



Audit & Governance Committee  
29 March 2022

### Value for Money assessment of 2020/21 accounts

#### Purpose of the report:

To inform the Committee of the result of Grant Thornton's consideration whether the Council has put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

#### Recommendations:

It is recommended that the Committee:

1. Note the report and consider the improvement recommendations and agreed management responses outlined in Grant Thornton's Value for Money assessment (Appendix 1)

#### Introduction:

2. The Council's audited annual statement of accounts were approved at Audit and Governance Committee on 29 November 2022.
3. Under National Audit Office (NAO) Code of Practice regulations, external auditors are also required to make a Value for Money assessment to consider that local authorities have put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.
4. Newly implemented for the 2020/21 financial year, the auditor is no longer required to give a binary qualified / unqualified Value for Money conclusion. Instead, auditors report in more detail on the Council's overall arrangements, as well as key recommendations on any significant weaknesses in arrangements identified during the audit.

#### Background

5. The NAO issued a new Code of Audit Practice which came into force on 1 April 2020 and applies to the 2020/21 audit. The key change is an extension to the framework for Value for Money work.
6. The new approach to Value for Money re-focuses the work of local auditors to:
  - promote more timely reporting of significant issues to local bodies;

- provide more meaningful and more accessible annual reporting on Value for Money arrangements issues in key areas.
  - provide a sharper focus on reporting in the key areas of financial sustainability, governance, and improving economy, efficiency and effectiveness; and
  - provide clearer recommendations to help local bodies improve their arrangements.
7. Under the previous Code, auditors had only to undertake work on Value for Money where there was a potential significant risk and reporting was by exception. Whereas against the new Code, auditors are required to undertake work to provide a commentary against three criteria set by the NAO:
- Financial sustainability: how the body plans and manages its resources to ensure it can continue to deliver its services.
  - Governance: how the body ensures that it makes informed decisions and properly manages its risks; and
  - 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.
8. The Council was rated green for all aspects of the review, barring an amber rating for two weaknesses which were identified in the report (page 3 of the Appendix). It was recognised by Grant Thornton that in respect of the two weaknesses reported, those being the Ofsted rating of Children’s services and the need for transformation of pensions and administration, management already had transformation plans in place to ensure improvements in arrangements are implemented and embedded. These action plans are set out in the management response to the recommendations.
9. The Council has been working to deliver an improvement plan in Children’s services for the past three years. Regular monitoring visits from Ofsted during this period confirmed that improvements were being made in this area. A recent Ofsted inspection was published on the 9 March. The inspection has found that services for children and families in Surrey have improved in all areas meaning that the service is no longer in intervention. The report found that leaders are implementing a “clear and comprehensive” improvement program, based on a thorough understanding of current performance, and are “determined to continue the trajectory of improvement”.

## Conclusion

10. Grant Thornton’s conclusion of the Council’s Value for Money assessment is provided in Appendix 1.
11. The Council accepts the findings in respect of financial sustainability, governance or improving economy, efficiency and effectiveness and welcomes that Grant Thornton acknowledge transformation plans for the areas of weakness are already in place.

12. The Council accepts any recommendations to continually improve its value for money practices which will be reported back to Audit and Governance Committee in subsequent external audit reviews.

**Financial and value for money implications**

13. Financial Implications are outlined in Appendix 1

**Equalities and Diversity Implications**

14. There are no direct equalities implications of this report.

**Risk Management Implications**

15. There are no direct risk management implications of this report.

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**Sources/background papers:**

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