total fees</b>	<b>£48,939</b>	<b>£61,662</b>

\*These costs have initially been discussed with management and are subject to PSAA review and approval. We are aware that the Council received **£16,839** of grant funding, to meet rising audit costs for 2021/22.

### Fees for other work

We have not been engaged by the Council to undertake any additional work for 2021/22.

Introduction

Audit of the financial statements

Commentary on VFM arrangements

Other reporting responsibilities and our fees



# Mark Surridge, Key Audit Partner

## **Mazars**

Two Chamberlain Square

Birmingham

B3 3AX

Mazars is an internationally integrated partnership, specialising in audit, accountancy, advisory, tax and legal services\*. Operating in over 90 countries and territories around the world, we draw on the expertise of 40,400 professionals – 24,400 in Mazars' integrated partnership and 16,000 via the Mazars North America Alliance – to assist clients of all sizes at every stage in their development.

\*where permitted under applicable country laws.